REPORT

ON THE

ABKARI SYSTEM

OF THE

MADRAS PRESIDENCY,

WITH SOME DETAILS

OF THE

EXCISE TAXATION

IN THE OTHER

PROVINCES OF INDIA.

MADRAS:
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FROM

THE HONORABLE R. A. DALYELL,
Member of the Madras Board of Revenue and
Additional Member of the Viceregal Council,

To

THE SECRETARY TO THE BOARD OF REVENUE.

SIR,

IN their Order, under date 21st January 1873, No. 81, the Government were pleased to concur with the Board of Revenue in deeming it desirable that I should prepare and submit a general report upon the Abkari of the whole Presidency. At the date of that Order I had obtained some of the materials for such a report, and, as pointed out in my letter of 29th January 1873, recorded in the Government Order, 5th February 1873, No. 148, I was then in communication with the several districts on the subject. I continued my inquiries by correspondence during last year's Legislative Session here, and had proposed visiting two or three districts, and completing my report, on my return to Madras, in April, last year. My nomination to officiate as Secretary to Government in March, however, prevented my carrying out that intention, and the pressure of the ordinary duties of that office rendered it impossible for me to do more than collect and classify materials during the seven months of my incumbency. Shortly after rejoining the Legislative Council at Agra, in November last, I had an opportunity of investigating the Abkari systems in force in the North-Western Provinces, the Punjab, and Oude, which I thought it advisable not to lose, as short 'Notes' on the subject would, I considered, be a valuable addition to my report. In order to make it complete, I have also prepared similar 'Notes' on the modes in which this branch of the revenue is managed in Lower Bengal, Bombay, the Central Provinces, and British Burma. The scope of the report has thus been considerably enlarged since it was originally projected, and I trust that this will be considered a sufficient excuse for the further delay which has been allowed to occur in its submission.

I have the honor to be,
Sir,
Your most obedient Servant,
R. A. DALYELL,
Member of the Madras Board of Revenue
and
Additional Member of the Viceregal Council.

CALCUTTA,
22*nd April* 1874.

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REPORT.

Section I.—PRELIMINARY.

The practice of deriving a revenue from a tax upon the sale of intoxicating liquors appears to have been a very ancient one among Hindu Governments, and the Institutes of Menu point to an excise duty upon liquors, and other articles, as a proper mode of raising funds for the purposes of government. The "Khammari," or tax upon the sale of intoxicating liquors, will also be found in the list of taxes which were remitted by the great Akbar, and in my report upon the Mysore Abkari I have described how the sale of all intoxicating liquors was declared illegal by Tippu Sultan, and how a mandate was issued by him that all the date palms from which the "toddy," or palm-wine, was extracted should be cut down.

2. In the earlier years of the century considerable discussion took place as to the best mode of raising a revenue from spirituous and fermented liquors in the Madras Presidency, and various regulations on the subject were framed and considered. In 1803 the Government referred to the Board of Revenue a regulation prepared for the Bengal Presidency, under which it was proposed to levy the tax on the sale of arrack, or country-made spirits, as a daily duty upon stills, of a known capacity, at rates varying with reference to the size of the still. This system is now known in Bengal and some other provinces as the "outstill" or "monthly tax" system, the daily rate having been merged into a monthly payment. The Board of Revenue did not consider the plan altogether suitable to Madras, where the practice of letting, in farm, the exclusive privilege of manufacturing and selling spirituous and fermented liquors in a district or sub-division was generally in force, and they proposed an alternative regulation for the taxation of arrack, toddy, and foreign spirits under the latter mode of management. They reported to Government* that there would be difficulty in inducing people to take out licenses for single stills, and that the farming system had the effect of inducing more respectable people to embark in the spirit trade, as the magnitude of the operations in a large farm necessarily involved the possession of capital and some administrative capacity. In reply to some objections which were made to their proposals, which also included the taxation of toddy, or fermented palm-juice, betel, and tobacco, they urged that the levy of an assessment upon these three articles as well as upon spirits was warranted by the common law of the country.

* Proceedings, 8th May 1804.

3. In two despatches received from the Home Government in 1805 and 1806 on the subject of the Board's proposals, strong objections were taken to "the principle of farming out to individuals any article of taxable consumption," and the direct management of the revenue derived from arrack and toddy was urged upon the local Government. These observations were referred to the Board of Revenue, who acknowledged the justice of the Court of Directors' objections to farming the revenue on general principles,† but considered that they rather applied "to articles of general consumption and evident necessity, and not to the renting, as in the present case, under restrictions, an article of luxury by no means necessary, nay even detrimental to the public weal." They also explained that their object was to "restrain and regulate" the consumption of spirituous and fermented liquors, and observed that such a course was in accordance with the immemorial practice of Asiatic Governments, which in some cases—Mysore for instance—had gone so far as to entirely prohibit the use of intoxicating drinks. They considered that the system of

† Board's Proceedings, 18th May 1807.

detailed licenses (the outstill or monthly tax system), as being contrary to custom, and therefore distasteful to the old renters, was less likely to produce revenue than the farming system, but they urged that the health and good order of the people were of far more importance than the augmentation of the revenue, and that undoubtedly these objects would be more surely promoted by a system which insured the employment of respectable persons, rather than one which would place the entire liquor trade in the hands of petty distillers and shop-keepers, whose irregularities it would be impossible to control, and from whom the punctual realization of the revenue would be by no means easy. These opinions of the Board were very nearly identical with those expressed by Sir Thomas (then Colonel) Munro, Collector of the Ceded Districts, in a letter subsequently addressed to them on the subject, which will be found printed at length in Appendix A.

4. Eventually the Government acceded to the Board's views, and early in 1808 a Regulation, No. I of 1808, was passed mainly in the sense desired, though, owing to doubts in regard to the propriety of taxing "toddy," the operation of the enactment was restricted to the manufacture and sale of arrack and the sale of foreign spirits. It provided that the annual rent of the exclusive privilege of selling foreign spirits and of manufacturing and selling arrack should be farmed, and that the places where distillation and sale should take place, as well as the retail prices at which the liquors should be sold, should be determined by the Collector for each district in communication with the Board of Revenue. In addition to this system of management, Section XVII of the Regulation also authorized the licensing of separate stills as an alternative mode, and when the regulation was sent to the Collectors of Districts with the Board's letter of 12th and 30th April 1808, they were recommended to make a trial of both plans of management. In only three districts,* however, was the licensing or outstill system adopted, and there only for a few years, for in 1815-16 we find that the renting system was in force throughout the Presidency, except within the Abkari limits of the town of Madras. The rents, as a rule, included the exclusive privilege of the sale of fermented toddy as well as arrack, though there was no legal sanction for this course, and, as might have been expected, difficulties soon arose in regard to the realization of this portion of the revenue. The regulation was also found to be defective as providing no legal punishment for breach of license, and its amendment was finally resolved upon in 1819.

* Nellore.
South Arcot.
Trichinopoly.

5. In the following year a new law was enacted on the subject,† which rescinded Regulation I of 1808 and brought under a regular Government monopoly both "rum, arrack, or other spirits," and "toddy or other fermented liquors," by providing that the exclusive manufacture and sale of these liquors might either be retained under the direct management of Government or be rented to farmers. It also permitted renters to sub-rent their farms and to recover their dues from the under-renters by summary process. Special provisions against the use of noxious ingredients in the manufacture of liquors and against any irregularities in the liquor-shops were also made in this enactment. It also gave powers to the Board of Revenue to frame rules, from time to time, as occasion might require, for regulating the sale of all spirits (country or foreign) and of toddy or other fermented liquors, for determining the places at which stills and shops should be erected, the retail rates of sale to be established, and the measures to be used, and generally all matters relating to the detailed management and control of such distilleries and shops. Passes were also required for any quantity of liquor in transit in excess of one seer (or bottle).

† Regulation I of 1820.

6. The Abkari revenue of the provinces was managed under this enactment for the next 44 years, or until the present Abkari Act (No. III of 1864, Madras Code) was passed into law. In 1841 the question whether a higher rate of taxation could not be imposed on arrack and toddy was considered, but the proposal was eventually abandoned, the district officers being merely enjoined to see that no liquor was permitted to be sold below the minimum prices prescribed. The immediate cause of the enactment of the present Abkari Law was a ruling of the late Sudder Court to the effect that foreign imported wines or beer did not come within the scope of Regulation I of 1820. This difficulty was met in the new

enactment, and a few other slight amendments of the law were made. Among others, powers were taken to levy the tax on liquors as an excise duty on the quantity manufactured, and to suppress the home manufacture of toddy where the privilege was abused or likely to be used as a cloak for illicit sales. The Abkari of the town of Madras is regulated by a special enactment (Act XIX of 1852), which provides for the direct management of this branch of the revenue by the Collector of the town under the orders of the Board of Revenue. The details of this system of management, which will be hereafter considered, will be found described in Appendix F.

Section II.—PROGRESS OF THE REVENUE.

7. It will be observed from the foregoing that the Abkari revenue was brought under formal regulation in 1808 only, though, in accordance with the ancient usage of the country and the practice of previous Governments, it had been collected up to that date by the officers of Government in common with the other State revenues. In the year 1800-01 the amount realized was little over two lakhs of rupees (£20,000), but in 1807-08 it had risen to upwards of six lakhs (£60,000), and during the following three years it rose to nearly nine lakhs (or £90,000). From that year up to 1832-33, when the revenue stood at upwards of 18 lakhs (or £180,000), there was a steady annual rise except in the year of scarcity, 1824-25, when a check was received which lasted for the five following years. In 1832-33 the average price of unhusked rice of the second quality rose from 66 seers to 45 seers per rupee, and in the following year to 36 seers. During this period occurred the serious famine in Guntúr and the other northern districts, and the effects were at once visible on the Ābkari collections, which fell from 18 lakhs to 16 lakhs, and then to little over 14 lakhs (£140,000), as will be seen from Statement I in Appendix B, which exhibits the Abkari collections of each year from 1800-01 to 1871-72 compared with the standard price of food. Though prices fell to their former rates, the Abkari revenue did not recover its former proportions till the year 1842-43, when it stood again at a little under 18 lakhs (£180,000). From this year up to 1855-56, when the revenue touched 22½ lakhs (£250,000), there was a regular increase year by year, except in the two years of scarcity—1846-47 and 1854-55.

8. Up to the year 1855-56 it will be noticed that, when the standard price of food was high, it indicated a scarcity of provisions and a reduction in the material prosperity of the people, which at once affected the Abkari revenue, but since that year the gradual increase in the prices of all agricultural produce, combined with the enlightened policy which has been adopted in regard to land assessments (under which an enhanced revenue is looked to from an increased area of cultivation at a low land tax, rather than from the exaction of the full equivalent of the Government share of the produce of all land under cultivation, at the highest rate authorized by custom), has had the effect of very largely improving the condition of all classes of the people. The Abkari revenue, in spite of the high prices ruling each year, has accordingly risen from the 22½ lakhs noted above to upwards of 30 lakhs (£30,000) in 1860-61 to nearly 42 lakhs in 1865-66, and to nearly 60 lakhs (£600,000) in 1869-70. Thus in 14 years this branch of the revenue, which is acknowledged to be a rough gauge of the prosperity of the poorer classes, had increased nearly threefold. There is little doubt that the greater part of this increase is owing to the enhanced taxation on spirituous and fermented liquors which has resulted from the keen competition among the Abkari farmers at the different auction sales, but it is also to be feared that a considerable portion is also owing to increased consumption. Since 1869-70 there has been a slight falling off in the Abkari revenue, but the collections of the financial year just closed amount to very nearly 61 lakhs of rupees, or £610,000.

9. The second statement in Appendix B exhibits the increase of revenue which has taken place in each district during the past 60 years. It will be seen that, with the exception of Ganjam, Kistna, and Trichinopoly, the revenue increased by

rates varying from 243 per cent. in Madura to 3 per cent. in Malabar between 1810-11 and 1830-31, and that between the latter year and 1840-41 there was a fall in every district except Cuddapah, Tanjore, Salem, and South Canara. During the next ten years there was a considerable falling off in South Canara, Bellary, and Cuddapah, but an increase in every other district, ranging from 103 per cent. in Tanjore to 4 per cent. in Malabar, but it is during the decade ending with 1870-71 that the largest increase has taken place, being 85 per cent. on the average of all districts, and varying from no less than 478 per cent. in Trichinopoly to 8 per cent. in the town of Madras. The third statement in Appendix B gives the incidence of Abkari taxation in each district compared with the payment per head under the Income Tax of 1861-62 and the License Tax of 1867-68. It will be observed that in 1856-57 the Abkari tax varied from 11 annas per head in the district of Chingleput, including the town of Madras, to 5 pice per head in Tinnevelly; that in 1867-68 the rate in the Chingleput District had risen to 13 annas 10 pice, but had fallen to 5 pice in the Trichinopoly District, whereas the present incidence is highest in the town of Madras (Rs. 2-3-0 per head) and lowest in Ganjam, where it is only 9 pice. It would seem that the class who paid income tax were not those who contributed most largely to the Abkari revenue, for it will be seen that in Malabar and Madura, where the Abkari incidence was exceptionally low, the payment to income tax was quite up to the average. As regards the license tax, however, which was paid by a lower class of the people, there would appear to have been greater correspondence, for it will be found that in Kurnool, Bellary, Cuddapah, and Tanjore, where the incidence of Abkari taxation was high, the incidence of the license tax was also heavier than in most other districts.

Section III.—SOURCES OF TAXATION.

10. The present sources of the excise taxation above described are as follows:—(1) the tax upon the manufacture and sale of country-made spirits or arrack; (2) the tax upon the sale of (*a*) date-toddy, (*b*) palmyra-toddy, (*c*) cocoanut-toddy, and (3) the proceeds of the licenses for the manufacture and sale of country beer, and for the sale of European spirits, wines, and beer. The revenue is, however, mainly derived at present from the first two items. The country spirit, which is in most general use throughout the Presidency, though called "arrack," is, properly speaking, rum, as it is distilled from sugar-cane-jaggery, palmyra-jaggery, date-jaggery, and molasses, or from a combination of these substances together with a small quantity of acacia bark. The method of distillation in practice in all districts appears to be of a most primitive description, and to have been little altered or improved from that described by Buchanan at the commencement of the century. Some interesting remarks on the subject of the use of acacia bark in distillation were penned by Mr. Broughton, the Government Quinologist, a few years back, and will be found recorded in Appendix C, together with Buchanan's description of the process of distillation. The spirit consumed in every district, except those named in the margin, is distilled from the ingredients mentioned above. In the first three of these districts the chief portion of the spirits consumed is of this description, and most of the remainder is true "arrack," or spirits distilled from "toddy," but in Kurnool a small quantity of spirit is made from "ippa" or "mowah" flowers, and in one taluk of Trichinopoly from rice. In Godavari, Malabar, and South Canara spirits are invariably distilled from toddy. The Ganjam and Vizagapatam districts are now supplied from Mr. Minchin's Aska sugar factory, and most of the spirits used must be rum; but in consequence of the people of Vizagapatam expressing a dislike to the quality of the spirits supplied to them, the manufacture of rice spirit has recently been undertaken by him. The vast mass of additional information which I have received (a full report from nearly every taluk) regarding the materials from which the spirits in use in the different parts of the country are manufactured has given me no reason to suppose that the rough estimate of the quantity of the materials required for the distillation of a

Kistna.	Malabar.
Kurnool.	South Canara.
Trichinopoly.	Ganjam.
Godávari.	Vizagapatam.

gallon of country rum or arrack which I made after visiting the Salem District was incorrect. I then estimated that a maund of palmyra-jaggery, or the equivalent of the more valuable kinds, will produce two gallons of the ordinary spirit at about 30° *u. p.* It appears that six gallons of toddy will produce one gallon of arrack of this strength, and it is stated that in the Udiarpolliem taluk of Trichinopoly a gallon of arrack can be distilled from 18 lb. of rice combined with 'Shencotta' nut.

11. Of the fermented liquors which are assessed to revenue, date-toddy is the fermented juice of the date palm. It is extracted by making an incision in the bark of the tree, through which it exudes. The average produce is said to be one gallon per tree every alternate day for three months in the year. It may be taken at any period of the year, but only for three months out of the twelve. Date-toddy is largely used in the Bellary District; *it is also used in* Kurnool, Cuddapah, Godávari, Ganjam, Vizagapatam, the upper portions of Salem, and in parts of North Arcot. Palmyra-toddy is obtained from the palmyra tree by cutting off the ends of the young shoots and squeezing them in a rude apparatus contrived for the purpose. After eight days of this process the juice begins to exude. The male trees produce toddy from January to April, the female from February to May, and the produce is about two bottles per day during the season. These trees are to be found in almost every district, but they are most plentiful in the southern districts of the Eastern Coast. Cocoanut-toddy is obtained from the cocoanut tree by the same process as the palmyra-toddy, and the average produce is the same. The liquor may be drawn at any period of the year, but not for more than six months out the twelve from each tree. Cocoanut-toddy is very largely in demand in the Tanjore District, in parts of Trichinopoly, and in Canara and Malabar, but in other parts of the country it is not a beverage in general use, as the coccoanut groves are not so thickly spread over the country as to make it easily procurable. There is another fermented liquor in use in the Jeypore Zemindari termed "Souda," which appears to be somewhat similar to the pachwai or rice-beer of Bengal. It is, however, made from grain, not rice, and is occasionally rendered highly intoxicating by the introduction of a so-called 'liquor drug' the action of which has been described by Mr. Broughton in the paper printed as No. III of Appendix C. As already stated, the proceeds of license fees for the manufacture and sale of country beer and for the sale of European liquors are comparatively trifling, but under recent orders an excise duty at one anna per gallon has been levied upon the country beer, which is manufactured on the Neilgherry Hills by Messrs. Honeywell and Company, and at Bellary by Messrs. Norton and Company, and has produced during the year ending June 30th, 1873, a sum of Rs. 7,810-5-6, as detailed in Appendix C, No. IV.

Section IV.—SYSTEM OF MANAGEMENT.

12. The main revenue from the sources indicated in the preceding paragraphs has been for many years managed on the farming system. The exclusive privilege of manufacturing country spirits and of selling those spirits and the fermented liquor called "toddy" is reserved by law to Government, and by Government transferred to contractors or renters on payment of a fixed annual sum. These contracts or revenue farms were disposed of by tenders up to 1850, and since that date at open auction sale. The contractors almost invariably sublet their contracts at a profit, or adopt the system of apportioning the total rent payable for the whole farm among a certain number of sub-renters, usually each holding one or more villages, and retain the principal town in their own hands. Their profits thus depend upon what they can realize from the town, *minus* any losses which may accrue owing to the sub-renters failing to pay the rents agreed upon. For many years it was usual to farm the districts by taluks, but about 1859-60 efforts were made to place the farms in the hands of large capitalists by selling entire districts. After ten years' trial, however, the old plan of taluk farms was reverted to, and this is now in force in all districts managed on the farming system except in Kistna,

which is let in two farms, one containing the Masulipatam portion of the district and the other the Guntoor portion, and on the Neilgherry Hills which are let as a single farm. The districts of South Arcot, North Arcot, and Chingleput were also sold as single farms up to 1872, when they, as well as the districts of Ganjam and Vizagapatam, were included, in the experiment termed "the experimental excise system," which will be described hereafter. The taluk farms into which the other districts are divided are, as a rule, sub-rented as described above, except in the Tanjore and Salem Districts, and as regards two taluks of Malabar, two taluks in Cuddapah, and one of Coimbatore, where the "Amani" or personal system of management is in force. Under this system the contractor or farmer of the taluk deals directly with the shopkeepers, making the whole of the spirits required for consumption within his farm at one or more central distilleries, and supplying the shopkeepers on fixed terms.

13. The nature of the contracts with Government entered into by these farmers has already been described by me in my report on the Salem District as follows :—

"The renters or farmers are under no restrictions as to the form of management or as to the quality or the description of liquor to be sold (provided only that it be not deleterious to health), and as the exclusive privilege of making and selling all country spirits and of selling toddy is vested solely in them, with the simple restrictions that neither liquor is to be sold below certain minimum rates, nor at other than the sanctioned shops, it is clear that they are at liberty to adopt such plans for the disposal of liquor and to sell liquor of such quality as appears to them to be likely to realize the largest return. For instance, if a renter finds it most profitable to sub-rent every shop in his farm, making an entire transfer to the shopkeeper of his exclusive privileges in regard to the locality supplied by that shop, he is at liberty to do so. The shopkeeper then has it in his power to supply to the public only such liquors at such prices (never below the minimum prescribed) as he thinks most conducive to his own profit. Should the date-palm, palmyra, and cocoanut-tree flourish in the tract of country consigned to him, he is at liberty to supply the residents of the locality with the toddy produced by all of these trees, by any one class of them only, or by none of them, just as he may find most profitable to himself. If he should find date-toddy more profitable than palmyra or cocoanut-toddy, he has it in his power to deprive the public of the latter beverages altogether, and the owners of the trees of the profits which they would have obtained on its sale to him. Or, should he be of opinion that the sale of arrack is more profitable than the sale of toddy, he can discontinue the sale of the latter altogether in view to stimulating the sale of the stronger liquor, and this he may either sell of the very best quality at proof strength, or of the most inferior kind at 50° or 60° below proof. He is further at liberty to charge such prices (in excess of the minimum rates) both for arrack and toddy as seem fit to him, and, as he is an exclusive monopolist, the residents of his farm must pay the price he asks or do without the liquor."

Section V.—DETAILED RESULTS OF INVESTIGATIONS.

14. As my inquiries have been chiefly directed to the fifteen districts in which the old farming system of management is in force, I will deal with them first. As already stated in all, except Kistna and the Neilgherries, the district is divided into Abkari farms conterminous with the taluks and separately rented. The greater number of these farms were sold by auction for two years in 1866, and many of them were continued to the contractors for the year 1868-69 at the same rates of rent. They were then all sold for a three years' lease ending 30th June 1872, and in that year were again disposed of in the same manner, on contracts for a similar period, which will consequently expire on 30th June 1875. There has been for some time a general belief that the auction system has in most cases had the effect of running up the rents of these districts to an unnaturally high figure, but I am disposed to think that this idea has gained ground mainly from the speculative purchases which were made in a few districts some years back. In the nine districts noted in the margin the rents have risen steadily and gradually for some years past, and there have been comparatively but few failures. In the cases of three of these districts (Coimbatore, Trichinopoly, and South Canara) the rents for the three years ending 30th June 1872 were higher

Kistna. | Madura.
Cuddapah. | Tinnevelly.
Coimbatore. | South Canara.
Salem. | Malabar.
Trichinopoly.

than the farms were worth, and the present rentals are consequently somewhat below the figures of that year. In the remaining six districts* exceptional causes have created some fluctuation in the rents during the past few years, but I see no reason why the present rents should not be regularly paid. It may be fairly assumed that when a contractor voluntarily continues to hold a farm for a period beyond his lease, it is not unprofitable to him, and this was the case in many districts in 1868-69. In the three districts noted in the margin the farmers consented to continue their contracts for that year at the figures entered. The rise which has since taken place in the Godávari District is ascribed to the recent ruling forbidding the manufacture of toddy for home consumption, which is said largely to have increased the value of the farm, whereas the order to the contrary effect which was issued in 1869 had the result of reducing the rent of the last contract, which included the following three years, to Rs. 1,60,000. The Nellore rental is now but little in excess of that of 1868-69, though the last rental (from 1869 to 1872) was Rs. 96,795, and resulted in general failures. The present Tanjore rental again is below that at which the farms were retained by the renters in 1868-69, and it seems questionable whether it is quite as high as it should be, though doubtless the rental of the three years, from 1869 to 1872, Rs. 5,78,000, was higher than the district could bear. In Bellary the new rental of Rs. 7,10,000 should continue to be paid as the late rent of Rs. 7,00,550 was punctually discharged by the renters during the three years they held the several farms. Then as regards Kurnool and the Neilgherries, where the present rents are slightly below those of the contract ending 30th June 1872, there seems no reason to doubt that they will be easily paid. The farms of the Bellary District were sold as high as nine lakhs of rupees in 1866, and those of Kurnool reached nearly four lakhs in that year, but these bids were evidently the result of undue competition and resulted in several disastrous failures among the contractors in the following years. At the same time the fact of nearly 13 lakhs having been bid for the two contracts eight years back is strong evidence that the present rentals, amounting to only about 10½ lakhs, will be regularly paid. Upon the whole, then, I am of opinion that the present rentals of the 15 districts which are managed on the old farming system may be taken as a fair representation of the amount likely to be obtained for the Abkari under that mode of management.

* Godávari. | Kurnool.
Nellore. | Tanjore.
Bellary. | Neilgherries.

—	1868-69.	1872-73.
	RS.	RS.
Godávari ...	1,95,000	2,44,000
Nellore ...	79,146	84,440
Tanjore ...	4,99,000	4,90,000

15. An abstract of the results of my investigations into the system of management in force in each district, with the history of the revenue hitherto collected, and my calculations of present revenue, profits, consumption, &c., will be found recorded in Appendix D. These summaries are mainly based upon the recorded Proceedings of the Board of Revenue, and upon reports and statements received from the district and taluk officers whom I have consulted, and from many of whom I have received most comprehensive replies to my calls for information. It will be seen from the annexed statement that excluding the town of Madras and the Neilgherries, where the revenue is exceptionally high (Rs. 2-3-0 and Rs. 2-0-6 per head), the rate of excise taxation per head varies from 6 annas 10 pice in Bellary to 1 anna in Nellore. The number of persons per shop also varies from a little over 2,000 in the Trichinopoly District to 597 and 551 in Bellary and Tanjore and only 398 in Kistna. In Trichinopoly there is a shop-and-a-half to every ten square miles, in Bellary nearly 2½ to the same area, and in Tanjore upwards of 9. It would thus appear, on the whole, that a multiplication of shops with reference to population

Districts.	Rental.	Revenue per Head.			Population per Shop.	Shops per ten Square Miles.
	RS.	RS.	A.	P.		
Godávari ...	2,44,800	0	2	5	799	3·05
Kistna ...	2,25,505	0	2	5	398	4·5
Nellore ...	84,495	0	1	0	894	1·8
Bellary ...	7,00,899	0	6	10	597	2·4
Cuddapah ...	2,41,425	0	2	10	1,081	1·5
Kurnool ...	3,26,550	0	5	7	862	1·5
Coimbatore ...	2,83,400	0	2	7	910	2·4
Salem	3,70,950	0	3	0	751	3·4
Trichinopoly ...	1,40,400	0	1	10	2,013	1·6
Madura ...	1,86,675	0	1	4	1,229	1·9
Tanjore ...	4,90,355	0	4	0	551	9·7
Tinnevelly ...	2,07,600	0	1	11	538	6·0
South Canara ...	1,24,500	0	2	2	798	2·6
Malabar ...	2,77,950	0	1	11	891	4·1
Total ...	39,05,504	0	2	10	879	3·3
Madras Town ...	11,10,000	2	3	0		
Neilgherry Hills.	65,000	2	0	6		

rather than to area has most effect in augmenting the revenue, but that the higher or lower incidence of taxation cannot positively be ascribed to either cause, for it will be seen that in the Kistna District, where there are $4\frac{1}{2}$ shops to each ten square miles and a shop to every 398 people, the rate of excise taxation per head is only 2 annas 5 pice, whereas it is 5 annas 7 pice per head in Kurnool, where there are more than double the number of persons to each shop and only one-third of the number of shops per ten square miles.

16. The following abstract statement comprises the results, for each district, of my calculations as to the proportion of the revenue derived from arrack and from toddy, the usual retail selling price of each liquor, the estimated consumption, and rate of duty paid. It will be perceived by a reference to Appendix D that the consumption of arrack is arrived at in the following manner. The net profits of the renters and sub-renters are estimated, on the average, at 15 per cent. beyond the rent paid, and a certain proportion of the gross sum thus obtained is estimated, with reference to the ascertained toddy consumption of the district, to be the payment for that liquor. The balance is then divided by the average selling price of a gallon of spirit less one rupee to cover cost of production and of retail vend. I have possibly under-estimated the renter's profits, and they may often reach 20 and 25 per cent., and, if so, the estimated consumption should be, to this extent, increased, but on the whole I am disposed to think that 15 per cent. is sufficiently accurate for the present inquiry when it is remembered that it is taken to represent net profits on arrack only and exclusive of profits on toddy. The sum of one rupee per gallon is, I am satisfied, a liberal sum to allow for cost of manufacture and retail vend of spirits 25° to 35° *u. p.* to which all my calculations relate. Such liquor should certainly be manufactured at from 10 to 12 annas per gallon even by the most primitive process, and this will leave 6 annas to 4 annas per gallon as retail vendor's profits. The toddy consumption is calculated on a somewhat different system. The proportion of the revenue which may be properly allotted to toddy having been first arrived at, as above, this sum is divided by half the selling price of a gallon of toddy in the district, as it is understood that, as a rule, one-half the cost is viewed as tax and the other half as cost of liquor and profits to vendors and renters :—

1	2	3	4	5	6	7	8	9	10	11	12	13
District.	Estimated arrack rental.	Estimated toddy rental.	Rough estimate of average retail price of 1st sort of arrack from 25° to 35° u. p.	Average retail price of toddy.	Estimate of arrack consumption in gallons.	Estimate of toddy consumption in gallons.	Estimated duty on arrack per gallon.	Estimated duty on toddy per gallon.	Consumption of arrack per head.	Consumption of toddy per head.	Revenue from arrack per head.	Revenue from toddy per head.
	RS.	RS.	RS. A. P.	RS. A. P.			RS. A. P.	RS. A. P.	GALLON	GALLON	RS. A. P.	A. P.
Godavari	1,64,200	80,600	2 4 0	0 2 0	1,50,144	12,89,600	1 1 6	0 1 0	$\frac{1}{10}$	$\frac{4}{5}$	0 1 9	0 8
Kistna	1,80,404	45,101	2 0 0	0 3 0	2,07,460	4,81,088	0 13 10	0 1 6	$\frac{1}{7}$	$\frac{3}{10}$	0 2 0	0 5
Nellore	76,095	8,400	2 8 0	0 3 0	58,306	89,600	1 5 0	0 1 6	$\frac{1}{25}$	$\frac{1}{15}$	0 0 10	0 2
Bellary	4,07,266	2,33,633	3 0 0	0 6 0	2,68,678	12,41,048	1 10 9	0 3 0	$\frac{1}{7}$	$\frac{4}{5}$	0 4 6	2 4
Cuddapah	2,11,325	30,100	2 0 0	0 2 6	1,41,454	3,85,280	1 8 0	0 1 3	$\frac{1}{6}$	$\frac{3}{10}$	0 2 6	0 4
Kurnool	2,46,386	80,164	2 8 0	0 2 6	1,87,767	10,26,112	1 4 4	0 1 3	$\frac{1}{5}$	$1\frac{1}{10}$	0 4 1	1 6
Coimbatore ...	2,36,166$\frac{3}{4}$	47,233$\frac{1}{4}$	3 0 0	0 3 0	1,35,795	5,03,822	1 11 9	0 1 6	$\frac{1}{13}$	$\frac{2}{7}$	0 2 1	0 6
Salem	3,17,850	53,100	2 12 0	0 3 0	1,87,300	5,66,400	1 11 2	0 1 6	$\frac{1}{10}$	$\frac{3}{10}$	0 2 7	0 5
Trichinopoly ...	1,05,300	35,100	2 8 0	0 4 0	80,730	2,80,800	1 5 0	0 2 0	$\frac{1}{14}$	$\frac{1}{5}$	0 1 4	0 6
Madura	1,63,341	23,334	2 8 0	0 3 0	1,25,244	2,48,896	1 4 10	0 1 6	$\frac{1}{18}$	$\frac{1}{10}$	0 1 2	0 2
Tanjore	1,22,588	3,67,767	3 0 0	0 6 0	70,482	19,61,426	1 10 10	0 3 0	$\frac{1}{26}$	$\frac{9}{10}$	0 1 2	2 10
Tinnevelly	1,38,400	69,200	2 4 0	0 2 6	1,27,328	8,85,760	1 1 4	0 1 3	$\frac{1}{14}$	$\frac{1}{2}$	0 1 3	0 8
South Canara ...	93,500	31,000	2 4 0	0 3 0	85,904	3,30,656	1 1 3	0 1 6	$\frac{1}{10}$	$\frac{3}{10}$	0 1 8	0 6
Malabar	2,08,463	69,487	2 4 0	0 3 0	1,91,756	7,41,184	1 1 4	0 1 6	$\frac{1}{12}$	$\frac{1}{3}$	0 1 6	0 5
Total ...	27,31,284$\frac{1}{4}$	11,74,219$\frac{1}{4}$	2 7 8	0 3 4	20,18,348	1,00,36,672	1 5 4	0 1 8	$\frac{1}{11}$	$\frac{9}{10}$	0 1 10	0 10
Neilgherry Hills ...	65,000	...	4 12 0	...	18,000	...	3 9 9	...	$\frac{9}{10}$	...	2 0 6	...
Madras Town ...	8,10,000	3,00,000	4 8 0	...	2,00,000	15,00,000	3 8 0	...	$\frac{2}{5}$	$\frac{1}{5}$	1 9 11	9 7

17. The variations in the proportion of the rental of each district which has been allotted to toddy, with reference to the circumstances of the district, will be seen from this statement. Thus in Tanjore, where it is well known that a very large part of the revenue is derived from this liquor, no less than three-fourths of the rental is so allotted, whereas in Nellore, Cuddapah, and Madura, where it is much less generally used, only $\frac{1}{10}$ and $\frac{1}{8}$ of the rentals have been so apportioned. It will be perceived also that the average retail price of arrack varies from Rs. 3 per gallon in Coimbatore and Bellary to Rs. 2 per gallon in Kistna and Cuddapah. These are taken to be the usual prices of liquor of the first sort from 25° to 35° *u.p.*, but the spirit in common use in most districts is, no doubt, sold at very much lower rates, as it is often very much below this standard of strength. The price of toddy is as high as 6 annas a gallon in Tanjore and Bellary, whereas in Cuddapah, Kurnool, and Tinnevelly it appears to be sold at 2 annas 6 pice per gallon. Excluding the Neilgherry Hills and the town of Madras, the gross consumption of arrack of the quality stated above in the 14 remaining districts is estimated at a little over two millions of gallons, and that of toddy at something over 10 millions of gallons. This gives average rates per head of about $\frac{1}{11}$ of a gallon of arrack and $\frac{9}{10}$ of a gallon of toddy, and supposing it to be correct, the revenue paid represents a duty of Rs. 1-5-4 per gallon on the arrack, and 1 anna 8 pice per gallon on the toddy. The marginal statement exhibits the consumption of arrack in some of the principal towns in these districts as estimated by the local revenue officers; it will be seen that it amounts to about $\frac{1}{2}$ a gallon per head per annum, a rate a little in excess of the known consumption of the town of Madras, which is $\frac{2}{5}$ of a gallon per head, and a little under that of the Neilgherry Hills, where it rises to $\frac{9}{10}$ of a gallon per head.

No.	Towns.	Population.	Consumption in gallons.	Consumption in gallons per head.
1	Masulipatam.	36,188	16,000	$\frac{1}{2}$
2	Guntoor ...	18,033	4,000	$\frac{1}{4}$
3	Nellore ...	29,922	10,000	$\frac{1}{3}$
4	Ongole ...	9,000	3,000	$\frac{1}{3}$
5	Cuddapah ...	16,275	19,000	$1\frac{1}{6}$
6	Bellary ...	51,766	50,000	1
7	Trichinopoly.	76,530	30,295	$\frac{2}{5}$
8	Madura ...	51,987	10,950	$\frac{1}{5}$
9	Coimbatore ...	35,310	24,000	$\frac{2}{3}$ abt.
10	Cochin ...	13,840	8,300	$\frac{3}{5}$
	Total ...	3,38,851	1,75,545	$\frac{1}{2}$ abt.

SECTION VI.—IRREGULARITIES AND DEFECTS OF THE SYSTEM.

18. The extended inquiries which I have undertaken during the past year have confirmed my opinion that the main irregularities generally observable in the districts where the farming system of management is in force are those to which I have specially adverted in my report on the Salem District. For convenience of reference, I will repeat them here :—

"12. *Irregularities and defects of the Salem system.*—The chief irregularities and defects of the Salem system of Abkari which came under my immediate notice during my present tour were the following :—(1) the almost invariable absence of the shop notice boards which are required, under license, to specify the name of the shopkeeper and the price of the liquor sold at his shop; (2) the occasional sale of arrack below the minimum price, especially in the Namcul and Trichengode Taluks, and the absence of any prescribed standard strength for spirits; (3) the universal variation in the measures used by the shopkeepers in the sale of spirits; (4) the dilution of the spirits by the shopkeepers in order to increase their profits at the expense of the renters; (5) the want of any clauses in the renters' licenses requiring them to provide the inhabitants of their farms with such beverages as are acceptable to them and easily procurable in the locality; (6) the inferior quality of the spirits sold in many farms, especially in the sub-rented taluks of Namcul and Trichengode; and (7) the almost invariable adoption in all Abkari transactions of the ordinary gallon of five bottles instead of the imperial gallon of six bottles, which is prescribed by law.

"13. *Incompleteness of present licenses.*—The only irregularities which are provided for under the present licenses are the want of notice boards and the sale of liquor below the minimum price, and the Collector has informed me that he will at once put the law in force in regard to them. I have suggested that the notice boards should specify the price of the liquor per gallon, per bottle, and per dram of so many to the bottle, as I found it to be a constant practice to alter the size of the dram rather than to increase its price, and the one-anna dram consequently varies in almost every taluk according as the liquor is sold for 6, 7, 8, 9 or 10 annas the bottle. The sale of liquor below the minimum price has been, doubtless, generally discontinued, owing to the increased rents paid of late years having rendered it absolutely necessary to charge a high price for liquor; in other words, the duty has in fact been steadily increased, but in the comparatively lowly rented taluks of Trichengode and Namcul such sales no doubt do take place, and they are encouraged by the system of small sub-rents which are there in force, as a petty under-renter and shopkeeper will often be disposed to evade the law in this respect if he finds that his liquor is left on his hands at the higher rates of price, but takes at the lower figure, for he is bound to pay the renter the amount of his sub-rent whatever his sales may be, and every bottle he can sell at any price in excess of 2 annas (estimated average cost of production) will be a source of profit to him, unless its sale at that figure should have the effect of preventing the sale by him of a bottle of spirits at a higher price. The system of fixing a minimum price without specifying a standard strength for liquor is, however, radically defective, because, as explained in the Appendix in regard to the sales which take place on the Mysore frontier, the rule can be practically evaded by issuing liquor at a higher strength. For instance, supposing the present minimum price of 6 annas a bottle (Rs. 2-4-0 per gallon) to have been fixed under the idea that the ordinary strength of liquor was 30° under proof (a strength considerably in excess of the liquor usually supplied to the public by most of the Abkari contractors of the Presidency) then if the liquor should be issued at 10° under proof instead of 30° under proof, the six-anna bottle will represent upwards of a bottle and a quarter of the inferior spirit, and the actual price of the ordinary spirit at 30° under proof will be less than Rs. 1-14-0 per gallon instead of Rs. 2-4-0, though no breach of the law orl icense will have taken place.

"14. *Want of standard measures and rule against dilution.*—The variation in the measure by which liquor is sold is inconvenient, inasmuch as it enables a dishonest shopkeeper to exact more from his customers in the shape of profit on the retail transaction than he should do, and also makes it difficult to compare the taxation or consumption of different localities. The Abkari Act reserves power to the Board of Revenue to prescribe the measures to be used in the sale of liquors, and this would have been done some years back had it not been for the uncertain position in which the general question of weights and measures then stood. Indeed, a large supply of imperial liquid measures was obtained from England and issued to the districts, but no orders for their adoption have yet been passed. The same objection applies to the dilution of liquor, and so long as it is not provided against by license renders it an easy matter for a shopkeeper to interfere with the profits of the renter who manages his farm on the "Amani" system, inasmuch as the diluted liquor will displace an equal quantity of undiluted spirits for which the full price has been paid.

"15. *The supply of good liquor and full measure should be insured.*—The inferior quality of the liquor frequently supplied to the public, and the want of any condition of the license requiring the renters to supply certain liquors, are also matters which seem to require attention, but which cannot be dealt with so long as the present forms of licenses are maintained unaltered. It must not be forgotten that the inhabitants of an Abkari farm are at present, as observed in paragraph 6 above, absolutely in the hands of the monopolist contractor, and are bound to accept whatever liquor he chooses to provide for them or to abstain altogether. Now it seems to me that the State when granting a monopoly of this description is bound to do so under such restrictions as will protect the interests of the public, and those interests appear to be particularly affected by all the four irregularities referred to in this and the preceding paragraph, viz., the use of measures other than standard, the dilution of liquor, the supply of spirits of an inferior character, and the occasional non-supply of beverages which are available in the locality and would be acceptable to the people. The fact that no complaints have been received on the subject must not be taken to show that there has been and is no cause for complaint, for it must be remembered that the body of the people who are the consumers of spirituous and fermented liquors belong to the most uneducated and uninfluential classes, and would therefore be slow to make complaints against a renter, who would be supposed to have the support of the authorities. Further, should a person of a superior condition find reason for complaint, he would be loath to bring it forward, as it would at once stamp him as a person given to the consumption of liquor which in itself would be viewed as a disgrace. The remedy would, however, be of very easy application, for it would merely be necessary that the Board of Revenue should prescribe, by notification, that all liquor shall be sold by imperial liquid measure, that is to say by the gill (or dram), pint, quart, and gallon. The gill or unit of measurement would run 5⅓ to the ordinary bottle, not much larger than the old Madras dram of six to the bottle, and if charged for at 1½ anna would represent Rs. 3 per gallon, or at 2 annas, Rs. 4 per gallon. The half gill might be the ordinary dram charged for at 9 pice, or 1 anna according to locality. The quality of liquor and its non-dilution, and the supply of all available country liquors, might also be provided for in the renter's license. It would be only necessary to specify in it (1) that no arrack shall be sold below the minimum standard strength, that is to say so many degrees under proof, by Sykes's Hydrometer; and (2) that shops shall be provided for the sale of such toddy as the locality may produce.

"16. *Maximum price of liquor should be prescribed.*—It will be obvious, however, that this latter provision would be nugatory so long as a renter is permitted to charge what price he pleases for liquor in excess of the minimum price, for if he desired to check the sale of toddy and increase that of arrack, it would only be necessary for him to put a prohibitive price on the former, which would doubtless have the effect he desired. I am disposed, therefore, to think that a maximum as well as a minimum price should be prescribed in the license, and I would extend it both to arrack and toddy. It has been shown in my report on Mysore system of Abkari how the want of this maximum, as regards the former liquor, has had the effect of enabling the distillers to place a heavy tax on the consumers for their own benefit, and its necessity as regards the latter is shown above."

19. It will be seen that all these defects and irregularities can easily be remedied by a few alterations of the form of license, and do not necessarily require a change of system; but if, as is generally asserted, the farming system is in itself demoralizing and bad, it is a good reason for abandoning it: but before arriving at any conclusion on this subject, it will be well to consider (1) the result, as far as at present known, of the experimental excise system as introduced in 1872 into the five districts noted in the margin, and (2) the working of the Madras town system, and (3) the results of the systems of excise management which are now in force in the other provinces of the empire.

Ganjam.	Chingleput.	South Arcot.
Vizagapatam.	North Arcot.	

Section VII.—EXPERIMENTAL EXCISE SYSTEM.

20. The Experimental Excise system, as it has been termed, originated in 1869 in the Ganjam District. Mr. Carmichael, then Collector, reported that the Abkari rental of the district had fallen to Rs. 68,980, and that the renters were known to make large fortunes, "the leading merchants combining, it was believed, to keep down the biddings on condition of all sharing in the profits." He added that Mr. Minchin, Manager of the Aska Sugar Factory, who desired to take the Abkari rent of the District on a new system, estimated (as he thought moderately) the total value of the liquor consumed in the district at Rs. 3,41,000, of which, under the system of management which Mr. Minchin proposed, the Government might be expected to realize about half as excise revenue. Mr. Minchin accordingly, on this recommendation, supported by the Board of Revenue, became the renter of the exclusive privilege of manufacturing and selling country spirits in the district for three years, on payment of an excise duty fixed at the rates noted in the margin on all liquor issued from his distillery instead of at a fixed rent. Mr. Minchin was to pay the cost of a Government excise establishment to be placed in charge of his distillery, and was to be allowed 5 per cent. for ullage and wastage of spirits. He was also to sublet the toddy of the district in farms, paying to Government half the amount of his sub-rents. The detailed results of the experiment will be found recorded in Appendix E, No. I. Suffice it to say that neither Mr. Minchin's nor the Collector's expectations as to the recovery of the excise revenue of the district were realized. Notwithstanding the financial failure of the experiment, the Board of Revenue, after it had been three years in operation, did not deem its results to be unsatisfactory. There had been no loss of revenue as compared to that obtained in the year before its adoption, the people had been supplied with good liquor, and the revenue had been punctually realized without trouble or anxiety, and there was every hope that in future years it would improve. When alluding to a proposal made by Messrs. Parry and Company in 1872 to hold the South Arcot District on somewhat similar terms, the Board further expressed themselves as follows:—"The Board are strongly of opinion that the excise system, when trustworthy distillers can be found, as in the present case, is far preferable to farming out the monopoly by public competition, because the actual consumption of spirits in the district is now ascertained in this way, and the competition constantly results in such reckless bidding that the renters have to exhaust all possible devices to get a large amount of liquor

		RS.	A.	P.	
Spirit 60° under proof	...	... 0	12	0	per gallon.
Do. 30° do.	...	... 1	8	0	do.
Proof spirit	...	... 2	0	0	do.

sold and to importune the Board for frequent remissions, whilst they are often ruined in spite of all, and the security of the revenue is a matter of unceasing anxiety. The comparative advantages of the excise system are so patent that the Board think it well worth while to run a small financial risk in order to obtain them."

21. Eventually, on the Board's recommendation in the case of four districts, and on the recommendation of the writer of this report as regarded a fifth, the Government were pleased to authorize the Ganjam and Vizagapatam Districts to be rented for three years to Mr. Minchin, the South Arcot District to Messrs. Parry and Company, the North Arcot District to Messrs. Corbet and Company, and the Chingleput District to Mr. T. Pritchard, on the new system. The rates of duty for Ganjam and Vizagapatam were fixed at the same figures as those in Mr. Minchin's first contract, but he was required to pay over to Government 75 per cent. of his toddy rents instead of 50 per cent. In North Arcot, South Arcot, and Chingleput the excise duty was fixed at Rs. 1-12-0 per gallon for spirits 30° under proof, and it was settled that if it appeared that the sums to be paid to Government by the renters in any year would be likely to fall short of the minimum amounts stated in the margin, it should be open to the Government to cancel the lease by giving three months' notice.

		RS.
1. For Ganjam	... ...	69,000
2. „ Vizagapatam	... ...	1,50,000
3. „ South Arcot	... ...	1,75,000
4. „ North Arcot	... ...	2,75,000
5. „ Chingleput	... ...	1,50,000
	Total ...	8,19,000

The detailed results of this experiment during the first year of its operation, which ended 30th June last, will be found recorded in Appendix E, as well as a brief account of the Abkari revenue of each of the five districts in previous years. It will be perceived that in Ganjam the rental has rarely exceeded a lakh of rupees, and that the collections of any year since 1864-65 have never reached that sum. In Vizagapatam the rental was never in excess of a lakh until the three years' contract, commencing in July 1869, when Rs. 1,75,000 were bid for the different farms, but the actual annual collections during the currency of the contract were considerably below that amount. There was consequently not much sacrifice of prospective revenue, if any, in fixing the minimum payments at the figures above noted as regards these two districts. In North Arcot, on the other hand, the lease of the farm was continued to the renters without auction at their own request, as a reward for alleged services, for two years at Rs. 2,92,000, and was sold for the late contract at Rs. 3,27,000, though a remission of Rs. 30,000 was afterwards allowed. In South Arcot, too, a former renter who had held the farm for two years offered to continue to hold it at a rent of Rs. 2,30,000 for 1867-68, and on one occasion it was sold for Rs. 3,11,000, though the sale resulted in the failure of the contractor. In Chingleput the farm was continued to the renter for the two years (1867-68 and 1868-69) at a rent of Rs. 1,57,000, and his son bid Rs. 2,00,000 for it at the auction in 1869 for the three years' contract ending June 1872, when it realized Rs. 2,13,000, though that amount was paid for one year only.

22. From a consideration of these figures, I am disposed to think that if the Abkari of the five districts had been sold by auction for the present lease on the old system, the sums noted in the margin might fairly have been looked for from each.

		RS.
Ganjam	... ...	90,000
Vizagapatam	... ...	1,30,000
South Arcot	... ...	2,40,000
North Arcot	... ...	3,00,000
Chingleput	... ...	2,00,000
	Total ...	9,60,000

The following statement which gives an abstract of the details of the Abkari transactions of each district as entered at length in Appendix E, shows, however, that in no district have these amounts been reached by the collections during the first year of the experimental system, and that the minimum revenue fixed by Government has not been obtained in Vizagapatam, where, however, it was probably pitched too high, that in Ganjam and North Arcot, where it was fixed rather low, it has only been exceeded by about 10 per cent. and $5\frac{1}{2}$ per cent., and in South Arcot, where it was comparatively much lower, by only 8 per cent. In Chingleput, on the other hand, my estimate of a fair district revenue has nearly been reached, and the minimum, though rather low, has been exceeded by more than 20 per cent.

1	2	3	4	5	6	7	8	9 *	10	11	12	13	14	15
Taluks.	Arrack revenue.	Toddy revenue.	Total.	Incidence per head-arrack.	Incidence per head-toddy.	Total incidence per head.	Retail price of arrack.	Actual excise duty paid per gallon, deducting allowance for wastage, &c.	Retail price for toddy.	Consumption in gallons.	Consumption per head.	No. of sanctioned shops.	Population per shop.	Shops in 10 square miles.
	RS. A. P.	RS. A. P.	RS. A. P.	A. P.	A. P.	A. P.	RS. A. P.	RS. A. P.	A. P.					
Vizagapatam.	65,567 10 8	24,915 0 0	1,90,040 1 1	...	...	1 0	3 0 0	1 6 9	3 0	39,015½	1/48	1,657	1,106	1
Ganjam ...	67,041 0 0	7,959 0 0	75,000 0 0	0 8	0 1	0 9	3 0 0	1 5 5	3 0	50,000	1/30	1,564	950	1·8
South Arcot ...	1,28,067 2 6	63,000 0 0	1,91,067 2 6	1 2	0 7	1 9	2 15 3	1 7 8	3 0	86,595	1/20	1,941	856	3·9
North Arcot ...	2,47,169 0 0	43,000 0 0	2,90,169 0 0	1 11	0 4	2 3	4 4 0	1 14 2	3 0	130,962	1/16	2,178	922	3·0
Chingleput ...	1,00,303 10 7*	80,253 15 0	1,80,557 9 7	1 10	1 6	3 4	3 11 4	1 10 7	4 8	53,547	1/16	784	1,075	2·7
Total ...	5,98,148 7 9	2,19,127 15 0	8,55,833 13 2	1 2	0 5	1 8	3 6 0	1 8 11	3 4	360,119½	1/22	8,124	976	2

23. It will also be seen from this abstract statement that the shops in the five districts are fewer than in the other districts already referred to, whether as compared with the area or the population of the district, and that the incidence of taxation per head, as well as the consumption in North Arcot and Chingleput, is not much below the average in the other districts, though it undoubtedly is so in South Arcot, Ganjam, and Vizagapatam. I am inclined to conclude, however, that in the three last-named districts the revenue has suffered considerably from illicit distillation, for there is no reason why the consumption in these districts should be so far below that of other parts of the Presidency, especially when the retail price charged is not such as to be at all likely to check consumption. In the other two districts there is very little doubt that the last-named cause has to some extent affected the revenue. It will be seen that in Chingleput the consumption of spirits during the year was only 53,550 gallons, whereas during 1869-70 and 1870-71 the consumption was at the rate of 70,000 gallons per annum, as stated in paragraph 8 of my report on Salem District. In North Arcot, too, the consumption was only 130,000 gallons instead of 153,000 gallons, upon which quantity Messrs. Corbet and Company offered to guarantee excise duty when proposing to manage the district on the new system after 20 years' experience as district contractors. These figures would seem clearly to show that the high price charged for spirits by Mr. Pritchard and Messrs. Corbet and Company have had the effect of checking *licit* consumption, but it is to me a very doubtful question whether the reduced demand for licit spirits in the two districts has not been somewhat supplemented by smuggled or illicitly manufactured liquor.

24. It will be seen that the average retail prices charged were Rs. 3-11-4 in Chingleput and Rs. 4-4-0 in North Arcot, out of which the distiller obtains a profit of about Re. 1 in the former case and Rs. 1-2-0 in the latter. The large profits to the contractors, which were inevitable under this system of management on its present basis, have been already adverted to by me in paragraph 9 of my report on the Mysore Abkari, but it has been there pointed out that the same, or nearly the same, profits would have been secured by the renters under the old system, and that the Government would not have gained the knowledge of consumption, &c., which they have now secured. If the distiller's profits had been limited to 4 annas per gallon in each of the five districts, that is, had the excise duty been fixed in Ganjam and Vizagapatam at Rs. 1-12-0, and that in South Arcot, Chingleput, and North Arcot at Rs. 2-0-1, Rs. 2-8-0, and Rs. 2-10-0, the revenue derived from the five districts would have been upwards of $10\frac{1}{2}$ lakhs of rupees as shown in the margin instead of $8\frac{1}{2}$ lakhs, or something beyond the figure which I have estimated would have certainly been secured under the old farming system.

		RS. A. P.
Vizagapatam	...	1,33,487 4 0
Ganjam	... ...	95,459 0 0
South Arcot	...	2,36,190 0 0
North Arcot	...	3,86,775 4 0
Chingleput ...	...	2,14,121 7 0
	Total ...	10,66,032 15 0

Similarly, if the licit consumption of the districts of North Arcot and Chingleput had not, as I believe, been checked by the high prices of liquor, the amount of duty would have been increased by Rs. 41,301 and Rs. 16,000 respectively, and the rentals of these two

* Includes the duty on about 7,000 gallons passed out of the distillery but not issued to the shopkeepers.

districts would have been brought up to Rs. 3,31,470 and Rs. 1,96,577. It may be said then that the experiment has been conducted during the first year at some loss to the State, but it has at any rate realized expectation in regard to the prompt payment of the revenue; and with the knowledge now obtained of Abkari matters, the contracts might without difficulty be so framed as to prevent any portion of the taxation placed upon spirits from being diverted from the Government treasury to the pockets of the contractors, if it should be determined to continue the system, or any modification of it, after the termination of the present contracts.

Section VIII.—MADRAS TOWN SYSTEM.

25. In addition to the Farming system and the Experimental system of management which have just been described, a third plan has been for many years in force in the town of Madras and in a strip of territory surrounding the town and dividing it from the remainder of the Chingleput District. The details of this system are given at length in Appendix F; under it the supply of spirits to the retail dealers is kept in the hands of Government, who obtain both Colombo and country arrack from contractors at fixed rates, and supply them to the retail dealers at a price which includes a high excise duty. The toddy-sellers also pay a daily tax per shop with reference to the amount of their sales and with reference to the number of trees from which they are permitted to obtain toddy. The incidence of the excise revenue under this system has already been alluded to in paragraph 17 above, and it is now in excess of that paid per head in any other part of the Presidency except the Neilgherry Hills. At the same time it has occasionally been felt that it would be desirable for the Government to divest itself of the detailed administration of the Abkari of the town, and proposals for this purpose have from time to time been under discussion. Thus in 1862 Messrs. Morrison and Company made an application to farm the revenue both for arrack and toddy at Rs. 6,75,000 per annum for five years. This offer was eventually rejected, the Government being chiefly influenced, as was stated, "by the consideration that, under the existing system, a very complete control is exercised both over the number and locality of the liquor shops, and that it is within the immediate power of the Revenue authorities, in communication with the Police, to obviate altogether or to mitigate the evils which attend the excessive consumption of liquor in certain portions of the town." Similarly, in recent years, Mr. Pritchard's proposal to manage the town revenue on the experimental excise system and Captain Ralph Taylor's offer to rent the toddy of the town have been declined. The excise revenue of the town has not, however, progressed nearly so rapidly as that of the provinces, and though efforts were made to improve it in 1869, as stated in Appendix F, they have as yet been attended with only partial success.

Section IX.—SYSTEMS IN FORCE IN OTHER PROVINCES.

26. The systems of Abkari management which are in force in the other provinces of India are detailed in the several "Notes" which are included in Appendix G, and I have prefixed to them some extracts from my report upon the Mysore Abkari which describe the system followed under that administration. These papers are the result of my inquiries on the spot in Bengal, the Punjab, Oude, and the North-Western Provinces, and of the information which I have obtained from the excise reports of each province. The gentlemen noted in the margin have also been good enough to afford me valuable assistance in my inquiries, and the statements made in most of the notes have been verified by them. It will be seen that the Sudder Distillery system has been partially in force in some parts of Bengal for many years, but that recently the system was first adopted in Oude, then in the North-Western Provinces, the Punjab, and the whole of Bengal, and afterwards in Mysore, and the Central Provinces. In most places the new system replaced either the farming system or the "out-still" or "monthly tax" system, which in point of fact is merely the farming system under another name; for, as a rule, the monthly tax payable for a still and shop for a particular locality is arrived at by auction, in the same way as, under the farming system, the annual tax for a locality of greater extent, with a certain fixed number of stills and shops within it, is determined. In some places, however, the monthly tax was originally fixed with reference to the capacity of the still and the estimated quantity of spirits likely to be produced per day, and in this case the system was the same in principle as the Sudder Distillery system, which professes to levy a fixed duty upon every gallon of spirits which goes into consumption.

Mr. Alonzo Money, C.B., Member of the Bengal Board of Revenue.
Mr. R. E. Egerton, Financial Commissioner, Punjab.
Mr. E. Macnaghten, Commissioner of Excise, North-Western Provinces.
Mr. Charles Currie, Judicial Commissioner, Oude.
Mr. Braddon, Superintendent of Excise in Oude.
Mr. J. W. Chisholm, Excise Commissioner, Central Provinces.
Mr. Pritchard, Deputy Commissioner of Customs, Bombay.

27. The grounds upon which the Sudder Distillery system was adopted were everywhere the same. It was believed that under it there would be a smaller consumption of spirits, and that the moral character of the people would be to this extent improved. In fact, that the maximum of revenue would be obtained from the minimum of consumption. The expectations which were formed everywhere of the results which would attend the adoption of the system are very succinctly expressed in an extract from the Revenue Report of the Central Provinces for 1862-63, which is quoted at length in Appendix G, No. VI. In theory, no doubt, the Sudder Distillery system was faultless, that is to say, the interference of the State in the liquor trade of the country was to be limited to the levy of such a still-head duty upon all spirits manufactured as would as far as possible restrict their consumption; but in all other respects there was to be absolutely free trade in liquor, that is to say, any person who chose to do so might manufacture liquor in the Sudder Distillery enclosure, and licenses to sell would be granted to all respectable persons on application, and on the payment of a moderate license-fee. Under such a system carried out in its integrity, and on the presumption that the ordinary trade laws of supply and demand are applicable to the present state of Indian society, it is clear that the public would obtain the best possible liquor at the lowest possible price which was consistent with the payment of the State duty.

28. In practice, however, it has been found impossible to induce distillers to compete with each other in the manufacture of liquor, and it has also been held that to allow an unlimited number of places of sale, which was an essential feature of the plan, if there was to be competition among vendors, would probably have a more baneful effect in increasing consumption than any interested efforts to that end which might have been made by the contractors under the farming system. The Sudder Distillery system has, therefore, never been carried to its legitimate conclusions, and we find that in most provinces there is quite as close a monopoly of the manufacture and sale of spirits as existed under the farming system. Under the farming system the disadvantages of such monopolies to the State were to a great extent modified by the periodical sales of the farms by auction, which insured the Government a fair proportion of the monopolist's profits, and when the licenses to hold shops under the Sudder Distillery system are *bonâ fide* disposed of in the same manner, it must operate to some extent in the same direction. So far as the public are concerned, however, they are as much in the hands of the vendor-monopolist under one system as under the other. Further, if it was to his advantage under the old system to press consumption and to be satisfied rather with a small profit on a large consumption than with a large profit on a small consumption, this would be equally to his advantage under the new, but inasmuch as he would be obliged to pay the full excise duty on all liquor sold, his only means of cheapening it would be by considerable dilution. It would be as much to his interest to induce as large a number of people as possible to become consumers of spirits under the one system as under the other, but he would be obliged (if he restricted his

sales to licit spirits) to supply a weaker liquor under the new system than under the old, and to this extent there would be an improvement.

29. It will be seen from the notes recorded in Appendix G that the system has been worked on a somewhat different plan in each province. In Mysore the rate of duty actually levied, including both excise duty and license-fees, amounts to from Rs. 1-8-0 to Rs. 2-8-0 per gallon of liquor 20° *u. p.* In Oude, liquor of 25° to 30° *u. p.* pays from Rs. 1-8-0 to Rs. 2 as duty. In the North-Western Provinces all spirits are charged an average tax of Rs. 2-4-0 per gallon without reference to strength. In the Punjab, spirits 25° *u. p.* pay Rs. 4 per gallon as duty; in Bengal a little over Rs. 2 per gallon at proof, and in the Central Provinces 12 annas per gallon when once distilled and Re. 1 when twice distilled. Then in the Punjab, the North-Western Provinces and Oude the privilege of sale, *i.e.*, the shop licenses, are rarely disposed of by auction, whereas in Bengal and the Central Provinces they are generally so allotted, and also frequently in Mysore. In some localities, too, a system of taxing the materials from which the spirits are produced has been lately adopted with marked success, and there are other varieties of procedure in the system followed in each province which will be found recorded at length in the several notes.

30. In the note upon the North-Western Provinces, a description is given of the only attempt which has been made to carry out the Sudder Distillery system on its professed principles. In 1866-67, the district of Jounpore consumed about 20,000 gallons of spirits, which produced an excise revenue of Rs. 20,613 as duty and Rs. 8,941 as shop license-fees, the licensees being monopolists as already described. In the following year, Mr. Charles Currie, then Collector of the district, abolished the monopoly and permitted any one to distil in the Government enclosure who chose to do so, and allowed any one to sell who pleased, the only provisions being that the still-head duty should be paid before the removal of the liquor from the distillery enclosure; that no two shops should be located within 200 yards of each other; and that they should pay the same sum as license-fee. The result was that the licit consumption of the district rose to 50,000 gallons, and that Rs. 50,490 were realized as still-head duty, and Rs. 5,647 as license-fees, and this, too, with a decrease in the number of shops actually open throughout the year. A consideration of these figures leads to the inevitable conclusion that previous to Mr. Currie's experiment, a considerable quantity of the spirits which were consumed in the Jounpore District were smuggled, and that the vendor-monopolists disposed of a quantity of illicit spirits in addition to the supply which they obtained from the Central Distillery and on which they paid tax. What was done in that district was probably done in many districts of most of the provinces into which the new system was introduced. This, I think, may be fairly taken to be the explanation of the heavy loss of revenue (or rather, in most cases, of the loss of that prospective increase of the revenue which the growing prosperity of the poorer classes of the people should have produced) which has occurred in nearly all parts of India upon the introduction of the Sudder Distillery system of management. There seems to be very little doubt that the only way in which the consumption of spirits in any locality can be truly gauged is by the adoption of Mr. Currie's system, and though at first it would probably lead to a multiplication of shops, those which did not pay and were not required would soon be given up, and, in any case, the multiplicity of shops need not be maintained long enough to cause an increase in the drinking population by the additional facilities held out for obtaining drink. Once the requirements of the locality and its probable consumption had been ascertained, it would be easy to restrict the issue of fresh licenses to open shops, and the excise duty might be so gradually raised as to restrict the use of spirits to those to whom they had from habit become necessary, and who were, therefore, willing to make a sacrifice in order to obtain them. I cannot help thinking that if this plan had been followed on the opening of the Central Distilleries in the several provinces, the introduction of the system would not at once have resulted in a loss of revenue, as it has done in most cases, and that if such a loss, or the loss of a justly anticipated increase, had occurred in subsequent years, it would have been a real cause for satisfaction, as indicating that the class of people to whom spirits were, from habit, a necessity, was

becoming more limited and passing away, and that the increased price of the article had had the desired effect of, in some measure, limiting the extension of the habit of consuming spirits among the rising generation.

31. It is much to be feared, however, that the present aspect of the excise revenue in the several provinces where the Sudder Distillery system of management has been in force cannot now be ascribed to what would be so satisfactory a cause. After ten years' experience of the system, the officers who have administered it in Oude, the North-Western Provinces and Bengal, complain that they are unable to break up combination among the distillers and vendors. The disastrous effects upon the revenue of such combination in Mysore have been fully described in my report on that province, and will be found repeated in No. I of Appendix G. In the Lower Bengal, in the North-Western Provinces, and in the Central Provinces, indubitable evidence is produced of wholesale smuggling and illicit distillation, so much so that in many parts of the country it has been found necesssary to revert either to the farming system, or to the old "outstill" system of management, and though the authorities in Mysore and the Punjab are not of opinion that much illicit liquor is consumed, there is a strong probability that such is the case; for it is impossible to suppose that the licensed vendors should carry on operations at a loss, as they must do in some cases, if they dispose of duty-paid spirits only, that is to say, in cases where sales are small in quantity, the amount paid for the license to sell in addition to the tax upon the spirits raises the actual duty to such a high figure, that unless a prohibitive price were charged, no margin of profit would be left to the vendor to pay for his premises, time, and trouble. If, then, the reduced revenue which is derived from spirits under this system of management is mainly, or even to a large extent, to be ascribed not to a really reduced or limited consumption but to the consumption of illicit instead of licit spirits, it is anything but a subject for congratulation. If this is the case, the new system, in addition to having caused a considerable loss to the revenue, and having failed really to check the consumption of spirits, must have the additional objection of having resulted in constant breaches of the law, and it is very questionable, as was stated by some of the American witnesses examined before the Select Committee of the House of Commons on Habitual Drunkards, "whether the demoralization of society in creating a sense of disrespect for the law and all sorts of manœuvres to escape it, is not as great an evil as the drinking of liquor."

32. The financial failure of this system of management will best be illustrated by a comparison of the excise revenue of the provinces in which it has been in operation with the former revenue of the same provinces when managed on other systems, and with the present revenue of the Presidencies of Madras and Bombay, where, as a general rule, the farming system has always been followed. The first statement recorded in the margin exhibits the gross excise revenue derived both from spirits and drugs in the several provinces of India during the 19 years ending in 1871-72. It will be observed that during the first ten there was a very considerable rise in the collections in every province, but

—	1852-53.	1862-63.	1871-72.	Percentage of increase from 1852-53 to 1862-63.	Percentage of increase from 1862-63 to 1871-72.
	£	£	£		
Lower Bengal	282,000	566,000	754,000	100·7	33·2
North-Western Provinces ...	252,000	264,000	227,000	4·7	...
Punjab	32,000	60,000	89,000	87·5	48·3
Oude	35,000	75,000	81,000	114·3	8
Central Provinces	30,000	74,000	105,000	146·6	42
Burma	17,000	78,000	99,000	358·8	27
	648,000	1,117,000	1,355,000	...	...
Madras	217,000	371,000	570,000	71	53·6
Bombay	...	273,000	420,000	...	53·8
	...	644,000	990,000	...	...

that during the last nine the augmentation of revenue has been comparatively much smaller. It is known, too, that what increase there has been in all those provinces in which the Sudder Distillery system of management has been adopted is mainly owing to an increased drug revenue. This will be best exemplified by a reference to the second statement, in which is shown the revenue from spirituous and fermented spirits only. It will be seen that, whereas the excise revenue derived from these sources in the five Provinces of Oude, the North-Western Provinces, Bengal, the Punjab and the Central Provinces, amounted to about £476,145 in 1859-60, and a steady rise took place in every case, except the Punjab, up to the year immediately preceding the introduction of the Sudder Distillery system (the total revenue obtained in the five provinces respectively in that particular year in each case having amounted to no less than £628,583, being a rise of 32 per cent.), the revenue of the second year after the introduction of the system had fallen in every case except the Punjab, and had realized a total of only £521,160. The revenue of 1871-72 also had only partially recovered this fall, and was still considerably below the revenue of the year preceding the introduction of the Sudder Distellery system. What had been an increase of 32 per cent. fell to an increase of little over 16 per cent., though the period during which the augmentation had taken place had increased in no case by less than five years. It will also be perceived that the increase which took place in the revenue of Madras and Bombay between 1859-60 and 1865-66 was £247,868 or about 52 per cent., or only 20 per cent. in excess of the increase which took place in the other five provinces between the former year and the year previous to the introduction of the new system. In the next six years, however, the revenue of the two minor presidencies rose by about £200,000, or not much under 30 per cent., whereas the revenue of the five provinces managed under the Sudder Distillery system had receded. Supposing the revenue of these provinces to have continued to maintain the same relation to the revenue of Bombay and Madras in the second series of years as they did in the first, there should have been a further increase of about 17 per cent., which would have brought the revenue of 1871-72 up to about £735,000, so that the annual loss of revenue which has been sustained in these five provinces by the adoption of the Sudder Distillery system may well be roughly estimated at little less than £200,000.

—	Date of introduction of Sudder Distillery system.	Revenue in 1859-60.	Revenue in the year before introduction.	Second year after introduction.	Revenue in 1871-72.
		£	£	£	£
Oude	1862-63	57,515	65,134	57,745	58,000
North-Western Provinces.	1863-64	133,000	177,500	125,751	125,000
Punjab	1864-65	49,859	43,624	48,985	50,000
Bengal	1864-65	204,268	263,973	212,491	242,500
Central Provinces	1866-67	31,503	78,352	76,188	76,900
	...	476,145	628,583	521,160	552,400
		Revenue in 1859-60.	Revenue in 1865-66.	Revenue in 1871-72.	
		£	£	£	
Madras	...	292,824	414,281	570,892	...
Bombay	...	177,967	304,378	339,322	...
	...	470,791	718,659	910,214	...

Section X.—FINAL CONCLUSIONS.

33. Upon the whole, then, the experience which has been gained during the past ten years of the working of the Sudder Distillery system of management is not so satisfactory as to justify a recommendation for the introduction of the system, as at present conducted, into the remaining parts of India. No doubt most of the *financial* defects of the system would be cured by the adoption of Mr. Currie's plan of "free trade in liquor" as described in paragraph 30 above, but it is feared, notwithstanding what is there stated as to the possibility of, to some extent, mitigating the evil likely to result from the opening of a large number of shops by closing the greater number of them immediately the consumption of the locality had been gauged, that the mere fact of free trade in liquor being even for a time

permitted, would have a serious effect in encouraging the consumption of spirits among the people. The disastrous effect of the Beer Act of 1830 upon the sobriety of the English people is well known. Under its provisions beer shops were permitted to be opened without the special license of the Magistrates, and a great increase of drunkenness was the result. It was also found in regard to that enactment that the force of competition did not, as was expected it would, secure either respectability of conduct among the vendors or freedom from adulteration.

34. At the same time, in considering the results of this system as set forth in the foregoing paragraphs, it must be borne in mind that differences of race and character have much more effect upon the consumption of spirits than the adoption of any particular system of excise management. There is very little doubt that the people of the Punjab, one half of whom are Mahomedans, are the most temperate population of the whole continent, and that the Hindus of Western and Southern India are much more addicted to the use of spirituous liquors than the rest of the population. The marginal statement which gives the revenue collected, per head, from spirituous and fermented liquors in Madras and Bombay, and from spirits alone in the other provinces, compared with an estimate of the consumption of spirits in each locality, and the number of people per shop, make these facts perfectly clear. They are quite independent of the particular system of excise management which may be in force in the different localities, though these systems may have the effect of making the differences in the incidence of taxation and in the consumption of spirits appear to be still more marked than they ought to be as regards the revenue, and than they really are as regards the consumption. It is probable that the number of liquor shops licensed in each province has *some* effect in raising or lowering the consumption of spirits, though it will be seen that in Bombay, where there are upwards of 2,000 people to each shop, the consumption is nearly five times that of Madras, and more than three times that of the Central Provinces, though in the former province there are less than 1,000 persons to each shop, and in the latter only 1,275. Clearly therefore an increased number of liquor shops does not always involve an increased consumption of spirits.

—	1 Revenue per head.	2 Estimated consumption of spirits. per head.	3 Population per liquor shop.
	RS. A. P.	GALLONS.	
Bombay	0 3 3	$\frac{1}{3}$	2,100
Madras	0 2 8	$\frac{1}{14}$	907
Central Provinces ...	0 1 4	$\frac{1}{11}$	1,275
Oude	0 0 9	$\frac{1}{19}$	2,483
Bengal	0 0 7	$\frac{1}{25}$	9,011
N. W. Provinces ...	0 0 7	$\frac{1}{60}$	7,477
Punjab	0 0 5½	$\frac{1}{142}$	22,000

35. There is much force in the remark that has frequently been made in the recent discussions which have taken place in England regarding the several proposals which were brought forward with the view of restricting the use of intoxicating liquors, that people cannot be made sober by Act of Parliament, and Mr. Alonzo Money, in his last report on the Bengal Excise, is no doubt correct when he says that people cannot be made virtuous by force, and that efforts in that direction tend only to the encouragement of illicit distillation and to the consumption of intoxicating and noxious drugs. Nevertheless, a reduction in the number of liquor shops must proportionately reduce the facilities for obtaining liquor, and there must be less temptation to indulge in its use when they are few in number than when plentiful. So also a high rate of duty must, to some extent, have the same effect, and will, at any rate, prevent some of those who have not yet formed the habit of drinking from acquiring it. The position which is occupied by the Government in India is such, too, that the theory that has found favor in some quarters in England that the proper function of the State in regard to Liquor Laws is to be simply the guardian of public order, and not the censor of private morals, could never be urged as an objection to the adoption of measures calculated to produce this result. Upon the whole then, I am of opinion that the professed objects of the British Licensing Act of 1872,—the reduction in the number of public houses, the diminution of the consumption of spirits, and the checking of adulteration,—may well be taken as the tests by which to try any scheme of excise administration which may be recommended for adoption.

36. In the first place it will perhaps be convenient to consider some of the objections which have been taken to the farming system. It has always been held that under it the farmer must do all in his power to stimulate consumption, but it would appear to be a fallacy to suppose that the consumption of liquor is *necessarily* encouraged under the farming system *more* than under any other, for whatever system may be in force, it is equally to the interest of the retail dealers to force sales as much as possible, for their profits must depend upon the consumption which takes place at their shops. The only real restriction upon such consumption is the price to be charged, and this can be regulated as well by prescribing minimum rates at which liquor may be sold (as is now done under the farming system in Madras) as by fixing a high rate of excise duty upon liquor removed from a Sudder Distillery. It would seem, too, that the idea that the farming system has been the cause of any increased consumption of spirits which may have occurred in the Madras Presidency during the past fifteen years is also erroneous, for undoubtedly it is the fact that in those parts of the country to which the system has never been extended excessive consumption of spirits is more general than in other localities. Thus in the Jeypore Zemindari where the farming system was not followed, and where the consumption of spirits was not directly taxed, we find (see Appendix E, No. II) that the officer in charge speaks of the people's extreme fondness for drinking," and that the late Captain Basevi, of the Trigonometrical Survey, reported that when touring through this part of the country he rarely entered a village without finding most of the males intoxicated. Again, a gentleman attached to one of the Christian Missions in Ganjam has recently reported that drunkenness was the prevailing vice amongst the wild Khonds of the Goomsur Maliahs so long as the distillation of spirits was uncontrolled, and that the people themselves are fully sensible of the moral advantages which they have obtained by the extension of the Abkari system to their villages, naively remarking that "before time twenty of us could get drunk for a rupee, but now only four." In these parts of the country then, at any rate, it cannot be affirmed that the Abkari system of management was the cause of drunkenness among the population, and I am now very much disposed to question the correctness of an opinion which appears in a letter from the Board of Revenue, dated 17th April 1866, recommending the institution of an inquiry very similar to that which I have been engaged upon, to the effect that the habit of indulging in the consumption of intoxicating liquors was encouraged by the Abkari system.

37. In the Bombay Presidency too, in parts of which probably the worst form of the farming system (the renting of small tracts of country with only two or three shops to separate farmers, without prescribing a minimum price for liquor) is in force, it was asserted in 1868* that drunkenness had not increased among the people, and that the greater part of the increased revenue was not owing to a very largely increased consumption, but to a higher price having been charged for liquor by the farmers, which the improved circumstances of the people had enabled them to pay. There is very little doubt, too, that this is very much the case in regard to Madras also, and that probably the greater portion of the augmentation of the revenue is the result, in fact, of increased taxation. It will be seen from the papers printed in Appendix E that in very few districts are the ruling prices of liquor ever below the minimum rates, and in many that they are considerably above them, whereas it is well known that some years back nearly all retail sales of spirits took place at prices very much below the prescribed minimum under the pretence that they were of the second and third quality.

* Mr. Bell's report.

38. So far then as moral considerations are concerned, there appears to be no valid reason against the continuance of the farming system, provided of course that the shops in each farm be restricted to such number as are actually required; that effectual steps be taken to prevent the sale of liquor at prices below the minimum rates; that the other irregularities which have been described in Section VI above are corrected; and that the interests of the public are properly protected in the contracts entered into with farmer-monopolists. The chief available check upon consumption—increasing the retail price of spirits to the public—is as feasible under the farming system as under any other, and the further and perhaps, eventually, the more efficient check—the reduction of the number of shops at which liquor is obtainable—can probably be more easily effected when the Abkari is so managed than when any other system is in force, as it is only necessary at the conclusion of a lease to declare that in future such shops as may not be deemed absolutely necessary to meet the wants of the public will not be permitted to be reopened during the new lease. The danger of pressing either check too far is that such a course must inevitably lead to illicit consumption and smuggling, if the drinking habits of the people are formed. Probably, no better example of this could be found than is afforded by the results of the excise administration in Ireland during the early years of the present century. When the duty on spirits was 2*s.* 6*d.* per gallon in 1811, no less than 6,500,000 gallons were brought under excise; yet in 1822, in spite of the increase of population, only 3,000,000 gallons paid duty, but the rate was 5*s.* 6*d.* per gallon instead of 2*s.* 6*d.*, and it was well known that the real consumption of the people was nearly ten millions of gallons. As McCulloch graphically describes it, "To the idleness and dissipation of the drunkard the atrocities of the smuggler were superadded." It was estimated that more than two-thirds of the consumption was illicit, and this, too, when an illicit distiller might be transported for seven years, and when parishes in which illicit stills were found were heavily fined.

39. It is clear, then, that any increase of the duties levied on spirits should be undertaken with great caution, and that the immediate effect should be carefully watched. So, too, when a reduction in the number of liquor shops is made, an *immediate* reduction of consumption must not be looked for. If it should occur, it will probably be found to have been the result of the sale of much smuggled liquor at unauthorized shops. It was elicited before the Committee of the House of Commons which sat two years back, that though the beer shops of Liverpool have been reduced from 845 in 1869 to 432 in 1872, yet drunkenness had not diminished. In fact, the 432 shops sold as much liquor in 1872 as the 845 had done in 1869. On the other hand, it is asserted that when the people of Sweden had become demoralized by free trade in "drink" in 1855, and it was found necessary to endeavour to check consumption by the imposition of excise duties, and the limitation of the number of licenses to sell, the licenses in the town of Gottenburg were reduced by the municipality from 40 to 23, and the result was that the number of police cases brought up for drunkenness was reduced from 2,070 to 1,424. Then there is very little doubt that in Great Britain at any rate the percentage of crime is in exact proportion to the facilities for obtaining drink in the shape of public houses. It was stated at one of the debates on the Licensing Act of 1872 that where there were 8 public houses to every 1,000 inhabitants, the criminals were only 2·73 per cent. of the population, but that they rose to 4·03 per cent. where there were 10 public houses per 1,000, to 8·53 per cent. where there were 12, and to 12·61 per cent. where there were 14. Now, though the relation between crime and drink has not been as clearly established in India, and though so high a police authority as Mr. S. Wauchope, C.B., has given it as his opinion that the one does not in any way depend upon the other, it seems impossible to suppose that wherever there are a large number of drinking shops there must be more intemperance, and hence more immorality and crime.

40. From the account which has been given of the Sudder Distillery system, it does not appear to be more peculiarly fitted for securing any of the three objects set forth at the close of paragraph 35 above (except perhaps the repression of adulteration) than the farming or the "outstill" system of management. Nevertheless, it is an undoubted advantage that the State should be made aware of the quantity of spirits which are consumed each year, that the spirits should be of the best quality, and that no noxious ingredients should be allowed to be used in their manufacture, and this can be more easily insured under some form of the Sudder Distillery system than under the farming system. The punctual realization of the revenue, too, is a more easy matter under the former than under the latter mode of management. The system in force in the town of Madras has already been described in paragraph 25 above, and is admirably adapted for securing both these results. The plan of requiring the vendors to bid against each other as to the number of gallons they will engage to take each year is an excellent precaution against the adulteration of the spirits, and also converts every shop-keeper into a detective officer for the prevention of illicit distillation or the sale of smuggled liquor, but

probably no system could be devised which makes it so essential for the interest of the vendor to stimulate consumption to its highest limits. The introduction of such a system into the provinces would also necessitate the employment of a large and costly establishment, so that both on administrative and moral grounds such a proposal would be objectionable.

41. Upon the whole, I am disposed to think that if it be decided to abandon the farming system, a mode of Abkari management based upon the present Experimental Excise system would be the best adapted for the circumstances of the Madras Presidency, but I would recommend that the course to be finally adopted should not be determined upon until further experience of the Experimental Excise system has been obtained, and until a trial of the farming system properly conducted, and with its irregularities corrected, has been made. My own impression is that it will then be found that a combination of the two systems is the most suitable, that is to say, that the improved farming system will always be preferable in the outlying parts of the country, and that the Experimental Excise system, or some other modification of the Sudder Distillery system, will be found to be well adapted to towns and thickly populated portions of the country, where consumption is considerable and supervision easy.

42. I would suggest then that at the termination of the present leases, in June 1875, the districts of Tanjore and Salem, which are now mainly managed by the renters on the Amani or personal system of management, should be added to the list of districts in which the Experimental Excise system is to be followed, so modified as to details as further experience of its operation may dictate. The difficulty of introducing any form of the Sudder Distillery system will always be very much greater in districts which have been farmed on the sub-renting system than in districts where the Amani system of management has been in force, for in the former case nearly every shop-keeper is also a distiller, and it must be almost impossible, on the introduction of a system of charging a still-head duty, to prevent him from supplementing his profits, as a retail salesman, by the illicit manufacture and sale of liquor, and it is to this cause that I ascribe the comparative success of the Experimental Excise system in the Chingleput and North Arcot Districts, where the Amani system of management has been for long in force, and its comparative failure in Vizagapatam, where I presume the farms were formerly managed on the sub-renting system. No doubt, a native Abkari contractor of a taluk farm, who is intimately acquainted with the locality, will have a much better prospect of preventing illicit distillation by shop-keepers than a renter of a district under the experimental system, and in all cases in which the Amani system of management is now in force, the contractor must, in the first instance, have had this difficulty to contend with.

43. In regard to the remaining districts of the Presidency which are now mainly managed by the farmers on the sub-renting system, I think the first step to be taken is to forbid the sub-renting of farms at the close of the present leases, and to require the new renters to manage their farms on the Amani system. This may not be possible in every case, as there may be out-of-the-way localities which could not be so administered, and in such places it will be necessary, as an exceptional case, to fall back upon petty farms, or, in other words, on the outstill system of Bengal. For the reasons given in paragraph 18 above it will probably also be advisable to rent the arrack and toddy farms separately rather than to endeavour to provide in the license against the irregularities there brought to notice. A standard of strength and quality for spirits, standard measures for their sale, a maximum as well as the minimum retail price, and a rule against the excessive dilution as well as the adulteration of spirits by vendors must also be provided for. In addition to these requirements, a clause should be entered in the contract requiring the renter to keep accounts of the quantity and strength of liquor manufactured and issued by him, and requiring the vendors to keep similar accounts of receipts and sales of liquor at their shops. These accounts should be open to the inspection of Abkari Officers, as is now required under the Bombay Farming system. Though probably such accounts would not be very reliable, still something more than a mere estimate of the consumption of spirits in different localities would be obtained. After a two years' trial of a modified farming system of this

description, it would probably be found feasible to introduce into certain localities a system similar to the present Experimental Excise system. The first modification of this latter system would of course be the fixing of the excise duty in reference to the retail price of liquor in each district compared with the cost of production and distribution, leaving a fair profit to the distiller and vendor, and the prescription of a maximum as well as a minimum retail price. Probably also it would be found desirable to farm, on behalf of Government, on the system just described, certain portions of the districts now managed on Experimental Excise system, but for which that system, as at present in operation, is manifestly unsuited.

44. In order to carry out these changes to a successful result, it is essential that for some few years to come some special agency should be employed in the Abkari Department. I am disposed to think that the simplest course would be to place the Collectors, so far as this department is concerned, under the special orders of one of the Members of the Board of Revenue, as Commissioner of Excise, and to allow him three special additional Deputy Collectors as Assistants, whose duty would be to be constantly on the move throughout the districts to which they were attached, aiding the Tahsildars and Divisional Officers with their advice and assistance in all matters pertaining to Abkari, but holding themselves to be subordinate to the Collectors of the districts in which they were employed, and attending to such orders as they might receive from them.

APPENDICES.

APPENDIX A.

From T. MUNRO, ESQ., *Collector, to the President and Members of the Board of Revenue,—Dated Anantapur, the 9th June* 1807.

I have had the honor to receive your letter of the 20th May, enclosing extracts from a correspondence with Government and a copy of the Regulations, and directing me to give my opinion "whether the rent or exclusive sale of licenses for whole estates or divisions, as proposed by the Board, or whether an exclusive sale by separate licenses for every still and shop, as in Bengal, be the preferable system of management for the abkari revenue."

2. If the question be considered merely with regard to the productiveness of revenue, there can be little doubt but that a greater sum will be yielded by the licenses being issued for estates or divisions than by their being granted for every separate shop or still. When they are issued for divisions, the farmer is urged by his own interest to draw from his division or district the greatest rent possible, and in doing this he exerts himself to prevent clandestine sale, and the competition occasioned by giving the farm annually to the highest bidder raises constantly the public revenue in the same proportion as the produce of the farm increases. When separate licenses are granted for each shop, the clandestine sale of arrack will be more easily practised, for there will not be the same vigilance used in preventing it. The revenue servants, as well as those of the police, will not be half so diligent in this matter as the district farmers, because they have not the same interest in it, and are likewise very apt to conceal what they observe for the sake of a trifling bribe. The licensed shop-keepers will no doubt prevent the clandestine sale within their own limits, but they will give themselves no trouble about what passes beyond them. There are many small villages, the consumption of which would not pay for a license, but is at the same time sufficient to encourage the private manufacture and sale of arrack. In such places the clandestine sale will be carried on to the injury of the revenue. Even in the more populous villages and towns it is probable that the number of licenses adequate to the consumption will not be taken out, and that the deficiency will be supplied by private sale, for the manufacturers are but few, they are all of the same caste, and in the same district are usually connected by relationship, and they may, therefore, without much difficulty, contrive to keep down the number of licenses and to sell without them, either where there are no stills or where the consumption exceeds the supply of the licensed ones.

3. The advantage also of competition will be lost by separate licenses for each shop, for the trade will be thrown wholly into the hands of the distillers, who will certainly never bid in earnest against each other, and if they offer a trifling advance upon the rate of their licenses, it will be done merely to save appearances. Both the Magistrate and the Collector are, it is true, authorized to recommend an increase of rates, and it may thence be supposed that they will be kept up to their proper standard; but this is trusting to the judgment of men who can have very little knowledge of the subject instead of adopting the result of competition, which is the most sure and simple criterion of determining the amount of the rate.

4. If the two systems of licenses for whole districts and single shops be considered, as they interfere with the freedom of trade by establishing a monopoly, or as they affect the morals of the lower classes of society by facilitating the use of spirits among them, it will perhaps be found that they differ only in name and form, and that their effects must in consequence be the same. In the system of shop licenses the trade is restricted to particular persons and places, and only a limited number of persons can engage in it, because whenever the number of licenses has been issued in any town which may be sufficient to answer its consumption, no new license can be taken without loss both to the new and old license-holders. The same thing in every respect takes place under the system of district licenses. The farmer issues one license for two or three villages, or one or two licenses for one village, according as the consumption of arrack may be greater or less, and the number of his licenses must, like that of those issued by the Collector to single shops, be regulated by the demand. The restriction on trade is in both cases the same, and the evil of the immoderate use of spirits among the lower orders of the inhabitants will be at least as great under the system of shop as under that of district licenses, for though the number shops may be lessened there will be no diminution in the consumption, as the liquor will always find its way to those places where it is wanted either in bottles or in private stills. The immoderate use of spirits would perhaps be more easily restrained by district than by shop licenses, because under the district system, every village being allotted to some petty renter or other, no spot is left vacant, and no private still can be erected in any place however secluded without loss to the license-holder of the village, who will for his own sake take care to prevent it.

But under the shop system there will be many small villages without a licensed shop, where the consumption will be supplied by private stills, and where it will be increased by the cheapness of the article, as the clandestine can sell at a lower rate than the fair dealer.

5. In the ceded district the revenue of arrack and toddy amounts to Star Pagodas 58,000. As they are always rented and sold together by the same persons, the exact amount of each cannot be immediately ascertained, but that of arrack is not, I believe, more than 10 or 12,000 Pagodas, for very little is used where toddy is sold. The toddy of the ceded districts is the produce of the date tree, which grows readily in all moist situations. By making a few plantations of it in those districts in which there are none at present, the use of toddy would gradually supplant that of arrack, and would more effectually than any regulation diminish the consumption of that spirit. Toddy might in time be rendered a much more productive branch of revenue than it now is, and there seems to be no reason to apprehend mischief from the use of it more than that of beer in England. With exception of seaport towns and military cantonments, it is seldom drank to excess, but it is commonly taken rather for refreshment than for intoxication. Even arrack does not appear to me to require the superintendence of the police. If it is considered that it has for ages been manufactured and sold in all places subject to no other restraint than that of taxation, and that by far the greatest portion of the natives seldom or ever taste spirits, and that even those castes which are addicted to them are less intemperate than the lower orders of people in Europe, there can be no ground to apprehend any mischief to society from the sale of arrack being continued in the usual way.

6. I shall now take the liberty of offering a few remarks on some points in the regulation drawn up by the Board. In Article V it is proposed to fix the retail rates of sale. This is unnecessary, as it would only tend to injure the revenue and could not possibly be carried into effect, for the price varies in every village and in the same village at different times of the year, and even in the same distillation the liquor which is first drawn off sells at more than double the rate of that which follows. The retail price may safely be left to the discretion of the renter, for if he is made to pay as high a rate as possible for his license, there is no danger of his retailing the spirit at too low a one.

7. In Article VII the 6th and 10th clauses ought perhaps to be omitted, for it cannot be expected that a man who lives by the sale of spirits will endeavour to send every person sober out of his shop, or that he will ever keep a true register of the persons who frequent it, since by doing so he would be acting against his own interest, for such a register would drive away many of his customers—those of notorious bad character from the fear of being taken up by the Magistrate, and those of better repute from not wishing to have their frequenting such a place publicly recorded. Thieves generally are drunkards in this country, and hence they resort to the arrack shop whenever they have money, and it is there that they are usually taken by the police officers; but they will avoid such shops when they know that a register is opened, and the difficulty of apprehending them will be increased.

8. The specification of the boundaries of divisions would be much better omitted, as it cannot be made without leaving room for endless disputes and litigations. A division should contain either a whole district or a certain number of villages. It would in one case be sufficient to insert the name of the district, and in the other that of each village, in the license without saying anything of the boundaries, which are perfectly known and with which it is the business of the renter to make himself acquainted. Indeed, he is so careful in this respect that I have never yet had a single complaint about boundaries.

9. No advantage can result from the Collector consulting the Magistrate either as to retail price or as to the number and situation of shops, for in all districts not permanently settled he has more sources of information, and ought, therefore, to be himself the best judge of these matters. I have already recommended that the retail rates should as hitherto be raised or lowered at pleasure by the renter, and I would now propose that the number and situation of shops should be the same as formerly, for if the number is reduced with a view of diminishing the sale, the deficiency will be supplied by private stills.

10. The punishment of hard labour for infringement of the regulation, as proposed in Article XXIII, appears to be too severe for such an offence as the illicit manufacture or sale of spirits. If either the Bengal Regulation or that of the Board were strictly in force, there would hardly be a single license-holder who might not in the course of the year be brought to hard labour, for there are few of them who would not almost every day violate some clause or other. Fine or imprisonment should be the limit of punishment for all transgressions of this regulation. If the price of the license is raised as high as possible, and if illicit manufacture or sale is punished by fine and by imprisonment where fine cannot be levied, scarcely any other provisions could be requisite.

11. Whatever plan may be finally adopted with regard to the licenses, it would perhaps be advisable to suspend its introduction until Fasli 1218, for if it is not previously published five or six months, so as to give the renters time to comprehend it perfectly, they will be discouraged from offering either for division or shop licenses, and revenue will suffer accordingly. But as there is no important object to be attained, and as all that is in view is little more than a change of forms, it can hardly be worth while to sacrifice any portion of revenue for such a consideration. I return the Bengal Regulation as directed.

APPENDIX B.

STATEMENT No. I.

Statement showing the abkari collections and price of unhusked rice of the second quality from the year 1800-01 to 1871-72.

1	2	3	1	2	3	1	2	3
Years.	Abkari revenue collections.	Seers of unhusked rice, second quality, per rupee.	Years.	Abkari revenue collections.	Seers of unhusked rice, second quality, per rupee.	Years.	Abkari revenue collections.	Seers of unhusked rice, second quality, per rupee.
	RS.			RS.			RS.	
1800-01	2,15,807	Information not available.	1824-25	13,96,253	34	1848-49	21,67,923	68
1801-02	2,97,038		1825-26	14,44,849	46	1849-50	21,73,509	68
1802-03	3,24,855		1826-27	14,04,815	60	1850-51	21,22,882	69
1803-04	4,54,682		1827-28	14,51,985	68	1851-52	21,31,491	75
1804-05	4,85,283		1828-29	15,64,300	62	1852-53	21,69,046	83
1805-06	5,62,067		1829-30	16,67,077	59	1853-54	22,12,924	53
1806-07	5,55,453		1830-31	17,81,862	66	1854-55	20,84,583	43
1807-08	6,22,310		1831-32	18,07,994	66	1855-56	22,50,780	40
1808-09	7,79,337		1832-33	16,31,427	45	1856-57	24,79,534	48
1809-10	7,96,174		1833-34	14,81,080	36	1857-58	27,41,041	39
1810-11	8,94,388		1834-35	14,40,089	51	1858-59	28,29,692	33
1811-12	9,57,587		1835-36	14,39,390	65	1859-60	29,70,722	37
1812-13	9,23,539		1836-37	14,70,591	53	1860-61	30,85,616	34
1813-14	9,37,130		1837-38	15,77,998	50	1861-62	34,21,771	32
1814-15	12,43,34[illegible]	47	1838-39	15,60,462	47	1862-63	35,37,242	31
1815-16	13,78,687	62	1839-40	15,97,156	53	1863-64	40,51,801	29
1816-17	13,95,527	56	1840-41	16,42,420	60	1864-65	39,90,671	25
1817-18	13,98,096	[illegible]0	1841-42	17,10,436	75	1865-66	41,70,229	24
1818-19	14,30,617	60	1842-43	17,93,736	80	1866-67	47,94,988	21
1819-20	15,33,220	60	1843-44	20,37,725	79	1867-68	51,07,636	29
1820-21	15,36,312	58	1844-45	20,35,395	69	1868-69	49,06,089	28
1821-22	16,58,625	51	1845-46	20,56,025	49	1869-70	59,96,871	29
1822-23	15,80,532	49	1846-47	19,36,964	47	1870-71	57,22,533	37
1823-24	15,70,672	40	1847-48	20,78,657	56	1871-72	58,23,714	37

NOTE.—About two seers of unhusked rice are equal to one seer of cleaned rice.

STATEMENT No. II.*

No.	1 District.	2 Revenue in 1810.	3 Revenue in 1820-21.	4 Revenue in 1830-31.	5 Percentage of increase up to 1830-31 from 1810.	6 Revenue in 1840-41.	7 Percentage of increase up to 1840-41.	8 Revenue in 1850-51.	9 Percentage of increase up to 1850-51.	10 Revenue in 1860-61.	11 Percentage of increase up to 1860-61.	12 Revenue in 1870-71.	13 Percentage of increase up to 1870-71.
		RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
1	Ganjam	43,648	43,830	43,279	..	22,694	..	61,142	169	71,323	16	83,520	17
2	Vizagapatam	64,654	62,340	64,602	14	59,300	..	61,082	3	67,165	9	1,86,934	178
3	Godavery	30,000	50,012	52,328	74	45,868	..	78,438	71	1,29,426	65	1,52,100	17
4	Kistna	76,969	1,03,432	63,577	..	46,762	..	66,118	41	96,417	46	1,74,088	80
5	Nellore	15,339	24,502	23,268	51	19,116	..	29,046	51	31,674	9	98,846	212
6	Cuddapah	58,425	64,796	83,624	43	97,885	17	1,18,381	21	1,08,707	..	2,21,704	103
7	Bellary	2,00,000	2,87,651	2,53,549	27	2,34,395	..	3,16,372	34	2,41,726	..	7,04,016	191
8	Kurnool	..	..	..	..	..	..	77,159	..	1,28,666	66	3,43,469	167
9	Chingleput	52,500	55,989	80,618	53·5	70,360	..	63,063	..	80,908	28	1,52,120	88
10	Madras Town	3,64,990	3,96,044	5,58,163	52·8	5,11,035	..	5,35,008	4	9,70,716	89	10,51,632	8
11	North Arcot	73,332	91,798	1,17,926	60·8	97,446	..	1,11,977	14	1,79,113	59	2,82,885	58
12	South Arcot	59,507	47,374	75,059	26	69,406	..	76,812	10	1,35,790	76	2,64,052	94
13	Tanjore	32,193	40,499	51,427	59·7	66,232	28	1,13,520	71	2,31,522	103	5,10,703	120
14	Trichinopoly	35,570	28,905	16,010	..	13,373	..	24,439	83	25,597	5	1,48,219	478
15	Madura	18,049	50,320	61,874	243	42,590	..	55,811	31	82,140	47	1,43,447	74
16	Tinnevelly	12,000	14,173	24,817	107	21,492	..	25,048	17	46,478	85	1,56,807	237
17	Coimbatore	..	32,359	49,323	..	45,010	..	80,216	78	1,42,355	77	2,85,433	100
18	Salem	28,588	40,350	66,088	131	77,375	17	89,331	15	1,33,088	81	3,33,478	150
19	Canara	33,526	34,531	39,837	18·8	52,171	..	72,412	38	39,335	..	1,38,211	251
20	Malabar	64,406	67,407	66,494	3	59,910	..	67,507	12	69,795	4	2,32,585	233
	Total ..	12,55,696	15,36,312	17,91,863	50	16,42,420	..	21,22,882	29	30,11,941	45	56,64,249	85

* These figures do not agree with those given in Appendix D as the one set are the District figures, and the other the figures of the Board of Revenue.

STATEMENT No. III.

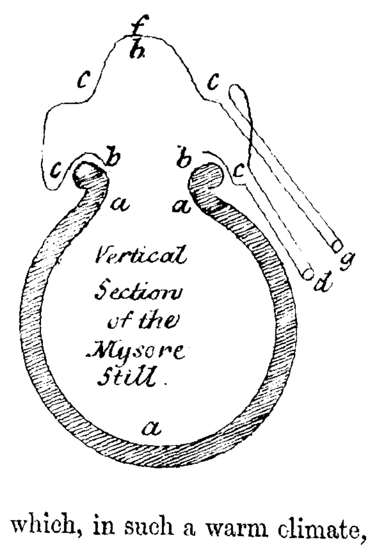
No.	1 District.	2 Population in 1856-57.	3 Abkari revenue per head.	4 Population in 1861-62.	5 Abkari revenue per head.	6 Income-tax per head at 4 per cent.	7 Population in 1867-68.	8 Abkari revenue per head.	9 License-tax per head.	10 Population per census of 1870-71.	11 Abkari revenue per head.	12 Abkari revenue per head, 1872-73.
			A. P.		A. P.	A. P.		A. P.	A. P.		RS. A. P.	RS. A. P.
1	Ganjam	949,747	1 3	1,136,926	1 1	0 9	1,235,790	0 10	0 2	1,487,227	0 0 10	0 0 9
2	Vizagapatam	1,284,243	0 9	1,715,652	0 7	1 0	1,934,558	0 10	0 2	1,832,614	0 1 4	0 1 0
3	Godavery	1,081,703	1 5	1,366,831	1 6	1 2	1,427,472	2 1	0 5	1,584,179	0 1 6	0 2 5
4	Kistna	1,217,021	0 6	1,194,421	1 3	1 3	1,296,652	1 9	0 9	1,439,252	0 2 0	0 2 5
5	Nellore	952,032	0 7	999,254	0 9	1 1	1,168,664	1 2	0 6	1,375,405	0 1 2	0 1 0
6	Cuddapah	1,351,151	1 5	1,050,104	1 9	1 2	1,144,759	3 4	0 8	1,343,099	0 2 10	0 2 10
7	Bellary	1,181,087	3 4	1,234,674	4 4	2 8	1,304,998	11 1	1 3	1,653,154	0 6 3	0 6 10
8	Kurnool	287,726	3 0	725,768	3 4	2 1	770,857	7 7	0 11	955,457	0 5 9	0 5 7
9	Chingleput }	1,055,221	11 0	1,125,390	13 10	3 9	1,254,283	14 0	10 2	{ 940,808	0 2 7	0 3 4
10	Madras Town }									{ 395,440	2 10 7	2 3 0
11	North Arcot	1,588,104	0 11	1,654,557	1 6	0 11	1,787,134	2 7	0 3	2,007,667	0 2 3	0 2 3
12	South Arcot	1,135,965	1 9	1,128,430	2 5	0 7	1,261,846	3 5	0 3	1,762,525	0 2 5	0 1 9
13	Tanjore	1,657,285	1 9	1,652,170	3 0	0 7	1,731,619	4 7	0 7	1,975,042	0 4 2	0 4 0
14	Trichinopoly	809,[illegible]	0 6	939,400	0 7	0 5	1,006,826	1 11	0 2	1,197,936	0 1 11	0 1 10
15	Madura	1,792,737	0 7	1,856,406	0 8	1 1	1,946,389	1 1	0 4	2,259,314	0 1 0	0 1 4
16	Tinnevelly	1,339,[illegible]74	0 5	1,670,262	0 5	0 10	1,521,168	0 10	0 4	1,695,360	0 1 6	0 1 11
17	Coimbatore	1,176,831	1 7	1,215,920	2 0	0 10	1,430,738	3 9	0 5	1,754,705	0 2 7	0 2 7
18	Salem	1,26[illegible],20[illegible]	1 3	1,493,221	1 4	0 7	1,619,233	2 11	0 3	1,963,243	0 2 9	0 3 0
19	South Canara	[illegible]48,413	[illegible] 0	788,042	0 11	0 8	839,688	2 0	0 3	915,139	0 2 5	0 2 2
20	Malabar	1,602,914	0 8	1,709,081	0 11	1 4	1,856,378	1 7	0 3	2,273,946	0 1 8	0 1 11
	Total ..	22,479,034	1 7	24,656,509	2 2	1 2	26,539,052	3 4	0 6	30,811,512	0 2 11	0 2 10

APPENDIX C.

No. I.

Extract from Buchanan's Mysore.—Lond. 1807, *page* 39.

In the evening I went to the house of a distiller of country rum, in order to examine his process. The bark of the *Mimosa leucophlea* Roxb. is considered as a necessary ingredient. This tree grows commonly in the country, and is called *Cari jaly* in the *Canarese*, *Nella tumica* in the *Telinga*, and *Caruvelun* in the *Tamul*. The bark is dried, and cut into chips, of which about four pounds are added to one *maund* (24¼ lbs.) of sugar-cane *jagory*, with a quantity of water equal to about twice the bulk of this sweet substance. The mixture is made in an earthen jar, which is kept in the shade and the fermentation commences in about twenty-four hours. It is completed on the twelfth day, when the liquor is distilled by the following *apparatus*. The body of the still (*a a a*) is a strong earthen jar, capable of containing three times the bulk of the materials. On this is luted, with cow-dung, a copper head (*b b b*), having on the inside a gutter (*c c*) for collecting the vapour that has been condensed into spirit by a constant small stream of water, which falls on the head at (*f*). This water is conveyed away by the pipe (*g*), while the spirit is conducted into a jar by the pipe (*d*). The mode of condensing the spirit is very rude; and the liquor which is never rectified by a second distillation is execrable. The natives allege that the bark, which is very insipid to the taste, is useful, by diminishing the too great sweetness of the jagory. To me, however, it appears to be rather of use by regulating the fermentation, which, in such a warm climate, would be apt to run suddenly into the acetous.



No. II.

Extract from a letter from J. Broughton, Esq., *Quinologist to Govt., recorded in Proceedings of the Madras Government, Revenue Department, 22nd April* 1868.

21. The main peculiarity of the process consists in the addition, to the hot solution of jaggery, of chips of "Velvaylum puttay," or the bark of *Acacia leucophlea*. This is so invariably done that it is not unusual for one to be informed that "native spirit is made from acacia bark, the jaggery being overlooked." Acacia bark does not contain any constituent that is likely to yield spirit under the circumstances. Indeed it is, at first sight, difficult to perceive the rationale of the employment of the bark at all, since spirit can be obtained from the jaggery without intervention of what would appear to be an additional source of expense, for the bark costs Rupees 5 per bandy-load. Observation, however, combined with a few experimental trials, convinced me of the important use of the bark. Jaggery contains, as impurity, variable quantities of albuminous and other nitrogenous substances, which, when brought into solution, rapidly begin to putrify, and the nauseous products of their decomposition would thus impair the flavour of the spirit. The presence of these substances also, in a state of change, injuriously modifies the process of the fermentation, so that instead of spirit small quantities of other and less palatable substances are formed. The acacia bark is rich in tannin, and this tannin has the property of combining with the albuminous substances, and by rendering them insoluble entirely arrests their decomposition. In arrack manufacture, the tannin of the acacia bark precipitates the injurious impurities, and thus removes them out of the field. I have found by direct experiment that the addition of an infusion of the bark for these reasons actually increases the amount of spirit yielded by nearly a sixth part of the whole. Jaggery fermented without the addition of tannia yields a spirit of bad flavour and of a strongly acid re-action. When bark is used, the greater part of the tannia is found, at the end of the process, nearly unaltered, and hence, probably, a less proportion would answer the purpose instead of the considerable amount now generally employed.

22. I may here mention that the nauseous flavour of spirit obtained from jaggery alone can be nearly all removed by rectifying from a small quantity of caustic Potash, but even thus improved it is still rather inferior to that obtained by the employment of bark. The ingenuity evinced in the employment of acacia bark is admirable, and it is difficult to imagine how such a process could have originated among a people where philosophy is opposed to experiment, and who do not possess the knowledge from which the method could be deductively obtained. Indigenous technical expedients of this nature, which have arisen from a source so totally independent of western science, appear to me to merit, in all cases where they occur, an attentive and respectful study.

For manufacturing purposes, however, I would prefer spirit of as nasty a taste as possible, in order to discourage thieving.

In the case where arrack is made directly from fresh toddy (instead of from the intermediate preparation of jaggery), the bark is not employed. The albuminous substances do not begin to decompose before the fermentation and distillation are completed, and hence there is no necessity for its use.

23. In most works where the native stills, composed of clay chatties and bamboo-pipes, are employed, the loss by evaporation and liquid diffusion is considerable. By comparing the yield of true alcohol, obtained in two works, in one of which native stills were used, and in the other copper stills and worms of European pattern, I was enabled to calculate that nearly ten per cent. of the sugar was practically wasted by the loss of its resulting alcohol from these causes.

No. III.

Extracts from Proceedings of the Board of Revenue, dated 5th May 1873.

Read—

The following letter from R. J. Melville, Esq., Acting Collector of Vizagapatam, to J. Grose, Esq., Secretary to the Board of Revenue, dated 26th March 1873, No. 455:—

I have the honor to forward herewith copy of a letter, No. 36, dated 12th instant, received from the Special Assistant Agent, bringing to notice the existing practice of brewing fermented liquor of great strength in some parts of his division.

2. In the uplands of the Nundapur and Koraput Taluks, in the Jeypore country, the practice of manufacturing fermented liquor appears to have been so extensive that it has seriously affected the abkari revenue of that country.

3. I would, therefore, suggest the advisability of extending the prohibition notified in this District Gazette, dated 11th May 1872, page 123, of the home manufacture of fermented liquor without license to the taluks of Koraput and Nundapur. This measure will be merely replacing things on the same footing as when the abkari was in the hands of the Rajah, as by his system of management nobody escaped taxation.

4. The drugs referred to in paragraph 6 of the Special Assistant Agent's letter are herewith forwarded, and I request the Board will be so good as to send them to the Government Analyst for analysis.

Enclosure No. 1.

From H. G. Turner, Esq., *Special Assistant Agent, to the Agent to the Governor of Fort St. George in Vizagapatam, dated Jeypore,* 12*th March* 1873, *No.* 36.

I have the honor to bring to your notice that a practice of brewing fermented liquor of great strength exists in some parts of my division, whereby the spirit, though not the letter, of the Abkari Act is violated. The liquor in question is made by the householder on his own premises, and as it does not undergo the process of distillation the consumer shelters himself behind clause 28 of the Abkari Act, and the Magistrates cannot convict.

2. In the days when the Rajah rented the abkari, these men were not allowed to escape. The Diwan of those days interpreted the Abkari Act so as to include all house-brewers, and, to avoid any possible loss by overlooking private vats, he turned the tax into a house-tax and assessed every hut in the country, whether the owner thereof distilled or brewed, or drank nothing but water.

3. The only fermented liquor, properly so-called, is Souda, which is nothing more nor less than beer. It is always made from Mendia, *i.e., Eleusine Coracana.* The grain is malted, the malt is pounded, water is added, and fermentation takes place after eight days. If sufficient of this is taken the consumer experiences to a slight extent the delights of intoxication. This manufacture is harmless enough, and if the householder prefers to brew this beverage at home instead of buying at the liquor shop, I should have no desire to interfere with him.

4. But this insipid preparation is not drunk to any great extent. In order to make it more intoxicating the householder goes to the weekly market and buys from the Dôws (Panahs) a drug that has no name more specific than the liquor drug (Saraimundu). If he gets 4 annas worth he takes it home and mixes it with 30 seers of pounded malt, adds water, and when the fermentation takes place he has a drink as strong as the country arrack. This drink is also known as Souda, and it is always made from Mondia, viz., Tel. Chollu, even Ragi.

5. He has beyond this the act of making a still stronger drink, a drink that has been described to me as of greater power than the strongest arrack distilled in the country. This drink, called Pandiam, is prepared from Sumi Chout (Panicumfreementaceum, Tel. Sama Biyam). The grain is first boiled, then mixed with water, and kept in a pot for four days. After it has turned sour a handful of the liquor drug is crushed and thrown in. Fermentation of some sort ensues on the eighth day, and the liquor is then fit to drink. It is generally taken hot, and the intoxicating effects are immediate and of long duration. Of these three drinks—the Souda, the Medicated Souda, and the Pandiam—the last is most frequently made, and it is the most noxious in its action.

6. I forward specimen of the liquor drug. This is manufactured by the Dôws of this country in very large quantities. The process is as follows:—Equal parts of the roots of the *plumbago telanica* and of the *wrightia natidysenterica* are pounded and soaked in water for two days. This is then mixed with rice flour, and the whole is moulded into small pieces about the size of a pigeon's egg.

Urya Chutter par, Tel. Chitramula.

Urya Kodia chero, Telugu Kodisi chetta or Konisi pala.

The drug is used in the manufacture of spirits* as well as in that of fermented liquor. I cannot explain its action. It may either assist the ferment to cause a more complete separation of the sugar and alcohol, or it may impart to the liquor some soporific or other property that is contained in itself.

* NOTE.—It is not used in the manufacture of spirits from the flower of the *bassia latifolia*, but it is used in all distillery processes from rice or any of the cereals.

It is certain that the drug itself undergoes some change, for if it be taken by itself or if it be mixed with the liquor after it is made it is so noxious to man as to bring in all the symptoms of poisoning. Perhaps the Government Analyzer could throw some light on the question.

7. The love of this fermented liquor is confined principally to places where the flower of the *bassia latifolia* cannot be procured, that is, among the uplands of the Nundapur and Koraput Taluks. But, though the practice of preparing it has always been general throughout that part of the country, it never assumed an exclusive nature until the people found that by drinking fermented liquor alone they could evade the abkari tax. In former days, when the Rajah taxed every house throughout the country, men distilled or brewed as seemed good to them. Custom decided which feast should be honoured by consuming spirituous liquor and which by fermented, and, as far as I can learn, about equal quantities of each used to be drunk throughout the year.

8. I have now given you all the facts connected with the case. You will see that no new hardship will be imposed on the consumer by compelling him to contribute to the abkari, and that he is, in fact, enjoying an immunity which he has never been accustomed to, and which has been extended to him by the operation of a clause which was certainly framed without any knowledge of the strong fermented drink above described. I would make no exception in favor of unmedicated Souda. If the medicated Souda and the Pandiam are excised and Souda simply remains unexcised, opportunity will be given to smuggling; preventive officers must make inquisitorial searches, and much trouble will be caused to the people.

The description of the liquor drug given by the Special Assistant is so extraordinary that the Board resolve to request Mr. Broughton to do them the favor to examine it and inform them whether it can really produce the effect of making a fermented liquor more intoxicating than arrack, and, if so, whether this results from poisonous properties, or how. The Collector will be requested to forward specimens of the two liquors in quart bottles, and they will be forwarded to Mr. Broughton when received.

2. In the meantime the Board think it best not to extend their Notification under Section 28, Act III of 1864, to these tracts. It would make the brewing of Souda criminal, and this does not seem to be desirable.

Extract from the Proceedings of the Board of Revenue, dated 8th August 1873.

Read again—

Board's Proceedings, 5th May 1873, No. 718.

Read also—

The following letter from J. BROUGHTON, Esq., Government Quinologist, Ootacamund, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 17th June 1873:—

In accordance with the order of the Board of Revenue, given in Proceedings No. 718 of May 5th, 1873, I have the honor to report upon my examination of the action of the "liquor drug" mentioned in the highly interesting letter of the Special Assistant Agent, Vizagapatam, quoted in the above-mentioned proceedings.

2. From the above letter, I learn that the drug is made from a cold infusion of the roots of *plumbago zeylanica*, and *wrightia antidysenterica*, mixed with the rice flour and dried. Hence, as the letter indirectly explains, the "liquor drug" is a solid and not a liquid.

3. I have never seen a specimen of either of these two plants, whose chemical constitution is indeed nearly unknown. *Plumbago zeylanica* is stated to have, in a somewhat mild degree, the properties of an acro-narcotic, and a tincture of the root bark has been employed as a febrifuge. *Wrightia antidysenterica* is astringent and febrifuge, but has, I believe, no poisonous properties. When the small amount of the products of these two plants actually employed in the preparation of the fermented drink is taken into account, I feel justified in concluding that their physiological action, but slightly, if at all, has an influence in promoting the intoxicating qualities of the fermented liquor prepared by the agency of the liquor drug. I do not think this is contradicted by the fact stated by Mr. Turner at end of paragraph 6 of his letter.

4. It remained to ascertain whether the liquor drug had any influence on the production of alcohol. For this purpose I malted a quantity of the grain mentioned by Mr. Turner,

panicum frumentaceum. Forty grammes of the dried malt was weighed out and "mashed" with boiling water. It was then divided into two equal parts, and when at temperature 85° F. one portion was mixed with 4 grammes of liquor drug and the other with 4 grammes of rice flour, to avoid any difference in the two quantities. 2 oz. of fermenting toddy was then added to each.

5. After a few hours, fermentation became evident in the portion to which the liquor drug was added, and proceeded with much regularity. In the other portion fermentation was scarcely evident, though a close examination revealed that it took place. After two days the alcohol produced was determined by suitable means. The portion to which the liquor drug had been added yielded no less than 5·48 grammes of absolute alcohol. The other portion yielded 3·75 grammes of absolute alcohol.

6. This duplicate experiment, therefore, revealed the singular fact that this remarkable "liquor drug" had so modified the fermentation that the amount of alcohol was greatly increased by its use. It must be remembered that my own inexperience of its agency under the circumstances of the experiment would doubtless prevent the maximum effect of this singular agent. In this remarkable re-action is to be found the explanation of the problem the Board of Revenue request me to investigate.

7. I can quite believe, under the conditions of native manufacture, the fermented liquid would be as intoxicating as arrack. Some of the latter, which I examined some time ago, contained but 10 per cent. of absolute alcohol.

8. The exact re-action to which the remarkable effect of the "liquor drug" on fermentation is due would in so complex a substance require much investigation to determine. In Coimbatore and Salem arrack is mainly prepared from jaggery, to which the natives always add a quantity of a decoction of the astringent *acacia leucophlœa*. In letter attached to G.O., No. 1,072, dated 22nd April 1868, I had the honor to explain the action of this singular addition to the sweet solution before fermentation, by the property that tannin possesses of precipitating in an insoluble form the albuminous impurities in the jaggery, which, if present, injuriously modify the fermentation. In the still more remarkable case of the "liquor drug" I hesitate to affirm that a similar principle furnishes the rationale of its action. It contains no soluble tannin, and though when a clear infusion of liquor drug is added to a solution of albumen, a cloudiness is produced. I do not, with this evidence, feel confident that this re-action furnishes the real grounds of its employment. The amount of the "liquor drug" sent is too small to make further experiments.

These papers will be submitted for the orders of Government.

2. In the uplands of the Koraput and Nundapur Taluqs of Jeypore the people manufacture in their homes a fermented liquor, which, by means of a peculiar drug having a specific effect on the fermentation, is made as strong and intoxicating as ordinary arrack.

3. Whilst the abkari revenue was administered by the Rajah, it was collected as a house-tax, so that arrack was not taxed more heavily than home-brewed liquor, and equal quantities of both were consumed; but now that Act III of 1864 is in force, and arrack has to pay license fees whilst home-brewed liquor is untaxed, the cost of arrack has risen, and the people evade contributing to the abkari revenue by using the home-brewed liquor exclusively.

4. If this liquor were only as strong as beer, the Board would not advise interference, but as it is as intoxicating as arrack, they think that the prohibition of the home manufacture of fermented liquor, which is now in force throughout the Presidency, except in the border mountains of South Canara and the agency tracts of Ganjam and Vizagapatam, should be extended to the Koraput and Nundapur Taluks of Jeypore.

No. IV.

Manufacture of Country Beer.

The only localities where beer is manufactured in the Madras Presidency are on the Neilgherry Hills by Messrs. Honeywell and Co., and at Bellary by Messrs. Norton and Co. After some correspondence as to the strength at which the former firm were to be allowed to brew beer, which was said to interfere with the Abkari contract of the Hills, inasmuch as the beer contained nearly as much alcohol as inferior arrack, the Government ruled that it should not contain more than 8 per cent. of alcohol, and that in addition to the wholesale and retail license fees which Messrs. Honeywell and Co. had paid, at very low rates, they directed* that an excise duty of one anna per gallon should be levied upon all beer manufactured on the hills. The excise duty on the home-made article was thus assimilated with the customs duty on the imported article. The excise duty was to be levied upon all beer leaving the factory without regard to the locality for which it was intended, and the license was to prescribe that correct accounts should be kept showing the materials used in the manufacture, the quantity of beer brewed, and the quantity issued; that the accounts should be open to the inspection of the Commissioner of the Hills and his subordinates; and that any system, of permits, which might

* G.O., 21st May 1872, No. 814.

be prescribed by the Commissioner should be conformed to. These rules were made applicable to the beer brewed by Messrs. Norton and Co. at Bellary in the Proceedings of the Board, dated 31st May 1872, No. 869, and it was further directed that the duty should be levied upon the casks of beer as they left the breweries, the capacity of the casks having been gauged beforehand and marked upon them.

During the revenue year ending 30th June 1873 it appears that Messrs. Norton and Co. and Messrs. Abraham and Co. have manufactured beer in the Bellary District; that the former firm have twelve retail shops in the town and 50 in the district, and the latter six shops in the town only. In the town 32,044 gallons of beer have been disposed of during the year by the two firms, and Messrs. Norton and Co. have sold 9,672 gallons in the outlying parts of the district, and 4,940 gallons have been sent to places beyond the district. On the whole quantity of 40,656 gallons an excise duty of Rs. 2,916 has been collected. During the same period Mr. Honeywell has issued about 7,000 gallons per mensem and Mr. Friend 500 gallons per mensem, from their breweries on the Neilgherry Hills, and have paid Rs. 4,894-5-6 as excise duty. The beer appears to be sold by retail at eight annas per gallon on draught.

The quality of the beer brewed both at Bellary and on the Hills has been the subject of some discussion, and though generally said to be far inferior to English-made beer, it has not been found to contain any deleterious substances. It has been asserted that three maunds of brown sugar and one lb. of hops with some gelatine, yeast, &c., are the usual ingredients of a hogshead of country-made beer, and that they do not cost more than Rs. 10; but it is believed that on the hills, at any rate, a considerable quantity of barley is used in the preparation of the beer.

R. A. D.

APPENDIX D.

No. I.

GODAVERY DISTRICT.

In 1803 the Abkari rent of the old Godavery District was Rs. 17,000; in 1810-11 Rs. 30,000; in 1820-21 Rs. 50,000; in 1830-31 Rs. 52,000; in 1840-41 Rs. 45,000; and in 1850-51 Rs. 78,000. In 1863 it was estimated that the abkari rent of the district was Rs. 1,52,854 as noted in the margin. There is nothing on record before me to show what the farms sold for in that year, but in 1866 the Rajahmundry taluk farm was sold for two years for an annual rent of Rs. 23,410. In 1868 the number of licensed stills and shops was considerably reduced, and an endeavour was made to sell the farms of the whole district in one lot for one year. There were, however, no bidders, and the farms of the chief towns were then sold, the remainder of the district being kept under direct Government management. It was expected that Rs. 2,00,000 would be realized by this mode of management. An offer was afterwards received of Rs. 1,26,000, but was refused. The gross rent seems to have been in 1867-68 Rs. 1,85,215, and the Collector arranged for the rents of 1868-69 at Rs. 1,95,762. In 1869 the district was sold by taluks and divisions for Rs. 1,60,580 for a lease of three years. The large reduction was ascribed to the ruling of the Board of Revenue that sweet toddy was not a liquor within the meaning of the Act. At the last sale in 1872 the farm realized Rs. 2,44,800. The district is held by taluks and divisions, and the renters usually sub-rent their farms.

	RS.
Ramchandrapuram	14,735
Amalapuram	16,655
Narsapuram	13,470
Undi	6,550
Tanuku	11,750
Rajamundry	23,600
Peddapur	8,600
Ellore	13,575
Yernagudem	10,829
Cocanada Division	17,895
Coringa "	7,785
Pettapur "	6,100
Tuni "	1,310
Total	1,52,854

The arrack in use is mainly made from toddy, and from six to eight gallons of toddy are required to make one gallon of spirit, though of course the quantity needed must mainly depend upon the strength of the spirits distilled.

If 15 per cent. be added to the rents as renter's and sub-renter's profits, a sum of Rs. 2,81,520 will be obtained, of which one-third may be taken as the payment for toddy as it is largely consumed, leaving Rs. 1,87,680 as payment to the sub-renters for arrack, allowing one rupee per gallon for cost of liquor and retail seller's profits, and taking the retail price at Rs. 2-4-0 per gallon, this figure would fix the consumption at 150,144 gallons, or one-tenth of a gallon per head. Adopting a similar calculation for toddy but allowing a sum equal to that paid by the consumer for renter's and sub-renter's profits, cost of liquor, and retailer's profit, the consumption will be 1,289,600 gallons, or four-fifths of a gallon per head.

In no taluk are there less than 600 or as many as 866 persons per shop, and although in the Tanaku taluk there are nearly seven shops in every ten square miles, the average number throughout the district is little over three for every ten square miles, as shown in the annexed statement.

R. A. D.

GODAVERY.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Amalapore	437	206,860	16,600	..	2 4 0	0 0 6	239	865	5·4	0 1 3	..	..
Narsapore	450	176,487	17,250	..	2 4 0	0 3 0	213	828	4·6	0 1 5	..	..
Ellore	729	137,838	34,500	..	0 12 0	0 2 0	185	742	2·5	0 4 0	..	..
Rajamundry	2,058	128,365	35,200	..	2 4 0	0 2 0	177	725	1 nearly.	0 4 5	..	..
Tanuku	366	164,810	18,200	22,360 7 0	0 9 0	Not given.	255	646	7	0 1 9	..	..
Peddapore	505	109,073	13,100	14,000 0 0	2 4 0	0 2 0	167	653	3·3	0 1 11	..	..
Ramachendrapore	507	201,165	24,800	..	1 2 0	0 3 0	298	675	5·8	0 1 11	..	..
Yernagudem	1,250	146,354	24,650	26,621 1 7	2 4 0	0 3 0	221	662	1·7	0 2 7	..	..
Bhimavaram	416	93,000	16,300	18,500 0 0	0 7 6	0 0 8	148	628	3·5	0 2 8	..	..
Cocanada, Coringa, and Jaganiackpore	..	91,368	31,600	..	..	..	..	..	..	0 5 5	..	..
Tuni and Pitapore	..	129,309	12,600	..	..	..	..	..	..	0 1 5	..	..
Total	6,224	1,584,179	2,44,800	..	..	..	1,987	797	3·05	0 2 5	150,144	1-10th of a gallon.

No. II.

KISTNA DISTRICT.

The Kistna District comprises the greater part of the two old districts of Guntoor and Masulipatam. The abkari of the latter district was kept under Government direct management from 1800 to 1820, and rose from Rs. 23,465 to Rs. 76,969 in 1810-11 and to Rs. 90,063 in 1820-21, of which Rs. 30,000 was for the town. In 1830-31 (without the town) the revenue was only Rs. 45,000, and in 1840-41 only Rs. 34,000. In 1850-51 it had only risen to Rs. 45,000, but in 1857-58 direct management again brought it up to Rs. 60,000. The revenue of the Guntoor farm was Rs. 15,000 in 1826-27, and up to 1850-51 had only risen to Rs. 22,528. In 1860-61 it was Rs. 30,500, and in 1864-65 the rent of the amalgamated farms of both districts was Rs. 1,46,500 per annum, for a five years contract and in 1869-70 Rs. 1,87,050. The present rental for the two farms is Rs. 2,25,505. Up to 1860 all the palmyra and date trees of the district of Kistna were considered general property, though situated on the private lands of ryots, and the abkari renter had the use of these without charge, but they were made over to the ryots in that year, compensation being given to the renter. There were at one time no less than 4,800 shops in the district, but in 1864 they were reduced to 4,254, in 1869 to 4,000, and are now somewhat below that number. The arrack in use is of two kinds, that distilled from toddy, which apparently requires about six gallons of toddy to make one gallon of spirit, and that distilled from jaggery and acacia bark, which apparently yields about two gallons of spirit per maund of jaggery. No sugar-cane is grown in the district, but palmyra trees are plentiful as also date in many taluks, but cocoanuts are rarer. The average price actually paid for arrack would appear to be about Rs. 2 per gallon all round, as much is sold as (second sort) evidently below the minimum of Rs. 2-4-0. The old minimum in 1862 was Rs. 1-4-0 per gallon for toddy arrack, and 1 rupee for jaggery or puttai arrack, and practically much is still sold at little above these rates. The district is divided into two farms, and sub-let by the renters.

Supposing the renter's and sub-renter's profits are fixed as before at 15 per cent., their gross collections will be about Rs. 2,59,325, of which one-fifth may be taken for toddy, as it is a good deal used in some taluks. This would leave Rs. 2,07,460, as the collections on arrack. Allowing one rupee per gallon for cost of liquor and retail vendor's profit, this would represent a consumption of 207,460 gallons per annum, or one-seventh of a gallon per head. There are four shops to every ten square miles, and 398 people to each shop. The town consumption is estimated at one-fourth of a gallon per head per annum in Guntoor and something under half a gallon per head in Masulipatam. The abkari details of the district are given in the annexed statement.

R. A. D.

KISTNA.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A.	RS. A. P.	RS. A. P.				RS. A. P.		
Repalli	622	164,785	..	25,711 0	1 2 0	0 3 0	643	256	10	..	..	..
Bapatla	694	141,438	..	22,500 0	2 4 0	0 3 0	228	620	3	..	..	..
Guntoor	500	125,226	..	23,000 0	1 8 0	0 2 0	186	673	3	..	..	..
Bander	687	164,245	..	80,000 0	2 4 0	0 3 0	785	209	11	..	..	..
Palnad	1,095	120,528	..	16,650 0	2 11 6	0 3 0	247	486	2	..	..	..
Narsarowpet ..	682	120,086	..	9,397 0	3 12 0	0 3 0	172	698	2·5	..	..	..
Gudivada	533	86,830	..	14,472 0	2 4 0	0 3 0	380	228	7	..	..	..
Sattanapalli ..	621	102,113	..	17,018 0	2 4 0	0 3 0	197	518	3	..	..	..
Nandigaum ..	599	106,855	..	12,000 0	3 0 0	0 6 0	81	1,319	1	..	..	..
Bezwada	406	81,534	..	20,000 0	2 4 0	0 1 6	217	375	5	..	..	..
Vinucondah ..	561	64,299	..	3,927 15	2 4 0	0 3 0	103	624	2	..	..	..
Vissenapett ..	218 (with Nuzoid)	54,798	..	9,133 0	..	..	379* (with Nuzoid)	..	..	..	..	..
Nuzoid		106,515	..	17,753 3	..	..		..	..	..	..	..
Total ..	8,036	1,439,252	2,25,505	2,71,561 15	..	..	3,618	398	4·5	0 2 5	207,460	1-7th of a gallon.
Towns.												
Masulipatam	..	36,000	..	..	..	..	..	..	..	..	16,000	½
Guntoor	..	18,000	..	..	..	..	..	..	..	..	4,000	¼

* This number is estimated.

No. III.

NELLORE DISTRICT.

The abkari revenue of Nellore in 1810-11 was only Rs. 15,339; in 1820-21 it had risen to Rs. 23,786, but in 1830-31 it fell to Rs. 21,411, and in 1840-41 to Rs. 20,186; in 1850-51 it had again risen to Rs. 29,046 and in 1860-61 to Rs. 31,674. During the following ten years the revenue was more than trebled, rising to Rs. 98,846 in 1870-71, but there were a great number of failures among the farmers during the currency of the lease, and the present rental is only Rs. 84,490. The arrack in use in the district is distilled from palmyra or date jaggery and acacia bark, apparently about a maund (25 lbs.) of jaggery is required to make two gallons of first sort spirit, putting the cost of materials at about ten annas per gallon. The farm is let by taluks and usually sub-rented by the farmers, though in the towns of Ongole and Nellore the Amani system of management is followed. The sub-rents vary from an increase of 25 per cent. to 6 per cent. Probably they may be estimated all round at 10 per cent. beyond the rents, and adding 5 per cent. as sub-renter's profit a sum of Rs. 97,175 will be obtained. As toddy is sold only to a limited extent probably it will be sufficient to deduct one-tenth of this sum on that account, leaving the gross expenditure on arrack at Rs. 87,458, and, allowing as before one rupee for retail profits and cost of spirits, this will represent a consumption of 58,306 gallons, as the retail price is Rs. 2-8-0 per gallon. This would fix the consumption at the low figure of 1-25th of a gallon per head. Adopting the calculation for toddy followed in other districts, the consumption will be 1-15th of a gallon per head.

There is a shop in each ten square miles of the district, and on the average there are about 894 people to each shop. The minimum price of arrack was formerly Rs. 2-13-0 per gallon, which was reduced in 1868 to Rs. 2-4-0. The selling price, however, as already stated, is Rs. 2-8-0 on the average. So far back as 1861, when the abkari of the town of Nellore was retained under direct management of Government for a short time, the profits were at the rate of Rs. 19,000 per annum, though the population was only 20,000. The Tahsildars of Gudar and Raipur estimate the consumption of their respective taluks at 24 and 36 gallons of arrack, and 32 and 33 gallons of toddy per diem, which would give a rate of annual consumption per head of little under 1-20th and 1-10th of a gallon of arrack and 1-20th and 1-5th of a gallon of toddy, but if these estimates are correct, and the same rate of consumption is in force in other parts of the districts, either the spirit must be very weak indeed or the price at which it is sold must be considerably below the rates reported. The only other explanation would be that the renter made very large profits, but this would not be consistent with the fact that the present rental is lower than the late one. The abkari details of the district are given in the annexed statement.

R. A. D.

NELLORE.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS.	RS. A. P.	RS. A. P.				RS. A. P.		
Gudur and Poloor ..	677	195,912	16,100	..	3 0 0	0 2 3	225	1,315	3·3	0 0 10	..	..
Rapur	541	64,339	3,550	3,900	3 0 0	0 3 0	66	974	1·2	0 0 10	..	..
Nellore	637	180,312	33,800	..	3 0 0	0 4 0	192	939	3·0	0 2 10	..	..
Atmakur	608	104,474	6,600	7,000	2 4 0	0 3 0	71	1,471	1·1	0 1 1	..	..
Kavali	522	81,484	5,700	..	3 0 0	0 4 0	54	1,509	1·1	0 1 1	..	..
Podile and Dairsi ..	3,077	135,526	1,800	..	..	..	554*	..	..	0 0 3	..	..
Vencatagiri	..	53,746	4,500	..	..	..		..	..	0 1 4	..	..
Udiyagiri	595	99,523	3,600	..	..	..	98*	..	..	0 0 6	..	..
Kandugur	722	138,800	1,530	2,985	3 0 0	Toddy not sold	70	1,983	·97	0 0 2	..	..
Kanigiri	467	125,385	1,085	..	2 4 0	0 3 0	93	1,347	2·0	0 1 4	..	..
Ongole	616	195,904	6,230	7,746	3 0 0	0 3 0	114	1,718	1·8	0 0 6	..	..
Total ..	8,462	1,375,405	84,495	..	..	..	1,537	894	1·8	0 1 0	58,306	1-25th of a gallon.
Towns.												
Nellore	..	29,992	..	..	..	..	..	..	..	..	10,000	1/3
Ongole	..	9,000	..	..	..	..	..	..	..	..	3,000	1/3

* The number of shops in these cases is estimated only.

No. IV.

BELLARY.

In 1800-01 the abkari revenue of the Bellary District was only Rs. 60,000; in 1810-11 it had risen to upwards of 2 lakhs; and in 1820-21 to Rs. 2,73,000, about half of which was for the toddy farm. In the following ten years the revenue fell off by Rs. 20,000 and in 1840-41 was as low as Rs. 2,34,000; in 1850-51 it had again risen to Rs. 3,16,000; but in 1860-61 it was down again to Rs. 2,41,726, but even this represented a payment of nearly 4 annas per head of the population, being considerably more than double the rate paid at that date in any other district except in Kurnool and Tanjore. In that year, however, the farms were sold by taluks on a five years' contract for an annual sum of Rs. 3,71,000. In 1866, at the end of this contract, Messrs. Norton and Company offered Rs. 3,78,000 for the next five years, but their offer was rejected. The figures quoted do not include the abkari of the Cantonment, which in 1865-66 was Rs. 1,32,600. In 1866 the whole district, including the Cantonment, was sold by taluks for a lease of two years and realized no less than Rs. 9,02,400 per annum, with minimum prices fixed at Rs. 1-1-6 per gallon for first sort liquor. This was the famine year in the district, and there were several failures, the actual collections falling very much below this figure. In 1869 the farms were sold for Rs. 7,00,550 per annum for a three years' contract, and again for a similar period, in 1872, at Rs. 7,00,899 per annum. Each taluk is managed on the sub-renting system excepting the town of Bellary.

Following the calculation adopted for other districts, the gross sum paid by the sub-renters would amount to Rs. 8,06,034; but as a large quantity of toddy is consumed in the district and a high price paid for it, at least one-third of this amount must be taken as payment for this liquor, leaving Rs. 5,37,356 as that for arrack. As the usual selling price of spirits of the first quality may be fixed at Rs. 3 per gallon, this sum, allowing one rupee per gallon for retail vendor's costs and profits, will represent a consumption of 268,678 gallons or one-seventh of a gallon per head.

The revenue is nearly 7 annas per head. There are only 597 people to each shop, and there are more than two shops in every ten square miles of the district. The Tahsildar estimates the consumption of the town of Bellary at 182,500 gallons or 5 gallons per head per annum; but this is evidently a mistake; probably one gallon per head would be nearer the mark. Population being 37,000 represents 37,000 gallons sold at Rs. 4 per gallon Rs. 1,48,000. Deduct, say, Rs. 28,000 cost of arrack leaves Rs. 1,20,000 as nett receipts of renter, of which he pays Rs. 92,000 as rent. The abkari details of the district are given in the annexed statement.

R. A. D.

BELLARY.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A.	RS. A. P.	RS. A. P.				RS. A. P.		
Bellary	985	180,316	1,49,700	..	4 8 0	0 9 7	209	862	2	0 12 9	..	..
Adoni	805	179,572	1,08,000	1,09,800 0	2 13 0	0 3 9	262	685	3	0 9 7	..	..
Gooty	1,014	148,786	74,100	..	3 0 0	0 6 0	236	639	2	0 8 0	..	..
Anantapur ..	789	101,558	36,200	..	3 0 0	0 6 0	342	297	4·3	0 5 7	..	..
Hospett	540	91,825	63,100	77,400 0	3 0 0	0 4 6	228	402	4	0 10 10	..	..
Kudlighi	864	93,647	23,900	25,600 0	3 0 0	0 6 0	91	1,029	1	0 4 0	..	..
Huvinahadgulli ..	623	90,306	17,500	23,000 0	3 0 0	0 2 6	128	705	2	0 3 9	..	..
Harpanahalli	592	86,000	21,000	..	3 0 0	0 2 2	103	835	1·8	0 4 0	..	..
Alur	677	94,304	39,000	..	2 12 0	0 5 0	100	943	1·5	0 6 6	..	..
Tadpatry	772	116,746	33,200	..	3 0 0	0 4 0	165	607	2	0 4 6	..	..
Raidroog	890	88,069	28,100	30,467 10	3 12 0	0 7 6	166	530	2	0 3 8	..	..
Dharmavaram ..	1,226	119,877	40,200	..	3 0 0	0 6 0	185	687	1·4	0 5 3	..	..
Penuconda	654	79,824	24,200	..	..	..	155†	..	..	0 4 9	..	..
Hindupore	481	87,763	19,399	..	2 12 0	0 3 8	215	408	4·5	0 3 6	..	..
Madakasera	439	79,528	23,300	25,300 0	2 4 0	0 4 6	158	503	3	0 4 9	..	..
Total ..	11,151*	1,638,121	7,00,899	..	..	..	2,743	597	2·4	0 6 10	268,678	1-7th of a gallon.

* The area of the district, according to the most recent returns, is 11,007 miles.

† This figure is estimated.

No. V.

CUDDAPAH DISTRICT.

In 1802-03 the abkari revenue of the Cuddapah District was only Rs. 22,332 per annum; in 1810-11 it had risen to Rs. 48,349; and in 1820-21 and 1830-31 to Rs. 64,682 and Rs. 88,246; in 1840-41 it had again risen to Rs. 96,688; and in 1850-51 to Rs. 1,18,707, being a rate of only 1 anna 8 pie per head of the population. In 1861 the farms of all the taluks were sold for a lease of five years and realized Rs. 1,22,360. For the next lease of two years, 1866-67 and 1867-68, the farms realized Rs. 2,42,000 or nearly double the former rents, but a considerable remission was given in the first year of the rent, reducing the amount by about Rs. 50,000. In 1868 the farms were continued for one year at Rs. 1,64,490, the minimum price being Rs. 1-10-3 per gallon, and in the following year were sold for Rs. 2,33,225 per annum for a term of three years, and though several defaults took place during the lease, the farm was again sold for three years in 1872 for Rs. 2,41,425. The farms are usually sub-rented with the exception of those of the Pullampett and Sidhout Taluks, which are mainly managed in the Amani system. The town of Cuddapah with its suburbs is also managed on this plan. Date toddy is in general use except in Jamalamadgu, Prodatoor, and Budwail Taluks, where no liquor of this kind is sold. Rs. 2-4-0 per gallon, which is the present minimum, may be considered the average price of first sort spirits made from jaggery, but the first quality of the toddy spirits is cheaper, the minimum rate being Rs. 1-8-0. Probably, therefore, Rs. 2 per gallon may be looked upon as the average price paid by the consumer for first class liquor. The rent of the district is Rs. 2,41,425; if 15 per cent. be added for renter's and sub-renter's profits, it will give a sum of Rs. 2,77,610, of which Rs. 1-8-0 may be deducted for toddy as it is not much consumed, leaving Rs. 2,42,909 as the sum paid for arrack. Allowing one rupee per gallon as salesman's profits and cost of liquor, and taking Rs. 2 as rate at which the first quality of spirit is retailed in the district, this sum will give a consumption of 141,454 gallons or one-ninth of a gallon per head.

The revenue is As. 2-10 per head. There are 1,081 people to each shop and about three shops to every 20 square miles, as shown in the subjoined statement.

R. A. D.

CUDDAPAH.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A.	RS. A. P.	RS. A. P.				RS. A. P.		
Cuddapah	1,207	161,468	53,000	..	3 0 0	0 4 0	192	840	1·5	0 5 1	..	..
Voilpad	708	145,186	17,050	17,480 13	2 4 0	0 2 0	126	1,152	1·8	0 1 9	..	..
Pullampett	670	143,384	35,300	..	2 4 0	0 0 8	97	1,478	1·4	0 3 10	..	..
Kadiri	1,442	141,533	20,000	..	2 4 0	0 1 0	178	818	1·2	0 2 2	..	..
Madanapulli	631	133,389	23,900	27,350 0	2 4 0	0 2 0	116	1,149	..	0 2 8	..	..
Royachoty	649	124,977	12,550	13,550 0	2 4 0	0 2 0	108	1,157	1·7	0 1 7	..	..
Jamalamadugu	609	109,963	19,275	21,120 0	3 12 0	No toddy sold.	102	1,078	1·6	0 2 8	..	..
Pulivendla	704	109,732	18,400	18,600 0	2 12 0	0 1 4	100	1,097	1·4	0 2 6	..	..
Prodatoor	508	103,424	24,100	..	2 4 0	None sold.	95	1,088	1·8	0 3 6	..	..
Budwail	579	93,445	7,150	9,591 0	2 4 0	Do.	65	1,437	1·1	0 1 3	..	..
Sidhout	343	76,598	10,700	..	2 7 0	0 4 6	63	1,215	2	0 2 1	..	..
Total ..	8,050*	1,343,099	2,41,425	..	..	..	1,242	1,081	1·5	0 2 10	141,454	1-9th of a gallon.
Town.												
Cuddapah	..	16,275	..	..	..	..	..	..	..	..	19,000	$1\frac{1}{7}$ of a gallon.

* The area of the district, according to the most recent returns, is 8,367 square miles.

No. VI.

KURNOOL.

The eight taluks are let as separate farms, and the Bunganapally jaghir is managed, on his own account, by the Nawab. He retains about half the villages in the property himself, which he sub-rents for from Rs. 4,500 to Rs. 6,000 per annum. The abkari of the other villages is held by the jaghirdars' relations, who let them for from Rs. 5,000 to Rs. 6,000 per annum. The abkari collections of the district in 1850-51 were only Rs. 77,159. In 1860-61 they had increased to Rs. 1,28,666, being 2 annas and 10 pies per head; and in the following year, the eight district farms were sold for five years for a gross sum of Rs. 1,64,250, being an increase of Rs. 35,584 over the last rent. In March 1866 the same farms were again sold by auction for a two years' lease and realized Rs. 3,92,900, being an increase of Rs. 2,28,000. The Cumbum rent was trebled and the Markapur rent doubled. Difficulties came before six months were out, both renters being in arrears. The farms were soon after sold for the remainder of the lease at a reduction. Some farmers in the early part of 1867 asked to be allowed to cancel their contracts at the end of that fasli owing to losses during the famine, but there is no information before me to show how many actually did so. It would seem though that the total rent of the district was reduced in 1867-68 to Rs. 2,65,610. In May 1868 the farms were sold for Rs. 2,67,300, for a period of one year. In May 1869 the farms were again put up to auction for a period of three years; the first auction realized Rs. 3,25,810, but this was cancelled as irregular, and a fresh sale realized Rs. 3,83,780. In a month or two the Nundial renter, who had raised the price of that farm from Rs. 48,000 to Rs. 67,050, failed, and on resale the farm realized Rs. 58,575. Cumbum and Ramalkotta also fell into arrears during the currency of the contract and were resold, the new contracts being Rs. 5,600 and Rs. 14,600 less than the original ones. The contracts for the year 1871-72 were thus only Rs. 3,55,105 against the original ones of Rs. 3,83,780. In 1872 a fresh auction took place for three years, and the rents realized amounted to Rs. 3,26,550 per annum.

It appears that in this district there is no great consumption of toddy as a drink, and what there is is usually date, though a little palmyra is also used. Spirits are generally consumed of three kinds; (1) made in the usual way from jaggery and bark, which are the best and most expensive; (2) made from toddy (usually date), which are inferior and cheaper; (3) made from ippah or mowah flowers which are soaked in water for three days and then distilled; also inferior and cheap.

The greater part of the district is sub-rented, as the amani system of management is in force only in the town of Cumbum and the surrounding villages, and in four villages of the Sirwell Taluk. Allowing 15 per cent. as renter's and sub-renter's profits, the gross amount paid on account of liquor will amount to Rs. 3,75,534, of which one-fourth may be deducted as paid for toddy, leaving Rs. 2,81,651 as the cost of arrack. As the first sort of spirits is usually sold at about Rs. 2-8-0 per gallon, this would represent a consumption of 187,767 gallons, as one rupee per gallon must be allowed for vendor's costs and profits. This quantity would put the consumption of the district at one-fifth of a gallon per head.

The actual selling price of some of the most inferior kinds of spirits is however often as low as one anna per bottle, which would of course bring the consumption to a much higher figure. There are on the average 862 people to each sanctioned liquor shop, and 1·5 shops in every ten square miles of the district. In 1867-68 there were nearly double the present number of shops, being one to every 482 people, and the minimum price of the first sort of spirit was Rs. 3-8-0 per gallon against the present rate of Rs. 2-4-0. The average revenue paid by the whole district population is 5 annas and 7 pies per head, but in Ramalcottah Taluk, which includes the town of Kurnool, with 25,579 inhabitants, and in which there are five shops to every 20 square miles and only 673 persons to each shop, the rate rises to 9 annas and 9 pies per head; and in the agricultural taluk of Nandikotkur it is as high as 8 annas and 7 pies per head, though there is only one shop to every ten square miles and 862 persons to each shop. The remaining abkari details will be found in the following statement.

R. A. D.

KURNOOL.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS.	RS. A. P.	RS. A. P.				RS. A. P.		
Ramalcotta	836	146,729	90,100	..	..	..	218	673	2·6	0 9 9	..	..
Kumbum	885	123,135	21,100	..	2 4 0	0 3 0	137	918	1·5	0 2 8	..	..
Patticondah	1,190	171,116	72,100	..	..	..	169	1,012	1·4	0 6 8	..	..
Nandikotkur	1,186	99,761	54,000	56,400	3 12 0	0 2 0	116	860	1	0 8 7	..	..
Nandial	777	107,154	46,100	47,604	3 0 0	0 2 2	119	900	1·5	0 6 10	..	..
Koilkuntla	637	98,535	20,500	21,600	2 11 10	0 3 0	97	1,015	1·5	0 3 4	..	..
Sirwell	487	71,368	17,600	18,500	2 4 0	0 3 0	89	801	1·8	0 3 10	..	..
Markapore	1,039	92,365	5,000	5,500	1 0 0	Not given.	111	896	1·1	0 0 11	..	..
Total ..	7,037	910,163	3,26,550	..	..	..	1,056	862	1·5	0 5 7	187,767	1-5th of a gallon.
Bunganapilly	..	45,294	10,000	..	..	..	..	..	..	0 3 6	..	..

No. VII.

COIMBATORE.

The abkari revenue of Coimbatore was Rs. 49,000 in 1830-31, but it fell to Rs. 45,000 in 1840-41. In 1850-51 it had nearly doubled, being Rs. 80,000, and in 1860-61 Rs. 1,42,000. In 1864 it had risen to Rs. 1,67,000, the farms being sold by taluks; and in 1866 the whole Coimbatore District, excluding the Nilghiris, was sold for a two years' contract, at an annual rent of Rs. 2,55,000. The renter complained of losses, and was given the contract for a third year at Rs. 2,20,000. In 1869 the district abkari was sold by taluk farms for a contract of three years, at an annual sum of Rs. 2,95,000. There were several failures among the renters and some remissions, but in 1872 the farms were again sold by auction and realized Rs. 2,83,400 per annum for a three years' lease. There is a good deal of toddy used in the district, though it is not sold in two taluks. The arrack in use is made from jaggery and acacia bark. Probably about two gallons of spirits to the maund of jaggery may be taken as a fair estimate of the quantity obtained. The farms are usually sub-rented, and if 15 per cent. be added to the rent for renter's and sub-renter's profits, the gross payment for spirituous and fermented liquors will amount to Rs. 3,25,910, of which one-sixth may be deducted for cost of toddy, leaving that of arrack at Rs. 2,71,590, which, allowing one rupee for cost of liquor and vendor's profit, will represent, at a retail price of Rs. 3 per gallon, a consumption 135,795 gallons per annum, or one-thirteenth of a gallon per head. There are 910 persons to each sanctioned shop, and about five shops in every 20 square miles, as shown in the annexed statement.

R. A. D.

COIMBATORE.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Coimbatore	623	242,930	85,100	..	3 0 0	0 4 6	280	867	4·5	0 5 7	..	..
Satiamangalam	1,000	169,478	35,600	..	3 0 0	0 3 0	282	601	2·8	0 3 4	..	..
Colligal	1,400	91,899	15,000	..	3 0 0	Not sold.	141	651	1·0	0 2 7	..	..
Pollachy	700	167,868	27,500	..	2 8 0	0 2 3	180	932	2·6	0 2 7	..	..
Perindoray	698	232,985	30,100	..	2 4 0	0 2 11	226	1,030	3·1	0 2 1	..	..
Bhowany	800	97,583	15,000	15,066 15 11	3 0 0	0 2 6	149	655	1·8	0 2 5	..	..
Pulladam	815	236,368	27,400	29,460 0 0	2 4 0	0 3 0	220	1,074	2·7	0 1 9	..	..
Darapuram	852	216,933	13,700	Not given.	3 0 0	0 2 6	252	864	3·0	0 1 0	..	..
Caroor	590	176,109	17,200	..	2 4 0	0 4 6	121	1,455	2·1	0 1 6	..	..
Oodumulpett	518	122,552	16,800	17,368 12 0	3 0 0	Not sold.	76	1,612	1·4	0 2 1	..	..
Total ..	7,996*	1,754,705	2,83,400	..	..	..	1,927	910	2·4	0 2 7	135,795	1-13th of a gallon.

* The total area of the district, according to the most recent returns, is 7,432 square miles.

No. VIII.

SALEM.

In the first year of the century the Salem District collections under abkari amounted to Rs. 40,000, but in 1802 they fell to Rs. 26,445, and did not again reach the former sum until 1820. From this period there was a steady improvement up to 1832, when this branch of the revenue had reached Rs. 68,790; but in the following year, which was one of scarcity in many parts of the presidency, the collections fell to Rs. 54,022, and did not recover their former proportions until 1839, when a sum of Rs. 71,595 was realized. From 1839 to 1847 the collections varied from the last named amount to Rs. 89,230, and in 1848 the abkari revenue of the district was leased to three joint contractors for a sum of Rs. 86,500 per annum for three years. The next two leases were each for the same period, and were taken up by the same contractors at Rs. 96,010 and Rs. 1,01,100 per annum. In 1857 the same parties took the contract for five years at Rs. 1,36,010 per annum, but in 1862 one Vencatachelliah, a Mysore Brahmin, obtained a five years' contract at auction for Rs. 1,91,000. The same person, or rather a relative on his behalf, also became contractor for the year 1867-68, at an increase of upwards of a lakh of rupees, viz., Rs. 2,91,150, and in the following year the lease was let to another party for Rs. 2,91,100. In 1869 the district abkari was disposed of at open auction, for three years, by taluk farms, and realized a gross annual sum of Rs. 3,35,550, and during the present year a similar contract was disposed of, to terminate in June 1875, at a gross annual rent of Rs. 3,70,950. The "amani" system of management is in force in six out of the nine taluk farms of the district. Under this system the contractor makes the whole of the spirits required for consumption at one or more centrally situated distilleries, and deals directly with the shop-keepers both for this liquor and for toddy, which he obtains through the toddy drawers on certain terms. The other three taluk farms are sub-rented. The annexed statement exhibits the details of the district abkari as described in my special report on the district.

R. A. D.

SALEM.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack in gallons.	Retail price of toddy per gallon.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS.	RS. A. P.	AS.				RS. A. P.		
Salem	993	393,805	89,950	97,417	3 0 0	3	280	1,406	3·	0 3 8	54,000	1/7 to 1/8
Darampoory	998	190,626	37,000	39,000	3 6 0	3	196	973	2·	0 3 1	17,000	1/12
Kistnagherry	658	170,233	30,500	33,625	3 4 0	3	452	376	7·	0 2 10	13,000	1/13
Tripatore	805	190,800	45,100	56,250	3 12 0	3	342	558	4·	0 3 9	21,000	1/9
Utengherry	808	153,801	26,100	27,937	3 12 0	3	351	439	4·	0 2 9	10,500	1/15
Ahtoor	798	164,006	24,100	26,600	3 12 0	3	122	1,344	1·5	0 2 4	10,000	1/16
Oosoor	[illegible]169	193,037	71,000	75,913	3 0 0	3	468	412	4·	0 5 11	19,000	1/10
Trichengo[illegible]	[illegible]	249,678	20,000	29,000	2 4 0	3	229	1,090	3·6	0 1 3	22,000	1/11
Namcul	743	261,009	27,200	31,000	2 4 0	3	181	1,442	2·4	0 1 8	20,800	1/13
Totals ..	7,48[illegible]*	1,966,995	3,70,950	4,16,742	..	..	2,621	751	3·4	0 3 0	187,300	1-11th

*According to the latest returns the area of the district is 7,483 square miles.

No. IX.

TRICHINOPOLY.

The abkari revenue of the Trichinopoly District was only Rs. 16,000 in 1830-31, and fell to Rs. 13,373 in 1840-41, but rose again to Rs. 24,000 in 1850-51, and to Rs. 25,000 in 1860-61; in 1865-66 the rent was Rs. 1,06,000, and in 1866-67 Rs. 1,19,000. The district was sold by taluks again in 1869 for a three years' contract, and realised an annual rent of Rs. 1,46,600, and the present rent is Rs. 1,40,400. The arrack ordinarily in use is that made from jaggery and acacia bark, though in the Oodiarpalliam Taluk it is also distilled from rice (18lbs. for each gallon with one measure of Shencotta nut, at a cost of five annas). The last named taluk is managed on the amani system, as well as the towns of Trichinopoly and Perambalore. Elsewhere each taluk farm is sub-rented. Allowing 15 per cent. for renter's and sub-renter's profits, the gross cost of spirituous and fermented liquors in the district will be represented by a sum of Rs. 1,61,460, of which probably about one-fourth may be viewed as the price of toddy, leaving Rs. 1,21,095 as that of spirits. Allowing one rupee per gallon for vendor's profits and cost of spirit, and taking Rs. 2-8-0 as the average price of first class spirits, this will represent a consumption of 80,730 gallons per annum, or about one-fourteenth of a gallon per head, for the whole district. It is estimated that the consumption in the town of Trichinopoly is at the rate of one-third of a gallon per head per annum. There are five shops to every 30 square miles of the district, and 2,013 people to each shop, on the average, as shown in the annexed statement.

R. A. D.

TRICHINOPOLY.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.		RS. A. P.	RS. A. P.				RS. A. P.		
Trichinopoly	525	306,329	98,100	..	2 4 0	0 3 6	168	1,829	3·2	0 5 1	..	..
Museri	668	255,339	15,200	..	3 0 0	0 6 0	118	2,163	1·8	0 1 0	..	..
Kulitalai	931	227,667	11,100	13,041	2 4 0	0 3 0	149	1,528	1·6	0 0 9	..	..
Perambalore	690	171,147	8,000	..	3 0 0	Not sold.	98	1,746	1·4	0 0 9	..	..
Oodiarpallium	777	237,454	8,000	..	3 0 0	0 6 0	62	3,830	·8	0 0 6	..	..
Total ..	3,591*	1,197,936	1,40,400	..	..	..	595	2,013	1·6	0 1 10	80,730	1-14th
Town.												
Trichinopoly and Srirungam ..	..	87,811	..	..	..	..	..	..	..	..	30,295	1/3

* According to the most recent return the area of the district is 3,515 square miles.

No. X.

TANJORE.

In 1800-01 the abkari revenue of the Tanjore District was Rs. 16,607; in 1810-11 it had risen to Rs. 30,000, and to Rs. 40,000 in 1820-21; in 1830-31 it was Rs. 51,000, and Rs. 1,30,000 in 1850-51. In June 1861 the farms of the district were sold by taluks and realized Rs. 3,12,200. In 1863 the Negapatam farm was resold for arrears; it was then sold for Rs. 58,500, or Rs. 20,000 beyond the original sale price. In August 1864 the Sheally Taluk was also resold for arrears, but fetched Rs. 5,000 more than the original lease. In March 1865 the new renter of the Negapatam farm died, and the farm was resold at a loss of Rs. 20,000 for the remainder of the five years' contract. In 1866 the farms of the district were sold for a two years' contract, and realized Rs. 4,99,500 against the old reduced rent of Rs. 3,07,035. The Negapatam farm went up from Rs. 40,000 to Rs. 61,000. Before this sale no less than 2,000 shops were struck out of the list as recommended by the Police Department. In March 1867 the Pattakottah Taluk, the poorest in the district, but which had been raised from Rs. 6,100 to Rs. 13,100, was in arrear, but the renter paid up before the date of resale. In August the Manargudi renter was heavily in arrears, but apparently also paid up. Up to 1868 the minimum prices were Rs. 1-14-0 per gallon for arrack and 1½ annas per gallon for toddy; they were then raised to Rs. 2-4-0 and 3 annas. All but three farmers agreed to keep on the farms for 1868-69. These were resold for one year at an increase of Rs. 1,900. In 1869 the farms of the district were again sold for three years, and realized no less than Rs. 5,78,100. In 1870 (January) the two farms of Tanjore and Titrapundi were resold for arrears; the former realized Rs. 81,000 against Rs. 92,000 old rent, and the latter Rs. 30,050 against Rs. 27,100. In January 1871 the Manargudi Taluk was sold for arrears, and realized a rent of Rs. 30,150 against the original rent of Rs. 40,000. In February 1872 a remission of Rs. 20,000 was allowed in consequence of destruction of cocoanut trees by a storm. On the 5th April 1872 Nanillum, Manargudi, and Patticotta were sold at a reduction. The three years' contract commencing July 1872 was let on an annual rent of Rs. 4,90,355, being a reduction of nearly a lakh on the former rent. Unlike other districts the main profits of the abkari farms are derived from toddy and not arrack. Cocoanut trees are very plentiful in the district, and toddy is sold as high as 9 annas a gallon in Combaconum, and at 6 annas per gallon in most of the farms. The farms of Tanjore, Combaconum, Mayaveram, Negapatam, and Manargudi Taluks are managed by the renters on the "amani" system. The toddy shop-keepers pay the renters a sort of duty on the quantity sold. In Combaconum it is Rs. 3-4-0 for eight gallons, and in Mayaveram town Rs. 3 for the same quantity, and Rs. 1-8-0 in the villages of the same taluk. The Tahsildars of these two taluks estimate the toddy receipts of the respective renters at Rs. 1,00,000 and Rs. 60,000, and suppose their arrack profits to be about Rs. 30,000 and Rs. 20,000, giving then a net profit of from 20 to 30 per cent. The toddy farms of Sheally, Nanillum, Titrapundi, and Patticotta are sub-rented, and the net profits of the renters are certainly at least 10 per cent. beyond the rent paid. In addition to the very large toddy consumption, the arrack consumption appears to be about one-twenty-eighth of a gallon per head, or say about 70,482 gallons, whereas the toddy consumption appears to be half a gallon to a gallon per head, or say 1,500,000 gallons. The population pay excise tax at the rate of 4 annas per head. There are only about 551 persons to each shop, and a shop to every square mile, as shown overleaf.

R. A. D.

TANJORE.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Tanjore	635	343,791	70,100	Not sub-rented.	2 4 0	0 6 0	203	1,693	3·1	0 3 4	..	..
Combaconum	341	339,393	1,12,510	Ditto.	3 8 0	0 9 0	589	576	17·2	0 5 3	..	..
Mayaveram	276	222,145	67,110	82,338 12 0	3 12 0	0 6 6	451	492	16·3	0 4 9	..	..
Negapatam	242	200,124	62,530	79,800 0 0	3 12 0	0 6 6	506	395	20·9	0 4 10	..	..
Manargudi	300	161,725	30,200	Not given.	3 4 0	0 6 6	354	456	11·8	9 2 10	..	..
Shealli	170	108,795	45,000	..	3 0 0	0 6 3	178	611	10·5	0 6 7	..	..
Nanillum	294	205,951	60,200	..	3 0 0	0 6 0	676	304	23·0	0 4 7	..	..
Tritrapundi	536	154,873	28,505	36,768 0 0	3 12 0	0 4 $3\frac{3}{7}$	278	557	5·2	0 2 10	..	..
Pattacotta	945	238,245	14,200	16,548 0 0	3 0 0	0 3 0	348	684	3·7	0 0 11	..	..
Total ..	3,739*	1,975,042	4,90,355	..	..	..	3,583	551	9·7	0 4 0	70,482	1-28th

* According to the most recent returns the area of the district is 3,654 square miles.

No. XI.

MADURA.

In 1803 the rent of the Madura District was Rs. 8,841, in 1810-11 Rs. 18,000, and in 1820-21 Rs. 54,000 ; in 1830-31 it rose to Rs. 60,000, but fell to Rs. 40,000 in 1840 ; in 1850-51 it again rose to Rs. 55,000, and in 1860-61 to Rs. 82,000 ; in 1866 the leases were sold by taluks for two years, and realized nearly two lakhs of rupees, being double the old rent. Many of the renters failed, however, during the currency of their leases, and when the farm was again sold for one year in 1868, with minimum prices of Rs. 2-4-0 for arrack and three annas for toddy, there was a falling off of nearly half a lakh chiefly in Madura, Melur, and Ramnad. There appear to have been no failures this year, and in 1869 the farms were put up again on a three years' lease and realized about the same figure, and were carried on without failures till 1872. In that year the rental of the whole district on a new three years' was Rs. 1,85,050. This district has always been sold by small farms of a taluk or somewhat less in extent. The actual cost of arrack and toddy was said many years back to be 10 annas 2 pie, and 1 anna 2 pie per gallon, and the minimum prices were Rs. 1-7-9 and As. 2-3. The farms are usually sub-rented, but the renter keeps the chief town and few surrounding villages under amani. Madura town consumption is said to be 30 × 365 = 10,950 gallons per annum, or say one-fifth of a gallon per head, as there are 50,000 people within municipal limits. The gross population of the district is about 2¼ millions at a consumption of one-twentieth of a gallon per head ; this should be 112,500 gallons, and, if the tax be taken at Rs. 1-12-0, it should represent a rent of Rs. 1,96,875 for arrack alone. Following the calculation adopted for other districts however, and adding 15 per cent. to the rental as representing the profits of renters and sub-renters, the gross cost of spirituous and fermented liquors will be raised to Rs. 2,14,705 ; of this one-eighth may be taken as the charge upon toddy, leaving that upon arrack at Rs. 1,87,867. Allowing as before one rupee per gallon for vendor's costs and profit, this sum will represent a consumption of 1,25,244 gallons of 1st class spirits, as they are retailed on the average at about Rs. 2-8-0 per gallon. This would give a rate of one-eighteenth of a gallon per head per annum. There are on the average 1,229 people to each shop, and there are about five shops in every 50 square miles, as shown in the annexed statement.

R. A. D.

MADURA.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.		RS. A. P.	RS. A. P.				RS. A. P.		
Madura	446	230,859	52,800	..	2 4 0	0 4 0	353	655	8·	0 3 6	..	..
Dindigul	1,109	321,841	24,325	..	2 4 0	0 3 0	150	2,145	1·3	0 1 2	..	..
Tirumangalam ..	618	241,055	11,000	..	3 0 0	Not sold.	204	1,181	3·3	0 0 8	..	..
Melur	514	128,635	12,400	..	2 4 0	0 3 4	106	1,213	2·	0 1 6	..	..
Periacolam	1,200	214,438	13,100	..	3 0 0	0 4 3	71	3,020	·6	0 0 11	..	..
Palni	989	184,909	16,200	..	2 12 0	0 3 0	60	3,082	·6	0 1 4	..	..
Ramnad	4,626	503,381	27,700	..	..	..	*894	..	..	0 0 10	..	..
Shevagunga		434,196	29,150	..	..	..		..	..	0 1 0	..	..
Total ..	9,502	2,259,314	1,86,675	..	..	..	1,838	1,229	1·9	0 1 4	125,244	1-18th of a gallon.

* Estimated.

No. XII.

TINNEVELLY.

In 1804-5 the abkari revenue of Tinnevelly was Rs. 12,000, in 1810-11 Rs. 13,600, in 1820-21 Rs. 15,900, in 1830-31 Rs. 21,000, and in 1840-41 Rs. 25,000, in 1854 the toddy farm was Rs. 7,400, and the arrack farm Rs. 18,800. From 1854-55 to 1860-61 the arrack and toddy farms were sold separately; the arrack farm rose from Rs. 18,800 to Rs. 30,500 in 1856-57, and the toddy farm from Rs. 7,400 to Rs. 9,850 per annum, at which rates the farms were sold for five years. In 1861 the united farms were sold for five years at an annual rental of Rs. 48,500. In 1866 a two years' contract realized Rs. 81,000 per annum. In 1868 the Collector reported that in a great part of the district spirits were almost unknown, and only palmyra toddy consumed. In 1869 the farm was sold by taluks in nine lots for three years, and realized an annual rent of Rs. 1,63,170, or double the rent of the previous two years. In 1872 the rent again rose to upwards of two lakhs. Adding 15 per cent. to this sum for renter's and sub-renter's profits it will raise the gross cost of liquor to about Rs. 2,38,740, of which probably one-third, or say Rs. 79,580, must be credited to toddy, leaving Rs. 1,59,160 as the gross expenditure upon arrack. At the usual selling rate of spirits of the first quality, Rs. 2-4-0 per gallon, and allowing as before Re. 1 as cost of materials and salesman's profits, this sum would represent a consumption of 127,328 gallons of arrack, or about one-fourteenth of a gallon per head. As shown in the annexed statement, there are six liquor shops to every ten square miles, and on the average 538 people to each shop.

R. A. D.

TINNEVELLY.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Tinnevelly	..	184,491	42,000	54,555 12 6	2 4 0	0 3 0	569	324	..	0 3 6	..	..
Ottapidaram	..	295,826	37,100	..	2 4 0	0 3 0	355	833	..	0 1 11	..	..
Sankaranarain Kovil	..	180,321	24,100	..	2 4 0	0 3 0	314	574	..	0 2 0	..	..
Strivelliputtur	..	186,350	15,500	..	1 8 0	0 1 4	424	439	..	0 1 4	..	..
Sathur	..	154,401	17,000	17,300 0 0	2 4 0	0 3 0	128	1,206	..	0 1 9	..	..
Tenkari	..	232,499	15,700	..	2 4 0	0 2 0	396	587	..	0 1 1	..	..
Nanguneri	..	176,706	16,200	..	2 4 0	0 2 11	299	591	..	0 1 5	..	..
Ambasamudram	..	162,512	25,000	..	2 4 0	0 1 6	431	374	..	0 2 4	..	..
Tenkasi	..	122,254	15,000	..	2 4 0	0 3 0	232	527	..	0 1 11	..	..
Total ..	5,176	1,695,360	2,07,600	..	..	..	3,148	538	6	0 1 11	127,328	1-14th.

No. XIII.

SOUTH CANARA.

The abkari revenue of South Canara had risen to Rs. 40,000 in 1830-31, Rs. 52,000 in 1840-41, and Rs. 72,000 in 1850-51. In the following ten years it again fell to Rs. 40,000, but in 1866 the farm was sold by auction for two years in the usual way and realized a little over one lac per annum. In former years the farm had usually been given to the toddy drawers on *tender*. In 1868 the farms of most taluks were continued for one year at the same rents with a reduction in the number of shops, as described in the following extract from the Collector's letter, dated 17th June 1868, No. 557 :—

"The principle on which I have gone in reducing the number of shops has been to allow one to every thousand souls in large towns, and not more than one in a village, unless the number of the inhabitants exceeded 1,000, though there are many small villages of 100 and 200 souls that still have their one shop. The number of distilling pots I have not limited beyond requiring that they shall be all within the premises of the licensed shop. Thus, while a number of petty shops have been, as far as convenient, amalgamated into fewer large shops, and the places to be watched by the police, as far as practicable, reduced, the quality of liquor that may be distilled and consumed has not been necessarily affected, and the average number of souls to each shop all over the district still remains 747.

"Arrangements are also being made that the shops in villages shall be almost invariably placed within half a mile of either the police station or the potail's house, and where from the absence of a potail that has been impracticable, the roadside on the constable's beat has been preferred to secluded places in the wooded country."

In 1869 the five taluks were sold on a three years' lease at an annual rent of Rs. 1,44,000, and in 1872 for a similar lease at a rent of Rs. 1,24,500. The arrack in use appears to be made entirely from toddy, which produces about one-fourth of the 3rd class spirit when distilled. The first sort spirit is sold for Rs. 2-4-0, and probably requires about double the quantity of toddy to produce it. Adding 15 per cent., as in other districts, to the rental for renter's and sub-renter's profits, it will reach Rs. 1,43,175, of which about one-fourth, or Rs. 35,794, must be deducted as payment for toddy, leaving Rs. 1,07,381 as the expenditure on arrack. Allowing as before one rupee per gallon for cost of materials and salesman's profits, this sum will represent a consumption of 85,904 gallons, or little under one-tenth of a gallon per head. There are on the average 798 people to each shop, and there are nearly three shops in every ten square miles, as shown in the annexed statement.

R. A. D.

SOUTH CANARA.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten Square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Mangalore	865	238,349	60,000	70,000 0 0	2 4 0	0 3 0	319	747	3·6	0 4 0	..	..
Upanangadi	1,047	108,054	12,000	....	2 4 0	0 2 3	239	452	2·3	0 1 9	..	..
Kassergode	1,064	223,883	17,000	21,382 12 8	2 10 0	0 3 0	222	1,008	2·	0 1 2	..	..
Udipi	892	231,411	20,500	31,000 0 0	3 0 0	0 3 0	231	1,002	2·6	0 1 5	..	..
Kundapore	525	113,442	15,000	....	2 4 0	0 3 0	135	840	2·5	0 2 0	..	..
Total ..	4,393*	915,139	1,24,500	....	..	..	1,146	798	2·6	0 2 2	85,904	1-10th.

* According to the most recent statistics the area of the district is 3,902 square miles.

No. XIV.

MALABAR.

In Malabar District the abkari revenue was originally realized by a sort of motarpha tax on each toddy knife and on every arrack still, as described in the following extract from a letter to the Board of Revenue from the Collector of Malabar, dated 2nd April 1861, No. 73 :—

"The tax was first introduced under Hyder's Government, and consisted of an impost on the knife and pot used for extricating toddy and distilling arrack. Hence the tax has derived its name *Katti Chatti*, under which designation it was established.

"After our acquisition of the country, the tax was in most places increased in M.E. 977 (A.D. 1801-2), under the administration of the first Principal Collector of the district, Major Macleod, since whose time no increase in it seems to have taken place; but I find considerable variation in the rates of the tax as prevailing in the different parts of province. The 'Katti' or knife tax varies from 1 rupee to Rs. 2-8-0, and the 'Chatti' or still tax from Rs. 1-8-0 to Rs. 3.

"The former is assessed on parties following the trade of toddy drawing, and the latter on those distilling and vending country arrack. There are, however, numerous instances in which both species of tax are levied on one and the same individual. This occurs in cases where the male members of the family extract toddy and the females distil and vend arrack.

"The payers of the tax being the only parties licensed to draw toddy and manufacture spirits, both the knives and stills have, as a general rule, been marked with a particular stamp, in view to detecting those which may be used without license; but such detection is often successfully eluded, either with the privity of the village officials, or from the facilities with which illicit distillery can be clandestinely carried on without the chance of discovery by the local authorities.

"In the principal towns of the Collectorate, *viz.*, Cannanore, Tellicherry and Calicut, a system of farming out the exclusive privilege of selling toddy and spirituous liquors was introduced upwards of half a century ago, and has continued, in a modified form, to the present day.

"This farming system has also been very long in use in Wynaad* and Cochin.

"In the taluks of Cawye, Cherikul, Cotteyom, Cartenad, and Calicut it was established in Fasli 1242 (A.D. 1832-33), and in the towns of Palghaut, Beypur, and Malapuram in Fasli 1262 (1852-53), Fasli 1266 (1856-57), and Fasli 1267 (1857-58), respectively. It was subsequently extended to the taluks of Curumbranod and Chowghat in last Fasli 1269 (1859-60), and since this it has been introduced throughout the remaining parts of the district."

In 1810-11 the revenue was Rs. 65,000, in 1820-21 Rs. 62,000, in 1830-31 Rs. 66,000, in 1840-41 Rs. 58,000, in 1850-51 Rs. 66,000, and in 1860-61 Rs. 94,000. About this period the last of the knife and still tax was discontinued, and the ordinary leasing system adopted everywhere. The rents rose in 1869 to Rs. 2,28,000, and in 1872 were sold for a three years' contract at an annual rent of Rs. 2,77,950. The district farms are sold by taluks and are mostly sub-rented, though in nearly every case some portion of the taluk is kept under amani by the renter. There is a very large consumption of toddy in the district, and nearly all the arrack is distilled from toddy; apparently about 36 bottles of toddy give six bottles or one gallon of ordinary arrack, and this is sold for about Rs. 2-4-0 per gallon, though the superior kinds realize as much as Rs. 6 per gallon. Applying the calculations adopted for other districts to Malabar, Rs. 3,19,642 will be the gross cost of spirituous liquors as levied by sub-renters. Deducting one-fourth as the amount paid for toddy, Rs. 2,39,732 will be the gross tax upon arrack, and allowing Re. 1 per gallon as cost of materials and salesman's profit, and taking Rs. 2-4-0 as retail price of liquor, this sum will represent a consumption of 191,756 gallons, or a little under one-twelfth of a gallon per head. There are 891 persons to each shop, and four shops in each ten square miles, as shown in the subjoined statement.

* No "Katti Chatti" tax has ever prevailed in Wynaad, where no cocoanut gardens exist.

MALABAR.

1	2	3	4	5	6	7	8	9	10	11	12	13
Taluk.	Area in square miles.	Population.	Rental.	Estimate of sub-rents.	Retail price of first sort arrack per gallon.	Retail price of toddy per gallon.	Sanctioned shops.	Population per shop.	Shops per ten square miles.	Revenue per head.	Estimate of consumption in gallons.	Ditto per head.
			RS.	RS. A. P.	RS. A. P.	RS. A. P.				RS. A. P.		
Cálicut	360	191,007	47,000	..	6 0 0	0 4 0	318	601	9	0 3 10	..	..
Paulghât	681	326,083	22,800	..	3 2 0	0 2 6	500	650	7·3	0 0 11	..	..
Cochin	3	19,011	10,000	..	2 4 0	0 3 0	26	731	87·0	0 8 3	..	..
Cherikol	671	236,032	61,000	..	6 0 0	0 2 6	209	1,129	3	0 4 0	..	..
Kottiom	460	143,832	26,000	28,130 4 0	2 8 0	0 3 6	170	845	3·7	0 2 8	..	..
Ernad	997	288,469	9,100	9,425 0 0	2 4 0	0 3 0	251	1,149	2·5	0 0 6	..	..
Vallavanod	932	292,827	10,500	14,000 0 0	2 4 0	0 3 0	281	1,042	3·0	0 0 6	..	..
Ponani	450	374,748	8,100	11,370 0 0	3 12 0	0 3 0	272	1,377	6	0 0 3	..	..
Wynaad	1,115	126,346	63,350	..	6 0 0	Not sold.	124	1,019	1	0 8 0	..	..
Kurumbranad	527	244,349	20,100	24,284 0 0	3 12 0	0 2 0	402	607	7·6	0 1 3	..	..
Total ..	6,196*	2,242,704	2,77,950	..	..	..	2,553	891	4·1	0 1 11	191,756	1-12th of a gallon.

* 6,002 according to most recent statistics.

No. XV.

NILGHERRY HILLS.

The abkari of the Nilgherry Hills District was formerly included in Coimbatore. In 1862 the farm realized Rs. 35,000 on a four years' contract ; in 1866 on a two years' contract it fetched Rs. 71,000 ; in May 1868 a sum of only Rs. 40,000 was offered for one year, but eventually the whole Coimbatore District was continued to the existing renter at a reduction of rent ; in 1869 the farm of the Nilgherry District was sold for Rs. 85,000, and it was then estimated that the consumption was 2,000 gallons per mensem, which was sold at an average rate of Rs. 4 per gallon. The cost of the 24,000 gallons of spirits when delivered on the hills was put down at about Rs. 1-8-0 per gallon.

In 1872 the farm was again sold *on a three* years' contract, and fetched only Rs. 65,000. The farmer states that his sales do not exceed 1,500 gallons per mensem, and that the prime cost of the *arrack* is more than 12 annas per gallon, plus cost of carriage from Metapolam, where the distillery is located, to the hills. A person, however, who has recently had some share in the management of the Nilgherry abkari, has reported that 2,100 gallons (old wine measure of five bottles each) are sold per mensem by the contractor to the retail vendors, who are bound under agreement to take this quantity from him. He also estimates that the cost of the arrack *on the hills* to the contractor is not more than 12 annas per old gallon, and on these calculations puts the contractor's profits at the large sum of Rs. 1,390 per mensem as noted below :—

		RS.
Sale of 2,100 gallons @ Rs. 4		8,400
DEDUCTIONS—		
Cost of 2,100 @ 8 annas	1,050	
Carriage agency, &c.	500	
One-twelfth of annual rent	5,460	
		7,010
		1,390

There is no toddy sold in the hills but a large quantity of beer, which pays an excise duty of one anna per gallon. There are 16 arrack shops, being one to every 2,000 persons ; and the consumption at 18,000 imperial gallons per year would be nine-sixteenths of a gallon per head.

R. A. D.

APPENDIX E.

No. I.

GANJAM.

The abkari revenue of the Ganjam District was Rs. 43,000 in 1830-31, but in 1840-41 it had fallen to Rs. 22,000. It rose again to Rs. 61,000 in 1850-51 and in 1860-61 stood at Rs. 71,000. In this year orders were issued depriving the renter of any special rights in the palm or cocoanut trees on private lands, and this was said to have had a disastrous effect upon the toddy revenue of the district, which was then estimated at Rs. 5,000 for the principal division and Rs. 10,000 for the sub-division. In spite of these complaints which were loudly made by the renters of both divisions in 1863-64 (Mr. Minchin in the principal division at Rs. 60,000 ; and a native in the sub-division at Rs. 30,000), the rentals for 1864-65 were Rs. 66,700 and Rs. 34,410, or Rs. 1,01,000 for both divisions. In the following year the rents were reduced to Rs. 65,000 and Rs. 24,000 owing to alleged losses in the previous year from illicit toddy sales. In 1866 the Aska factory offered to supply all liquor required for the district on the excise system, but this offer was not accepted, and the rental of 1866-67 fell to Rs. 64,000. The farms were retained at Rs. 70,000 during 1868-69, without a fresh auction after a two years' trial by the renters.

In 1869 Mr. Minchin on behalf of the Aska factory again renewed his offer to supply spirits on the excise system. He proposed to become the exclusive renter of the district, but in lieu of a fixed rent to pay Rs. 2 on every gallon of proof spirit, Rs. 1-8-0 on every gallon of spirit 30° *u. p.*, and 12 annas on every gallon of spirit 60° *u. p.*, which might be passed out of his distillery, less 5 per cent. for wastage and ullage. The minimum selling price of spirits was to be continued at Rs. 3, and Rs. 1-8-0 per gallon for the two lower qualities of spirits which are in common use, and the cost of the Government establishment at the distillery was to be paid for by him. These terms were accepted by the Government, and a contract granted for three years, in which the exclusive right to sell toddy was also included, on the understanding that it should be farmed out by Mr. Minchin, and that half the sum realized by the farm should be paid to Government.

Mr. Minchin had estimated that 10,800 gallons of the superior spirit and 200,000 gallons of the inferior kind were consumed in the district, so that the spirit revenue was expected to rise to—

Excise duty on 1,080 gallons 30° *u. p.* at ..	Rs. 1 8 0 =	16,200
200,000 gallons at 60° *u. p.* at	„ 0 12 0 =	1,50,000
	Rs.	1,66,200

The actual result, however, fell very far short of this estimate, for the payments by Mr. Minchin during his lease including half the toddy collections amounted only to the following figures :—

	RS.
For 1869-70	90,000
„ 1870-71	78,000
„ 1871-72	72,000

In 1872 Mr. Minchin's contract was renewed for three years on very similar terms on the recommendation of the Collector. The Board of Revenue also considered that the experiment, though not so successful financially as had been expected, owing to bad seasons and the opposition of interested persons, had been satisfactory on the whole. Under the new contract 75 per cent. instead of 50 per cent. of the toddy rents were to be paid to Government. The results of the first year of the new contract have not been more encouraging than those under the old contract.

It appears that Mr. Minchin has issued from his distillery the equivalent of about 50,000 gallons of spirit at 30° *u. p.*, but as the main consumption of the district is confined to the inferior spirit 60° *u. p.*, this would represent an actual consumption of 100,000 gallons. His payments to Government have amounted to Rs. 75,000, of which Rs. 7,959 were for 75 per cent. of his toddy rents, leaving say Rs. 67,041 as the duty on arrack. The details of his issues are given in the margin. Supposing the inferior spirit which is sold at Rs. 1-8-0 per gallon with a duty of 12 annas to cost him 5 annas per gallon, and allowing 4 annas for cost of carriage, superintendence, and retail profits, Mr. Minchin will have a profit of 3 annas per gallon on 100,000 gallons, or in all Rs. 18,750 on arrack and about Rs. 2,750 on toddy, or Rs. 21,500. If the quantity sold be taken as 50,000 gallons of spirit 30° *u. p.*, and Mr. Pritchard's estimates of expenses and charges as detailed in No. V of this Appendix be applied to it, say one rupee per gallon for cost of manufacture and all other expenses, the profits on the arrack alone would amount to Rs. 25,000, as this liquor is sold at Rs. 3 per gallon, of which Rs. 1-8-0 is duty. As the population is nearly 1,500,000, the consumption of spirits is nearly one-thirtieth of a gallon per head of the strong spirit 30° *u. p.*, or one-fifteenth of a gallon of the inferior spirit. The rates of revenue per head for arrack would be 8 pies, and for toddy 1 pie, as shown in the annexed statement. There are 950 persons to each liquor shop, and nearly two shops to every ten square miles.

60° *u. p.*	30° *u. p.*	Proof Rum.	Milk Punch.
75,468 Gallons.	6,192 Gallons.	891 Gallons.	239 Gallons.

R. D.

GANJAM.

Taluk.	Area.	Population.	Arrack revenue.	Toddy revenue.	Total.	Retail price of arrack per gallon.	Retail price of toddy per gallon.	Arrack revenue per head.	Toddy revenue per head.	Total.	Consumption of arrack in gallons.	Consumption per head.	Sanctioned shops.	Population per shop.	Shops per 10 square miles.
			RS.	RS.	RS.	RS. A. P.	A. P.	A. P.	A. P.	A. P.					
Gumsoor ..	1,031	189,082	..	..	..	..	..	..	..	..	..	..	102	1,583	1 nearly.
Berhampore ..	574	243,124	..	..	..	..	..	..	..	..	..	..	144	1,688	2·5
Chicacole ..	336	167,951	..	..	..	..	..	..	..	..	..	..	321	523	9·5
Suradah ..													35		
Purushottapur ..													74		
Ganjam ..													97		
Itchapur ..	6,372	887,070	..	..	..	..	..	..	..	..	..	..	150	889	1·5
Irekally ..													168		
Aska ..													102		
Sompetta ..													64		
Parlakimidy ..													307		
Total ..	8,313	1,487,227	67,041	7,959	75,000	3 0 0	3 0	0 8	0 1	0 9	50,000	1-30th	1,564	950	1·8

No. II.

VIZAGAPATAM.

The abkari revenue of the Vizagapatam District varied very little between 1830-31 and 1860-61, ranging from Rs. 60,000 to Rs. 67,000 only. The arrack and toddy farms of the whole district were usually put up to auction in separate lots. In 1861 the farms were sold for four years by taluks, and the arrack farms fetched Rs. 50,000 and the toddy farms Rs. 18,000; in 1866 a two years' contract realized Rs. 1,02,000 per annum. Up to 1868 the Jeypore Zemindari formed one of the farms of the district and was usually purchased by the Rajah. The last rent of it was Rs. 11,800, but instead of working the Zemindari on the ordinary abkari system, the purchase of the farm was made a pretext for a sort of poll-tax, under which an abkari cess was levied in almost every village, and beyond this there was no tax upon the consumption of liquor. Captain Basevi of the Trigonometrical Survey, when reporting upon this part of the country, stated that he rarely passed through a village without finding most of the males intoxicated. Though Mr. Turner, Assistant Agent in Jeypore, does not go the length of Captain Basevi, he states that his description was applicable to certain parts of Jeypore in 1868, and he thus describes the abkari of this division of the district:—

"Having thus produced sufficient evidence to convince you of the illegality of the present abkari system in Jeypore, I will add a few particulars about the general features of the case.

"There are several kinds of liquor manufactured in Jeypore:—(1) that distilled from raggy and the seeds of a grass called jonnnu.; (2) that distilled from the berries of the mowa-tree; (3) sago-palm toddy; (4) that distilled from the kernels of mango-trees.

"Of these the first two are the more general processes. They are practised during the whole year, whereas the sago-palm toddy is only drawn in the hot weather and the beginning of the rains. The mango drink also can of course only be manufactured when the fruit is ripe. The sago-palm toddy is drunk a few hours after it has been drawn from the tree, that is, shortly after fermentation has begun. It is never distilled. Neither palmirah toddy nor date-tree is known. The custom of obtaining liquor from the kernel of the mango stones is very local. I have not yet come across an instance, but am given to understand that it occurs in the high lands of Panchipenta. Vast quantities of liquor are manufactured from raggy and the mowa berry. The inhabitants of the more hilly parts of Jeypore are especially fond of this drink.

"In Cheitra Parabo, a feast that occurs in the beginning of April, the whole male population of these upland taluks are drunk for days. Not only do they drink themselves drunk, but they *eat* themselves drunk.

"An intoxicating drug is made by pounding the bark of the Anduguchettu with the roots of the Chitramulamu. This drug is mixed with raggy flour and eaten. This composition is made at home, is highly intoxicating, and is known in Ooriya as *Souda*. Another equally intoxicating mixture is made by compounding the drug above mentioned with rice conjee. This is called Prudapapu Kallu, and is sold in the weekly fairs. The result of their extreme fondness for drinking is not, as might be expected, to encourage a multiplicity of shops. There is a special caste of liquor sellers called Soondies, and if a man does not belong to this caste, he does not sell liquor. These Soondies are not of sufficient number to supply liquor for the whole community, and consequently nearly every householder makes his own liquor. Everybody throughout this upland country knows how to distil, and every well-to-do ryot has a still of his own on his premises. Sufficient is made for himself and his family by the women of his household, and the manufacture of this is from all accounts as regular a domestic duty here as pounding rice is in the plains."

In accordance with Mr. Turner's recommendation, supported by the Collector, the direct management of the Jeypore Abkari was taken in hand by Government in 1868. Exclusive of this farm, the district fetched about Rs. 1,00,000 for 1868-69. In 1869 a farmer offered Rs. 1,10,000 for the district, exclusive of Jeypore, but the Board directed the farm to be put up talukwar for a three years' lease. The minimum selling price of arrack was then one anna per dram or $\frac{1}{34}$ of a gallon, or Rs. 3-6-0 per gallon. When the sales took place the 16 farms fetched Rs. 1,71,000, but some of the renters failed during the period of the contract, the actual collections being considerably below the sum for which the farms were sold.

At the end of this lease Mr. Minchin made proposals to manage the Vizagapatam Abkari on the same terms as those on which he managed that of Ganjam. The Collector supported his proposal and the Board of Revenue recommended it favorably to Government, making the proviso that 75 per cent. of the toddy rents should be paid to Government as in Ganjam, and that the Government should have the power of cancelling the lease if the collections of any year fell below Rs. 1,25,000. The Government approved and sanctioned the proposal, but raised the minimum to Rs. 1,50,000. The toddy farms when sold for the year 1872-73 realized only Rs. 33,000, and there was a good deal of opposition to the new system. The rum was found not to be suitable to the wants of the people, and Messrs. Minchin and Co. were obliged to mix rice-spirit with it. Further, in those parts of the country where mowa spirit had been in use, it was found impossible to prevent smuggling, and eventually Messrs. Minchin and Co. were permitted to sub-let the taluks of Rayagudda, Gunupur, and Parvatipur on the farming system, paying to Government 75 per cent. of their receipts. From the 1st of July last the same system was also adopted for Saloor and Palconda Taluks. During the first year of the experiment the receipts of Government were Rs. 53,829, being duty less 5 per cent. for wastage on the equivalent of 39,000 gallons of spirit 30° *u. p.*, Rs. 40,296 being 75 per cent. of the rents of Rayagudda, Gunupur, and Parvatipur, and Rs. 24,915 being 75 per cent. of toddy rents, in all Rs. 1,19,040. The details are shown in the subjoined statement.

R. A. D.

VIZAGAPATAM.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Taluk.	Area.	Population.	Arrack revenue at Rs. 1-8-0 per gallon.	Toddy revenue.	Total.	Retail price of arrack per gallon.	Retail price of toddy per gallon.	Arrack revenue per head.	Toddy revenue per head.	Total.	Consumption of arrack in gallons.	Consumption of arrack per head.	Number of sanctioned shops.	Population per head.	Shops per ten square miles.
			RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.					
Golcondah	180	93,942	2,143 8 0	450 0 0	2,593 8 0	3 0 0	0 3 0	0 0 4	0 0 $\frac{9}{10}$	0 0 4$\frac{9}{10}$	1,475	$\frac{1}{66}$	42	2,236	..
Sarvasidhi	320	134,708	1,314 12 0	937 8 0	2,252 4 0	3 0 0	0 3 0	0 0 1	0 0 1$\frac{1}{3}$	0 0 2$\frac{1}{3}$	916$\frac{1}{2}$	$\frac{1}{146}$	69	1,952	..
Viravully	..	161,194	3,029 8 0	750 0 0	3,779 8 0	3 0 0	0 3 0	0 0 3	0 0 $\frac{3}{5}$	0 0 3$\frac{3}{5}$	2,093	$\frac{1}{77}$	127	1,269	..
Ankapulli	..	165,346	2,884 4 0	1,440 0 0	4,324 4 0	3 0 0	0 3 0	0 0 3	0 0 1$\frac{1}{6}$	0 0 4$\frac{1}{6}$	1,973$\frac{1}{3}$	$\frac{1}{83}$	96	1,722	..
Srungavarapucotta ..	..	134,244	1,769 4 0	652 8 0	2,421 12 0	3 0 0	0 3 0	0 0 2$\frac{1}{2}$	0 0 $\frac{9}{10}$	0 0 3$\frac{2}{5}$	1,209$\frac{1}{2}$	$\frac{1}{111}$	87	1,543	..
Vizagapatam	..	79,195	14,295 12 0	9,412 8 0	23,708 4 0	3 0 0	0 3 0	0 2 10	0 1 10	0 4 8	10,324$\frac{1}{2}$	$\frac{1}{8}$	95	833	..
Bimlipatam	..	106,113	8,470 1 4	2,257 8 0	10,727 9 4	3 0 0	0 3 0	0 1 3	0 0 4	0 1 7	5,892$\frac{1}{6}$	$\frac{1}{18}$	53	2,002	..
Vizianagram	..	136,839	10,311 1 4	3,768 12 0	14,079 13 4	3 0 0	0 3 0	0 1 2	0 0 5	0 1 7	6,975$\frac{1}{3}$	$\frac{1}{19}$	62	2,207	..
Paloondah	..	163,369	2,154 0 0	1,556 4 0	3,710 4 0	3 0 0	0 3 0	0 0 3	0 0 1	0 0 4	1,456	$\frac{1}{112}$	193	846	..
Chipudupilli	..	201,985	1,148 4 0	2,257 8 0	3,405 12 0	3 0 0	0 3 0	0 0 1	0 0 2	0 0 3	765$\frac{1}{2}$	$\frac{1}{264}$	147	1,374	..
Parvatipur*	..	135,201	1,863 0 0	300 0 0	2,163 0 0	3 0 0	0 3 0	0 0 2	0 0 $\frac{2}{5}$	0 0 2$\frac{2}{5}$	1,243	$\frac{1}{111}$	349	387	..
Bobbily and Saloor ..	..	213,470	5,470 12 0	525 0 0	5,995 12 0	3 0 0	0 3 0	0 0 4	0 0 $\frac{5}{10}$	0 0 4$\frac{5}{10}$	3,696$\frac{1}{2}$	$\frac{1}{59}$	97	2,201	..
Gajapatinagram	..	107,008	713 8 0	607 8 0	1,321 0 0	3 0 0	0 3 0	0 0 2	0 0 1	0 0 3	495	$\frac{1}{216}$	62	1,726	..
Parvatipur, Gunupur, and Rayagadha.	..	..	..	..	40,296 0 0	..	..	..	..	..	..	..	120 58	..	..
Total ..	15,957*	1,832,614	55,567 10 8	24,915 0 0	1,20,778 10 8	3 0 0	0 3 0	..	..	0 1 0	39,015$\frac{1}{2}$	$\frac{1}{47}$	1,657	1,106	1·0
Deduct† ..	..	..	..	..	1,738 9 7	..	..	..	..	..	..	..	..	..	..
	..	..	..	..	1,19,040 1 1	..	..	..	..	..	..	..	..	..	..

* The area according to the most recent returns is 18,344 square miles.
† This is the excess of the wastage allowance.

No. III.

SOUTH ARCOT.

In 1830-31 the abkari rental of South Arcot was Rs. 75,059, it fell to Rs. 69,063 in 1840-41, but in 1850-51 rose again to Rs. 76,000. During the next ten years the farm more than doubled in value, for in 1861 it realized a rent of Rs. 1,81,500 for a five years' contract. In 1866 it was sold on a two years' contract for an annual rent of Rs. 2,70,000. In 1868 the renters offered to keep on the farm for one year at a rental of Rs. 2,30,000 and on a reduction of the number of shops by 75, bringing them down to one for every 660 persons. The selling prices of liquor were not altered, as they had always been Rs. 2-4-8 per gallon for first-sort spirit, and Rs. 1-14-0 for second-sort. The offer was not accepted, and the farm was sold for one year at Rs. 2,16,000. In 1869 the farm was sold on a three years' lease and fetched a rent of no less than Rs. 3,11,000, being purchased by a local resident in order to oust the late renter who was a stranger in the district. The renter failed within six months and the farm was put up again for sale, and realized only Rs. 2,33,000. In 1872 Messrs. Parry and Co. offered to conduct the abkari of South Arcot on the experimental excise system with a duty of Rs. 1-12-0 per gallon on spirits 30° *u. p.*, and their offer, modified so as to agree with the terms in force in other districts, was accepted. When the toddy rent was sold by them it fetched Rs. 84,000 per annum. In former years it had been about one-third of the arrack revenue. The revenue from arrack was during the first year of the experiment Rs. 1,28,000, being the duty on a consumption of 86,595 gallons of spirit of from 30° to 54° *u. p.*, or something less than one-twentieth of a gallon per head per annum. In consequence of the quantity of smuggling which takes place on the French frontiers, Messrs. Parry and Co. are permitted to send liquor of a strength of 30° *u. p.* in the adjoining villages at an excise duty of Re. 1 instead of Rs. 1-12-0 per gallon, and to sell it at such rates as they think proper, instead of at the minimum price of Rs. 2-4-0 per gallon. It will be seen from the subjoined statement that the total revenue of the district was only Rs. 1,91,067-2-6 which, though somewhat in excess of the minimum revenue prescribed by Government, is more than Rs. 30,000 below the sum at which a late renter agreed to continue the contract after having had two years' experience of the working of the farm. Apparently the spirits are sold on the average at Rs. 3 per gallon, and the average duty paid is at the rate of Rs. 1-7-8 per gallon. Allowing 6 annas 5 pie per gallon as cost of distribution and superintendence and retail vendors' profits and 10 annas as average cost of liquor, the profits available to Messrs. Parry and Co. will be 8 annas per gallon, or Rs. 43,297, or with one-fourth of the toddy rent, Rs. 64,297.

R. A. D.

SOUTH ARCOT.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Taluk.	Area.	Population.	Estimated arrack revenue @ 1-8-0 per gallon.	Toddy revenue.	Total.	Retail price of arrack per gallon.	Retail price of toddy per gallon.	Arrack revenue per head.	Toddy revenue per head.	Total.	Consumption of arrack.	Consumption per head in gallons.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.
			RS. A. P.	RS.	RS. A. P.	RS. A. P.	A. P.	A. P.	A. P.	A. P.					
Cuddalore ..	459	285,893	34,601 0 0	..	..	2 8 0	3 0	..	..	..	23,067	1/12	376	760	8·2
Villapuram ..	611	236,257	16,006 0 0	..	..	2 12 7	3 0	..	..	..	10,671	1/25	340	695	5·5
Tindivanam ..	810	239,963	12,597 0 0	..	..	3 3 0	3 0	..	..	..	8,398	1/33	256	937	3·1
Trinomaly ..	990	165,113	17,383 0 0	..	..	3 0 0	3 0	..	..	..	11,589	1/14	288	573	nearly 3
Trickalore ..	500	216,390	13,035 0 0	..	..	3 0 0	3 0	..	..	..	8,690	1/25	76	2,847	1·5
Kallacoochey.	607	197,912	10,735 0 0	..	..	3 5 0	3 0	..	..	..	7,157	1/33	114	1,736	1·8
Chellumbrum.	393	240,586	16,095 0 0	..	..	2 15 2	3 0	..	..	..	10,730	1/26	414	581	10·6
Virdachellum.	566	180,411	9,439 0 0	..	..	2 14 9	3 0	..	..	..	6,293	1/33	77	2,343	1·3
Total ..	4,936*	1,762,525	1,28,067 2 6†	63,000	19,10,067 2 6	2 15 3	3 0	1 2	0 7	1 9	86,595	1-20th	1,941	856	3·9

* The area according to most recent returns is 4,873 square miles.
† This is actual revenue paid and represents a duty of Rs. 1-7-8 per gallon.

No. IV.

NORTH ARCOT.

In 1830-31 the abkari revenue of the North Arcot District was Rs. 1,17,000, but in 1840-41 it had fallen to Rs. 97,000 and up to 1850-51 had only risen to Rs. 1,11,000. During the next ten years, however, the value of the farm was considerably augmented, and in 1860-61 it had risen to Rs. 1,70,000, inclusive of the Vellore cantonment farm which was sold for Rs. 40,000. The farm of the whole district with the exception of Punganoor and the Vellore cantonment was held for 13 years previous to 1862 by Messrs. Corbet and Morrison, and in that year they offered a rent of Rs. 2,10,000 for the entire district on a five years' contract, but on the farm being put up to public auction for that period, they bought it in an annual rent of no less than Rs. 2,92,155. At the end of the lease they applied for and obtained the contract for one year (1867-68) at the same figure, and continued to do so for the year 1868-69 with a reduction of the number of shops. In 1869 the Board of Revenue directed the farms of the principal and sub-division of the district to be sold separately for a three years' contract. The farm of the principal division was purchased by Messrs. Corbet and Company and two native partners at an annual rent of Rs. 1,67,000, and that of the sub-division by a native contractor for Rs. 1,60,000, the total rent being thus Rs. 3,27,000. The upset price for the principal division was only Rs. 60 below the sum for which the farm was sold, whereas in the sub-division the amount was very much in excess of the upset price, Rs. 95,000. As might have been expected, the renters of the sub-division after twelve months' trial of the farm prayed for a remission of Rs. 40,000 of the rent, and the Collector and Sub-Collector recommended a remission of Rs. 30,000, but the Board of Revenue declined to allow it. Before the end of the second year of the lease the renters were hopelessly in arrears, and the farm was resold for one year at a reduced rental of Rs. 1,35,000.

In 1872 proposals were made for the introduction of the experimental excise system into the North Arcot District, through the aid of Messrs. Corbet and Company. This firm originally offered to take the whole district on this system with an excise duty of Rs. 1-12-0 per gallon, and the payment of 75 per cent. of their toddy rents. They offered to guarantee a sale of 98,000 gallons in the principal division, and 55,000 gallons in the sub-division, and to pay Rs. 5,000 and Rs. 7,000 for each, respectively, as Government share of toddy rents, thus making up a total guaranteed revenue of Rs. 2,76,000. Five other similar offers were received from native contractors offering to guarantee somewhat larger sums, and the Board eventually recommended that Messrs. Corbet's offer for the principal division, and a native contractor's offer for the sub-division, should be accepted. After some discussion it was eventually resolved to give the whole district to Messrs. Corbet and Company on the same system as that on which other districts had been entrusted to other firms, with the minimum revenue of Rs. 2,70,000.

Much delay was allowed to take place in the disposal of the toddy farms of the district, but it was eventually obtained by tender by a native contractor at Rs. 64,000. Messrs. Corbet and Company offered only Rs. 40,000 as their share (75 per cent.), but were most anxious to secure the contract. During the first year of their experiment Messrs. Corbet and Company issued from their distilleries 130,962 gallons of spirit for which they paid an excise duty of Rs. 2,47,169 at the average rate of Rs. 1-14-2 per gallon, as much of it was above 30° *u. p.* in strength, and they were permitted to sell at the higher strengths paying the proportionate duty. The receipts were thus Rs. 2,47,169, and with three-fourths of the toddy amounted to Rs. 2,90,169, or Rs. 20,000 above the minimum. The consumption, however, was a little under one-sixteenth of a gallon per head. It will be seen that, though the toddy rents have realized a much larger sum than Messrs. Corbet and Company offered to guarantee, the arrack sales have been only 130,000 gallons instead of 153,000 gallons, representing a decrease of 23,000 gallons, or about Rs. 43,125. The usual price at which liquor is sold in the district is at Rs. 5 per gallon in large towns and Rs. 3-12-0 per gallon in smaller places, and Messrs. Corbet and Company supply their spirits to the shopkeepers from their several depôts at Rs. 3-8-0 and Rs. 4-12-0, thus allowing a profit of 4 annas per gallon to the shopkeeper. Supposing the cost of Messrs. Corbet and Company's liquor to be 12 annas per gallon, and allowing Rs. 1-14-2 excise duty and 3 annas per gallon for cost of carriage and general superintendence, whatever amount is received by them in excess of Rs. 2-13-2, should represent clear profit. Apparently their liquor is disposed of on the average of Rs. 4 per gallon at the lowest estimate, which would leave them a net profit of Rs. 1-2-10 per gallon, or Rs. 1,54,153 for arrack, and Rs. 16,000 for toddy, or Rs. 1,70,153 in all.

R. A. D.

NORTH ARCOT.

Taluk.	Area.	Population.	Arrack revenue. RS.	Toddy revenue. RS.	Total. RS.	Retail price of arrack per gallon. RS. A. P.	Retail price of toddy per gallon. A. P.	Arrack revenue per head. A. P.	Toddy revenue per head. A. P.	Total. A. P.	Consumption of arrack in gallons.	Consumption per head.	Number of sanctioned shops.	Population per shop.	Shops per ten square miles.
Chittoor ..	965	164,703	..	..	..	..	..	..	..	..	..	..	181	909	1·8
Chandergiri ..	553	76,227	..	..	..	..	..	..	..	..	..	..	116	657	2·0
Palmanair ..	664	60,146	..	..	..	..	..	..	..	..	..	..	64	939	·9
Goriatum ..	443	161,871	..	..	..	..	..	..	..	..	..	..	197	821	4·4
Vellore ..	287	178,230	..	..	..	..	..	..	..	..	..	..	180	990	6·2
Wallajah ..	516	213,017	..	..	..	..	..	..	..	..	..	..	244	873	4·7
Arcot ..	405	156,656	..	..	..	..	..	..	..	..	..	..	240	652	5·9
Wandewash ..	413	151,827	..	..	..	..	..	..	..	..	..	..	162	937	3·9
Poloor ..	330	109,040	..	..	..	..	..	..	..	..	..	..	156	690	4·7
Zemindaries, &c. ..	2,563	735,950	..	..	..	..	..	..	..	..	..	..	638	1,153	2·5
Total ..	7,139	2,007,667	2,47,169	43,000	2,90,169	4 0 0	3 0	1 11	0 4	2 3	130,962	1-16th	2,178	922	3

No. V.

CHINGLEPUT.

The abkari of the Chingleput District realized Rs. 80,000 in 1830-31. In 1840 and 1850 it fell to Rs. 70,000 and Rs. 63,000, but in 1856 it fetched Rs. 92,650, and in 1861 the contract was sold for one year for Rs. 1,08,000. In 1862 a five years' contract realized Rs. 1,57,000, at which figure the renter agreed to retain the farm for 1867-68 and 1868-69. In the latter year the contract was again put up to auction for a three years' lease, and, though the former renter bid two lakhs, it was knocked down to a new purchaser for Rs. 2,13,000. In December 1870, or eighteen months after the sale, the farm was resold for arrears, the purchaser having died and his representatives having failed to pay up the revenue as it became due. The son of the late renter then obtained the farm for the remaining eighteen months of the lease at Rs. 1,58,000 per annum, being Rs. 42,000 below the sum he bid for it in 1869. In 1871 the Government resolved to adopt the experimental excise system in Chingleput, and conferred the contract on Mr. T. Pritchard with an excise duty of Rs. 1-12-0 per gallon on spirits 30° *u. p.* One of the reasons of this decision of Government was their desire to obtain an insight into the detailed working of an abkari farm, and upon this ground, instead of requiring him to sub-rent the toddy farms as in other districts where the experimental excise system was adopted, he was permitted to retain the direct management of the toddy revenue in his own hands. Mr. Pritchard has favored me with abstract statements showing his entire receipts and expenditure both in regard to arrack and toddy during the year 1872-73, and full details of the issues and consumption of both descriptions of liquor with the price charged, &c., in every part of the district, as shown in the annexed statement. It appears that he entered into arrangements with 456 toddy shopkeepers in the different parts of the district, under which they agreed to pay him a duty of Rs. 2 for every twenty-four measures they sold (being about 3 annas 8 pie per imperial gallon), supplying themselves with the liquor at their own cost, and they bound themselves to pay this duty upon a gross quantity of (60,105 × 24)=1,442,520 measures, or about 524,552 imperial gallons, whether sold or not. This represented a gross duty of Rs. 1,20,134, as in a few localities the rate was reduced to Rs. 1-11-0 per 24 measures. Of this sum Mr. Pritchard collected Rs. 1,18,087, and he places his charges of collection and cost of superintendence at Rs. 11,081, leaving Rs. 1,07,006 as his net collections from toddy, of which he has paid Rs. 80,253, or 75 per cent., to Government.

As to arrack, it appears that he established 29 depôts in different parts of the district to which he dispatched 60,333 gallons of spirits from his distillery in Madras during the year, on which he paid an excise duty of Rs. 1,00,303, being Rs. 1-12-0 per gallon less 5 per cent. for wastage. From these depôts the 328 arrack shops of the district were supplied with 53,550 gallons of spirits, which they disposed of at rates varying on the average from Rs. 2-13-0 to Rs. 4 per gallon, though a few gallons appear to have been sold below these rates. The shopkeepers were allowed a profit of Rs. 9,965 on the 53,550 gallons, or about 2 annas 11 pie per gallon, and the gross price of this quantity as retailed to the public was Rs. 1,96,981, or Rs. 3-10-10 per gallon. Mr. Pritchard's demand less the amount allowed to the shopkeepers was thus Rs. 1,87,016, and of this he collected Rs. 1,86,591. He puts his cost of carriage, superintendence, &c., at Rs. 12,530 (about 3 annas 3 pie per gallon), and the cost of the spirits at Rs. 39,593 for the 60,333 gallons he issued from the distillery, being 10 annas 6 pie per gallon. As already stated, the gross duty paid by him amounted to Rs. 1,00,303, so that his total charges during the year were Rs. 1,52,426 against Rs. 1,86,591 total receipts, leaving him a net profit on arrack of a little over Rs. 34,000, together with the selling value of about 7,000 gallons of spirits on which he had paid duty, but which had not yet been issued from the depôts at the end of year. This may be estimated at Rs. 3 per gallon, bringing up his total profits from arrack to Rs. 55,000.

The population of the whole district was according to the last census 940,808, and supposing that half the Sydapet Taluk is included in the town abkari, the population of Mr. Pritchard's abkari farm will be 846,820. The consumption of arrack during the year 1872-73 has thus been about one-sixteenth of a gallon per head, and that of toddy about a measure and half, or something over half of a gallon. There are 784 people to each shop, and nearly three shops in every ten square miles of the district.

R. A. D.

CHINGLEPUT.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Taluk.	Area.	Population.	Arrack revenue at 1-12 per gallon.	Toddy revenue.	Total.	Retail price of arrack per gallon.	Retail price of toddy per gallon.	Arrack revenue per head.	Toddy revenue per head.	Total.	Consumption of arrack in gallons.	Consumption per head.	No. of sanctioned shops.	Population per shop.	Shops per ten square miles.
			RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	A. P.	A. P.	A. P.	A. P.					
Chingleput ..	470	131,359	15,027 5 5	14,869 0 11	29,896 6 4	3 10 10	4 8	1 9	1 9	3 6	6,666	1/20	133	988	2·8
Conjeeveram ..	500	168,358	27,195 0 0	17,394 10 8	44,589 10 8	3 11 8	4 8	2 7	1 8	4 3	15,692	1/11	157	1,072	3·1
Madrantikum ..	650	198,045	9,138 11 8	11,201 7 5	20,340 3 1	3 13 5	4 8	0 9	0 10	1 7	4,464	1/50	112	1,768	1·7
Trivellore ..	585	150,769	19,735 15 10	7,230 12 8	26,966 12 6	3 10 0	4 8	2 1	0 9	2 10	11,341	1/14	130	1,159	2·2
Sydapet ..	340	90,000	18,959 9 3	14,469 5 11	33,428 15 2	3 11 9	4 8	3 4	2 6	5 10	9,728	1/10	105	1,761	3·1
Poneri ..	326	104,300	10,247 0 5	15,088 9 5	25,335 9 10	3 10 6	4 8	1 6	2 3	3 9	5,656	1/20	147	710	4·5
Total ..	2,871*	842,83[illegible]	1,00,303 10 7†	80,253 15 0	180,557 9 7	3 11 4	4 8	1 10	1 6	3 4	53,547	1-16th	784	1,075	2·7

* According to most recent returns the area of the district is 2,753 square miles.

† Includes the duty on about 7,000 gallons passed out of the distillery, but not issued to shopkeepers from depôts.

APPENDIX F.

TOWN OF MADRAS.

Previous to the year 1800 the arrack and toddy revenue of the town of Madras was farmed out, but in that year a system of licensing a certain number of arrack stills of a known capacity was adopted, and the toddy revenue was continued on the farming system. In 1804 there were serious complaints owing to the drunkenness caused by the large number of the toddy shops opened by the renter. The system was then altered, a certain number of shops being determined upon for each division of the town, and the purchasing and selling price of the liquor being fixed, the amount of tax for each shop was determined by tender in the same way as that paid for arrack shops. It was supposed that 100 trees produced 5 gallons of toddy and the tax on each gallon was two annas.

For a short period the system of renting the tax upon both Columbo and puttai arrack as well as toddy was tried between 1820 and 1830, but eventually, in the latter year, the present system of dealing with the revenue was introduced, except in regard to the supply of Columbo arrack which was obtained from the Commissariat Department up to 1861 at different prices varying from 10 annas 6 pie per gallon to Rs. 1-8-0 per gallon. Since 1861 the Collector has obtained the Columbo arrack by contract. In 1859 the cost of the puttai arrack at the Government distillery was only 6 annas per gallon, and the toddy was purchased by the vendors at 1 anna 3 pie per gallon, an equal sum was paid to Government as duty, and an equal sum realized as vendor's profits, the selling price being 3 annas 9 pie per gallon.

The present system as in force in 1869 is described by the Board of Revenue* in the following words:—

* Proceedings, 28th June 1869, No. 4634.

"The law (Act XIX of 1852) applies to the territory within the High Court limits of the town, and to the suburban tracts, eight miles outside them.

"Three descriptions of liquor fall within the abkari: Columbo arrack, country arrack or puttai, and toddy.

"Columbo arrack is distilled in Ceylon from cocoanut toddy and imported twenty below proof by a contractor who now supplies it to the Collector at Rs. 165 the leaguer of 150 gallons,† or Rs. 1-1-7 a gallon. It is sold at forty-nine shops, all of which are situated within the High Court limits.

† 125 Imperial gallons.

"Country arrack or puttai is distilled by an establishment employed by Government at a distillery near the mint, and is made from jaggery fermented with vellum bark. It is about thirty below proof. The cost of distilling inclusive of establishment was 9 annas 4 pie last year, and although this was more than it had ever been before, the Board have facts before them which lead them to conclude that the present cost may be taken to be nine annas a gallon and that it is likely to increase. The processes of manufacture are carried on in a very rude and antiquated manner, and the quality of the liquor produced is universally denounced as inferior. Country arrack is sold at fifty-seven shops within the High Court limits, and is received by the holders of five godowns outside those limits who have a certain number of villages assigned to them, and make their own arrangements for retailing.

"Columbo arrack and country arrack are never sold in the same shop, because they attract different descriptions of customers. No Columbo arrack is sold outside the High Court limits, where there seems to be no demand for it.

"Each shopkeeper and godown-holder is bound by a dowle or agreement to sell a certain amount of liquor daily, and that quantity and as much more as he wants is supplied to him from the Deputy Collector's office every morning. The payments are adjusted monthly.

"The following table shows the cost and profit per gallon, both to Government and the retailers inside and outside the High Court limits:—

	Columbo arrack.	Country arrack inside limits.	Country arrack outside limits.
	RS. A. P.	RS. A. P.	RS. A. P.
Cost to Government per gallon	1 1 7	0 9 0	0 9 0
Price at which issued by Government	3 7 0	3 0 0	1 7 0
Vendor's minimum price	3 15 4	3 5 4	2 1 4
Profit to Government	2 5 5	2 7 0	0 14 0
Profit to retailers	0 8 4	0 5 4	0 10 4

The necessity of decreasing the price of liquor outside the limits arises from the neighbourhood of tracts where the Mofussil Abkari law prevails, and the minimum price of arrack is Rs. 2-[illegible]0 a gallon. Observing that the gallons here mentioned are not imperial and that the duty on Imported spirits is Rs. 3 the Imperial gallon, or Rs. 2-8-0 the common gallon at proof, it follows that the profit or excise retained by Government on all liquor sold within the limits is greater than the duty.

	Columbo arrack.	Country arrack within limits.	Country arrack outside limits.
	RS. A. P.	RS. A. P.	RS. A. P.
Excise per gallon	2 5 5	2 7 0	0 14 0
Duty	2 0 0	1 12 0	1 12 0

"If a retailer does not sell the whole quantity specified in his dowle, he may decline to take, or if he has taken it, bring back the remainder to the Deputy Collector's Office, and the price it cost Government is returned to him, he thus loses the difference between the price at which the liquor was issued and the cost price, whilst Government retain their profit, whether the liquor is sold or not. The dowles used to be fixed by competition, but they are now arranged by agreement between the retailer and the Deputy Collector at the beginning of the fasli. This system should provide a safeguard against smuggling and adulteration, but the following table shows that it is at present inoperative, the retailers taking much more liquor from Government than is specified in their dowles:—

For the first 11 months of Fasli 1278.	Columbo arrack.	Country arrack inside limits.	Country arrack outside limits.
	GALLONS.	GALLONS.	GALLONS.
Dowles	107,577	48,025	39,488
Issues	128,280	51,366	46,037

"Toddy is the fermented juice of the palm-tree. Cocoanut toddy is sold at 431 shops (300 of which are inside, and 131 outside, the High Court limits) divided into four classes according to the number of trees assigned to each, and at one large emporium at St. Thomas' Mount, which is rented by auction every year. The trees from which the toddy is drawn are stamped, so that there may be no doubt as to those which any shopkeeper is permitted to use. The shopkeepers have a dowle which prescribes not the number of gallons they agree to sell, but the amount they agree to pay Government per diem.

"Palmyra toddy is sold at 96 shops outside the limits, which are rented during the season or for three months in the year only.

"The following statement shows the details of the arrangements:—

Class.	No. of shops.	No. of trees.	Payment to Government per diem.
Cocoanut Toddy.			RS. A. P.
1st Class	56	330	2 13 0
2nd "	47	247	2 3 0
3rd "	234	165	1 5 0
4th "	94	110	0 12 0
	Mount shop.	1,024	8 0 0
Palmyra Toddy.			
3rd Class	96	100	1 5 0
4th "		60	0 12 0

"Each shopkeeper requiring extra trees can use them on paying an anna a day for each additional eight trees assigned to him.

"Bakers are allowed to draw toddy on payment of 2 annas 4 pie a day per gallon, and twelve trees are assigned to them as producing one gallon.

"The Abkari establishment costs altogether Rs. 23,256 per annum, of which the portion engaged in distilling costs Rs. 2,280."

Since 1869 the dowles of the Columbo and puttai arrack shopkeepers have been considerably increased, and the prices at which Columbo and puttai arrack are supplied to the vendors and sold to the public have been raised as noted in the margin. The Government have also given up the manufacture of country or puttai arrack on their own account, but obtain what they require from a contractor at the fixed rate of 10 annas per gallon. The sum paid for Columbo arrack has also varied from time to

	Columbo.	Inside limits puttai.	Outside limits puttai.
	RS. A. P.	RS. A. P.	RS. A. P.
Issue price ..	4 0 0	3 2 0	2 2 0
Retail price ..	4 6 0	3 8 0	2 8 0

time with reference to the market price. The daily payments of the toddy shops have also been increased to the rates shown in the margin.

	RS.	A.	P.
1st Class	3	4	0
2nd ,,	2	8	0
3rd ,,	1	8	0
4th ,,	1	0	0

The collections on account of arrack during the past five years are shown below, as well as an estimate of the collections of 1873-74 framed in accordance with the dowles of the shopkeepers:—

Year.	Columbo.	Puttai inside limits.	Puttai outside limits.	Total.
	RS.	RS.	RS.	RS.
1868-69	4,76,887	1,67,894	71,936	7,16,717
1869-70	5,52,985	2,00,154	1,80,671	8,71,810
1870-71	4,53,830	2,00,462	85,201	7,39,493
1871-72	4,81,826	2,29,705	82,710	7,94,241
1872-73	4,80,156	2,39,962	91,462	8,11,580
1873-74	5,15,380	2,54,360	1,02,382	8,72,122

It will be seen that the modification of system introduced at the end of 1868-69 effected a large increase of revenue in the following year, but that in 1870-71 there was a considerable falling off. Since that year there has been an increase, mainly in the sales of country arrack which may probably be ascribed to the superior description of liquor which is supplied by the present contractor.

The average annual consumption of arrack within the inner limits of the town abkari from 1856-57 to 1860-61 was about 64,000 imperial gallons of Columbo arrack, and 90,000 gallons of puttai. During the next seven years the foreign spirits largely displaced the home-made article for 1867-68 and 1868-69, the figures were about 115,000 Columbo, and only 45,000 gallons of puttai.

The present consumption of arrack within the town may be roughly stated at 100,000 imperial gallons of Columbo arrack, and 60,000 of puttai arrack, so that the home-made article has to some extent resumed its position. The present consumption within the town limits is thus about two-fifths of a gallon per head, and supposing the population of the outside limits to be 96,000, the consumption here will reach about the same figure, as it is about 40,000 gallons of puttai arrack per annum. If the sum now paid for the toddy shops as shown in the margin represents, as in former days, a duty of 1½ annas per gallon on the quantity sold, the consumption of this liquor, both within and without the limits, must amount to about 3,200,000 gallons. This quantity being divided among a population of 500,000 gives a rate per head of about 6 gallons per annum; but in all probability, the duty now paid on the toddy is about 3 annas a gallon which would fix the consumption at about 3 gallons per head.

	RS.
1868-69	2,72,256
1869-70	3,10,673
1870-71	2,96,323
1871-72	3,08,645

R. A. D.

APPENDIX G.

No. 1.

MYSORE.

Extract from a report by the undersigned on the Mysore Abkari recorded in Madras G. O., dated 21st October 1872, No. 1453.

* * * * *

PARA. 3. So far as I have been able to ascertain, no special attention seems to have been paid to deriving a revenue from the manufacture and sale of spirituous and fermented liquors until the assumption of the management of the province by the British Government in 1832. It is stated that Tippoo Sultan had so great a regard for the morality of his subjects that he declared the sale of spirits to be illegal, and directed all the date-trees, from which the toddy-juice was extracted, to be cut down—an order which, however, was carried out only in the immediate vicinity of Mysore and Seringapatam. During the early administration of the late Maharajah, too, the distillation of spirits was discouraged, though the less injurious liquor, "toddy" or palm-wine, was largely manufactured. The only impost then generally in force seems to have been a light assessment on the liquor-shops, more of the nature of a "Moturpha," or professional tax than of an excise duty, though in the town of Bangalore an exceptional revenue from this source has always been realized. The practice of renting the exclusive right of the manufacture and sale was, however, partially adopted during the later years of the Native Government, and in 1831-32 the revenue under this head amounted to about two lakhs of rupees, or £20,000.

4. The renting system was continued by the British officers conducting the administration of the province up to 1847-48, when the revenue amounted to nearly six lakhs of rupees, or £60,000. In that year, though the toddy revenue continued to be rented, the direct management of the arrack revenue was assumed by the Administration in, at any rate, two out of the four divisions; the liquor being manufactured at the cost of the State, and supplied to licensed vendors at a fixed price, who again were required to sell to the public at a moderate profit. This change in the system of management resulted in an immediate rise in the revenue of upwards of a lakh of rupees, and in 1858-59 the excise receipts of the province had risen to nearly 8½ lakhs, or £85,000. The manufacture of arrack on Government account was discontinued in that year owing to the high price of materials, and the liquor was for a time obtained from a firm which had established a distillery on the European system at Palhully near Mysore; but eventually the renting system was again reverted to in 1861-62, notwithstanding that in the previous year the excise revenue had risen to nearly eleven lakhs of rupees (£110,000)—a sum which has never since been realized under this head. It is, however, to be noted that the charges under abkari in 1860-61 amounted to nearly a lakh and-a-half, so that the revenue of the year 1871-72 (Rs. 10,56,528) represents a considerable increase in the *net* revenue.

5. In 1862 the introduction of the sadr distillery system, as then in force in the province of Oudh, was first mooted and met with the unanimous approval of the officers in charge of divisions, but it was not generally adopted throughout the province until 1864-65, in which year the abkari revenue fell to little over 8½ lakhs of rupees (£85,000). Of this sum Rs. 3,61,644 was derived from excise duty and licenses for the sale of arrack, and the remainder from the tax on toddy and ganjah, which has continued to be rented out to farmers. Since 1864-65 the former branch of the excise revenue has increased to Rs. 5,13,616 in 1871-72 with certain fluctuations, and, as already stated, the gross abkari revenue collected in that year was Rs. 10,56,528.

6. The Oudh system of management, which was professedly adopted in Mysore, provides for the erection of a large enclosure, styled a Sadr Distillery, at the headquarters of each district (and in other places if the consumption requires it) in which all country spirits consumed in the district must be manufactured. Any person who chooses may erect a still, at his own expense, within the enclosure, and distil as much liquor as he pleases, removing it himself, if a licensed vendor as well as a distiller, or selling it to the other licensed vendors, on the sole condition that before removal the excise duty must be paid, and the liquor reduced to the authorized strength; the officers of Government confining themselves to taking such precautions as will insure no liquor being passed out of the distillery except on these conditions, and "having nothing to do with the manufacture, or its cost, or the price at which the produce is sold."

9. The establishment, as per margin, is kept up at the Bangalore distillery for the purpose of gauging and measuring the liquor as it leaves the gates, and charging it for duty, and the supervisor and two peons also make tours in the district to check any irregularities at the shops and to detect any illicit distillation or smuggling. The Mutsuddis keep a daily account showing the quantity of spirits passed out by each distiller, its destination, and the amount of duty payable thereon. A weekly account with the same particulars is despatched to the treasury, and a bill at the same time supplied to each of the distillers, who discharge their liabilities weekly. The distillery is closed on Sundays, and is open on the other days of the week from 6 A.M. to 5 P.M.

	Per mensem. RS.
Supervisor	80
Head Mutsuddi	35
Assistant	15
Tester	15
Duffadar	10
Naigue	8
4 1st Class Peons, at Rs. 6 each	24
4 2nd " " " " 5 "	20
Total	207

10. The distillers must not remove any liquor from the distillery except at the prescribed strength of 19° under proof and on the pass of the Government officers; they make their own arrangement for the disposal of the liquor, the only restriction being that it must be issued either to the wholesale shops or to the retail vendors themselves at the distillery. In the former case the cost of the transit to the wholesale shops is borne by the distillers. Not less than 20 gallons must be removed at one time to a wholesale shop, and the sales at such shops, which are restricted to licensed retail vendors, must not be less than 2 gallons at a time. The shop accounts must be open to the inspection of the abkari officers at any time, so that the monthly or daily issue to every retail shop and the price charged can easily be ascertained. The retail vendor binds himself to sell only the liquor supplied by the distillery to which his shop is attached, to require all liquor purchased to be drunk on the premises, not to permit any one person to drink more than two drams of liquor at a time, not to dilute or adulterate the liquor, and to produce his shop accounts when required, as well as to observe certain other police regulations.

* * * * *

20. It will be observed from the sketch of the abkari system as now in force in Mysore and Coorg, given in paragraphs 6 to 10 above, and from the foregoing details of its working in each district, that the so-called sadr distillery system has been so far adopted that a complete and effective control is secured over the retail shops, and that the direct interference of Government, either in the manufacture or distribution of spirits, has ceased. The quality of the spirits supplied to the public is also said to be greatly improved under the new system, and it has the decided advantage over the former system that the revenue is much more easily collected. The natural increase of consumption which was to be expected from the gradually improving condition of the population has also undoubtedly been styled, owing to the high price at which spirits are generally sold throughout the province, and the district officers are generally of opinion that a decided check has been placed upon smuggling and illicit distillation. With one exception, they think that no liquor is ever now smuggled out of a distillery, and no case of the kind has been detected since their establishment. As to illicit distillation, it is believed to be practised to some extent in Coorg and in the Mulnaad portions of the Nuggur Division, but only for private consumption and not for sale. It is stated that the separate interests of the several distillers would render any attempt to pass unexcised liquor out of the distillery certain of detection, and that the general interest of the distillers and shopkeepers and of the numerous persons employed under the toddy contractors, extending as they do to all parts of the country, would make illicit distillation an impossibility. The services of the itinerating Abkari Darogah, of the Police, and of a large staff of village officials, are also available for the purpose of detection.

* * * * *

25. It may, however, be safely asserted that one of the chief merits claimed for the sadr distillery system, namely, "the minimum of consumption," has been secured in the Mysore Province and Coorg, but whether it has been combined with the "maximum of revenue" is, I venture to think, very questionable. The retail price of arrack was everywhere considerably raised when the new system was introduced, and this could not fail to check the natural increase of consumption in some measure, but it should not have also had the effect of reducing the revenue, as an increase of duty should have covered the loss from decreased consumption. This might perhaps have been the case had the new system been carried to its legitimate conclusion, and "if any person who chose had been permitted to distil liquor within the Government distilleries," or rather the state of circumstances would never then have arisen, for it would have been found that a moderate profit could be obtained by the distillers, even after the payment of the Government duty, without materially raising the price to consumer, and no check to consumption would have been given, so that the revenue would probably have continued also to increase. For instance, in 1865-66, in the province of Coorg, when the manufacture of arrack was in the hands of Government officials, the retail vendor sold a bottle of arrack for As. 8 for which he paid to Government a little more than As. 6—a price which enabled the State to realize a net revenue of about Rs. 80,000 from a consumption of about 50,000 gallons, being a little over Rs. 1-9-0 per gallon. Since 1867-68 the vendor has raised the price to Annas 12 per bottle, and in that year the State realized a net revenue of something less than Rs. 73,000 from a somewhat decreased consumption of about 45,000 gallons, being a duty of about Rs. 1-10-0 per gallon; and during the past year a consumption of about 60,000 gallons has given a net revenue of about Rs. 1,07,000, equal to an excise duty of Rs. 1-13-0 per gallon. Thus, though the price of spirits to the consumer has been increased from Annas 8 to Annas 12 per bottle, or 50 per cent., under the new system, the net duty derived from the sale of a gallon of spirits has only increased from Rs. 1-9-0 to Rs. 1-13-0. If the distilleries of the Coorg District had been open to all, it is at least possible that many would have found it a profitable speculation to supply the retail vendors at, say, Annas 7 a bottle instead of Annas 10; the vendor would then have sold at Annas 9, and there would have been no check to the natural increase of consumption which would probably have resulted in a considerably increased revenue.

26. The absence of the maximum of revenue as combined with the minimum of consumption may, I think, therefore, be fairly ascribed to the want of competition among the distillers, and, though this is specially apparent in Coorg, it seems to me also to be present to a more or less extent in almost every district of the Mysore Province. I am bound here to state that some of the district officers are of a contrary opinion, and consider that there is really a *bonâ fide* competition among the distillers and shopkeepers. The inquiries I have myself made, however, both at the distilleries and shops which I have visited, leads me to suppose that if any such competition exists as all, it is merely for the purpose of securing a large sale for the produce of their stills, and rarely, if ever, tends to a reduction in the price of the article to the licensed vendors or to the public. A consideration of the sums available for distiller's and vendor's profits and costs, as given in paragraphs 11 to 19 above and again detailed in the margin, seems also to support this view. It will be seen that they vary from Rs. 2-11-0 per gallon in Coorg to Rs. 1 per gallon in Toomkoor. Of course the prime cost of spirits must vary considerably in different localities with reference to the cost of materials, and spirits of a lower degree of strength can be manufactured at a much lower rate than spirits of the higher strengths. Another element to be considered is the transport from the distilleries to the wholesale shops, which is borne entirely by the distillers, and it is consequently very difficult to arrive at a rate for the cost of production and distribution which will be uniformly applicable. My own calculations, very liberally made, seem to show that in the Bangalore and Mysore Districts arrack can be profitably manufactured at As. 12 per gallon. The Deputy Superintendents who have entered into the question of cost of manufacture fix it at different rates. In Cuddoor at As. 12, in Chitteldroog at As. 13, in Colar at As. 10-2, in Toomkoor at As. 9, and in Hassan at Rs. 1-4-0. I cannot but believe that there must be some miscalculation about the latter amount, and that As. 14 per gallon would be a very liberal average allowance. I ascertained in Coorg that the cost of distribution varies from Pies 9 to As. 1½ per gallon, and this must be a more expensive item in this locality than in any part of Mysore, so that A. 1 per gallon would probably be a fair average allowance. Adding As. 3 per gallon as retail vendor's profits and As. 2 as further profit to distiller, an average sum of Rs. 1-4-0 per gallon should be ample to cover distiller's and shopkeeper's costs and profits; and a reference to the margin will show that this amount is considerably in excess of the sums calculated to be available for this purpose in the Toomkoor and Colar Districts. If the amounts deduced for the other six districts and the province of Coorg be reduced to this sum, and if the surplus be transferred to the excise duty of Government, it will be found that at present retail prices each district might pay the duties noted in the margin. This on a rough calculation would raise the revenue of the Mysore Province by upwards of a lakh, or more than 20 per cent., and the revenue of Coorg by about Rs. 80,000, or 70 per cent.

	RS.	A.	P.
Bangalore	1	10	8
Colar	1	2	0
Toomkoor	1	0	0
Mysore	1	14	0
Hassan	1	15	0
Cuddoor	2	8	0
Shimoga	1	9	0
Chitteldroog	2	2	0
Coorg	2	11	0

	RS.	A.	P.	
Bangalore	2	14	8	(average for town and country).
Mysore	2	8	0	
Hassan	2	8	0	
Shimoga	2	0	0	
Cuddoor	2	12	0	
Chitteldroog	2	6	0	
Coorg	3	4	0	

27. These figures afford ample proof that the change in the system of management of the abkari revenue which has been introduced into Mysore, though perfectly successful in having effectually checked what may be considered in some quarters the undue consumption of spirituous liquors by the people, cannot be considered as equally satisfactory from a financial point of view. The causes of its want of success in this respect are easily ascertained. They are in no way owing to defective administration, but are, as it seems to me, entirely to be ascribed to the natural operation of the system itself. The sadr system of management, though theoretically based upon the broadest principles of free trade in spirits, has, I venture to think, an unavoidable tendency to create an unrestricted monopoly—the most objectionable of all fiscal arrangements, and one which enables the monopolists to enrich themselves at the expense of the State and the public. The very essence of the success of the system is unlimited competition in the manufacture of liquor, so that the very best article shall be offered to the public at the very lowest price compatible with a fair return on the capital expended on its preparation. Now, it is well known that compe-

tition is nearly everywhere considerably influenced by custom. Mr. John Stuart Mill remarks upon this subject: "Political economists generally, and English political economists above others, have been accustomed to lay almost exclusive stress upon the first of these agencies, to exaggerate the effect of competition, and to take into little account the other and conflicting principle. They are apt to express themselves as if they thought that competition actually does, in all cases, whatever it can be shown to be the tendency of competition to do. This is partly intelligible, if we consider that only through the principle of competition has political economy any pretension to the character of a science. So far as rents, profits, wages, prices, are determined by competition, laws may be assigned for them. Assume competition to be their exclusive regulator, and principles of broad generality and scientific precision may be laid down, according to which they will be regulated. The political economist justly deems this his proper business, and, as an abstract or hypothetical science, political economy cannot be required to do, and, indeed, cannot do anything more. But it would be a great misconception of the actual course of human affairs to suppose that competition exercises, in fact, this unlimited sway. I am not speaking of monopolies, either natural or artificial, or of any interferences of authority with the liberty of production or exchange. Such disturbing causes have always been allowed for by political economists. I speak of cases in which there is nothing to restrain competition—no hindrance to it either in the nature of the case or in artificial obstacles; yet in which the result is not determined by competition, but by custom or usage; competition either not taking place at all, or producing its effect in quite a different manner from that which is ordinarily assumed to be natural to it. Competition, in fact, has only become in any considerable degree the governing principle of contracts at a comparatively modern period. The further we look back into history, the more we see all transactions and engagements under the influence of fixed customs. The reason is evident. Custom is the most powerful protector of the weak against the strong—their sole protector where there are no laws or government adequate to the purpose. Custom is a barrier which, even in the most oppressed condition of mankind, tyranny is forced in some degree to respect." Probably there is no country in the world where greater weight should be given to these observations than in India. The Hindoo is averse to emerging from the grooves in which his ancestors moved. A powerful and at the same time a liberal government is a benefit which he has enjoyed for a comparatively short period, and real and unlimited competition is alien to his nature and even to his religion.

28. Supposing then that it were possible to carry into effect the rules of the sadr distillery system, and to permit any person who chose to erect a still within the Government enclosure, I very much question whether there would be anything like *bonâ fide* competition amongst the distillers. No matter what the numbers were, I believe that they would become a sort of guild, and would combine for their own benefit and to the disadvantage of the public. In practice, however, it must be simply impossible to carry out this provision of the system. No enclosure would be large enough to provide accommodation, and no establishment strong enough to supervise an unlimited number of stills. The district officer is consequently compelled to make a selection, and his nominees become virtually monopolists of the manufacture of spirits in the district, and are thus enabled to exact from the public any amount of taxation for their own benefit, which, when added to the duty levied by Government, will not raise the price of the article to a figure which will induce the public to forego its use altogether. It is very true that, with a very high rate of Government excise duty, it would probably be to the interest even of the monopolist manufacturer to sell spirits at the lowest remunerative price, and it is upon this principle that the abkari farmers of the Madras districts are not limited in regard to the price to be charged for liquor; but it is very questionable policy to charge high duties, as it is well known that this course almost invariably leads to extensive smuggling and illicit distillation.

R. A. D.

No. II.

Note on the Abkari in Oudh.

Up to the year 1858 the farming system of management appears to have been in force in Oudh. The farms were leased out yearly district by district.

In 1859 an attempt at introducing the sadr distillery system was made, that is to say, the right to manufacture and sell liquor was no longer leased out, but spirits were manufactured by Government establishments at certain distilleries and by them supplied to the "abkars," as the old distillers and liquor salesmen were styled, who thus became mere liquor-*sellers*. In 1860-61 the spirits were still made at the Government distilleries, but were manufactured by a contractor under Government supervision, who supplied them to Government at a strength of about 30° *u. p.* for $7\frac{1}{2}$ annas and afterwards for 9 annas per imperial gallon. The Government supplied the liquor to the shopkeepers at Rs. 1-14-0 per gallon, thus realizing a duty of Rs. 1-5-0 per gallon. During these years there had been considerable opposition to the new system from the old abkars, and other men were often employed as liquor-sellers. Much had also been left to the discretion of the

district officers as to the mode in which the system should be worked, the duty to be charged, &c., and in many parts of the country the old farming system was still maintained. In 1859-60 out of a revenue of Rs. 5,75,150 upwards of four lakhs were realized under the farming system, and in 1860-61 about $2\frac{1}{4}$ lakhs of a gross revenue of Rs. 5,97,442 were so obtained.

Early in 1860 the Chief Commissioner, who had formerly been in favor of employing others than the old abkars as salesmen, saw reason to change his opinion, and desired that, wherever possible, they should be afforded legitimate employment, either by the retail sale of Government liquor, or by the manufacture of their own in a Government distillery and on payment of the still-head duty. In May orders were issued that all option on the part of the district officers as to the adoption of the sadr distillery system was to cease, and that a uniform duty of 12 annas per gallon for spirits below 25° *u. p.* and Re. 1 per gallon for liquor above that strength should be charged. In the year 1861-62 the gross excise revenue from spirits was Rs. 6,19,643, of which only Rs. 55,794 were realized under the farming system in the Fyzabad Division. Everywhere else the sadr distillery system was in force, though but a very small sum was as yet charged for shop licenses. It was then stated "that in a densely populated country with towns and bazaars, the system can be introduced with comparative facility. Difficulties, however, occur when the old monopolists are powerful, and on the frontier of the North-Western Provinces where no fixed duty is paid on spirits."

In 1862-63 the sadr distillery system proper was adopted, and all distillation by Government establishments or on behalf of Government was to cease. Anybody who pleased, on payment of a nominal fee,* might manufacture liquor on his own account in a Government distillery, which were provided in nearly all the tehsil stations (head-quarters of taluks or parganas), and might dispose of it on his own terms to any licensed vendor, provided only that the still-head duty must be paid before the liquor left the distillery.

The licensed vendors were also required to pay fees in accordance with their estimated sales at rates of Rs. 15, Rs. 7-8-0, and Rs. 2 per mensem. The still-head duty was also doubled, being fixed at Rs. 1-8-0 and Rs. 2 for the two descriptions of liquor. These measures resulted, however, in a loss of revenue, the gross collections being only Rs. 5,56,150, being a falling off of considerably upward of half a lakh. The people were said to have been compelled to abandon their usual dram, and a reduction of duty was recommended.

In the following year, 1863-64, the duty was reduced from Rs. 1-8-0 and Rs. 2 to 12 annas and Re. 1 per gallon, the consumption of liquor increasing thereupon so much as to give from the lower duty of 1863-64 nearly the same revenue as had been realised from the higher duty of 1862-63, viz., for still-head duty Rs. 4,60,890, and fees Rs. 98,061, in all Rs. 5,58,951.

In the following year, 1864-65, a considerable portion of the province suffered from drought, but nevertheless the revenue rose to Rs. 5,80,596, of which Rs. 1,10,797 were from license fees. Difficulties were experienced in testing the strength of the liquor, owing to the somewhat complicated nature of the operation by the hydrometer. The number of licensed shops this year in the whole province was 5,000, against 4,500 in the previous year.

In 1865-66† there was considerable difficulty found in checking a monopoly of the wholesale shops on the part of the distillers. It appeared that there was much adulteration (dilution) of the liquor in the wholesale and retail shops, which the tehsildars could not check as they were not provided with hydrometers. It was also found necessary to require the excise darogahs to be more constantly on tour, and to move through from one district to another to prevent their forming local associations. The shops rose to 5,044 in number, and the license fees to Rs. 1,11,727 in amount. The still-head duty fell to Rs. 4,59,000. This, however, at the lower rate of duty represents a consumption of 573,780 gallons of spirits 25° *u. p.*

In 1866-67 the abkari year was changed and taken to end on 30th September instead of 30th March. For the year ending 30th September 1867, the revenue was for fees (license only, as the distillery fees were abolished) Rs. 1,08,000 and for still-head duty Rs. 5,35,161. The shops increased to 5,329. In the following year the duty rose to Rs. 5,85,180, and the shop fees to Rs. 1,26,535 from 5,725 shops in all; of these 4,000 paid at Re. 1 per mensem, more than 1,000 at Rs. 2, 275 at Rs. 3-12-0 and Rs. 7-8-0, 39 at Rs. 15, and 6 at higher rates up to Rs. 60.

In 1868-69 there were 22 sadr distilleries in the province kept up at a cost of about Rs. 20,000, but many of the retail shops were closed owing to the bad season. There were only 4,355 retail and 301 wholesale, yet the shop fees rose to Rs. 1,28,539, but the still-head duty fell to Rs. 5,20,702. In the following year there were 4,353 shops, and the license fees still stood at Rs.

* When distilling for sale to others, or without fee when distilling for himself.

Note by the Superintendent of Excise.

† One of the gravest difficulties that beset the sadr distillery system is that of monopoly. Another is the system of combination which exists among distillers and vendors. Every effort has been made to cope with these, but with only partial success. As to adulteration or dilution of liquor, our system only pretends to check this in the case of the wholesale vendor. He represents the distillery. His *raison d'être* is as a substitute for the distillery. He gets a drawback of 2 annas in the rupee on the duty he pays to cover cost of carriage, establishment, &c., and is bound by the terms of his license to sell the liquor pure as it is issued from the distillery. The retail vendor is allowed to dilute the liquor he sells as he chooses. The taste of the consumers is the only check upon him.

As a rule, I find the spirits kept in stock by the wholesale vendors to be generally of the proper strength, though now and then I have to send up a case of apparent dilution.

Darogahs I believe to be a mistake. Unless very closely watched they neglect the duty of touring through their districts, and it is very rarely that they do any really good detective or preventive work. I think it would be a far better plan to make tehsildars *ex-officio* darogahs (as is contemplated by the Excise Act), and give them a separate establishment of excise chaprassies.

1,28,721, but the still-head duty rose to Rs. 5,57,476. Difficulties were again experienced as regards working the hydrometers, and a suggestion was made that liquor of any strength should be passed out of the distilleries at a uniform duty of Rs. 1-8-0 per gallon instead of 12 annas.

In 1870-71 there were nearly 6,000 retail shops and 433 wholesale, and the license fees rose to Rs. 1,32,313 and the duty to Rs. 5,60,872. In the following year the retail shops were reduced to 5,145 and the wholesale to 380, and the license fees fell to Rs. 1,28,246. The duty also fell to Rs. 4,50,473. The season was a bad one, but the decrease in the collections was also ascribed to a combination "among wholesale vendors and distillers to keep up prices and monopolise trade." It was stated that the wholesale dealers sold liquors 25° *u. p.* at Seetapore at Rs. 1-12-0 per gallon, which had cost them, including duty with wholesale discount of 1° anna per gallon, about Rs. 1-4-6. The darogahs were considered wholly inefficient as a check against illicit manufacture or smuggling, which it was thought could only be effected either by the Police or by rewards to informers. It was also held that the substitution of chaprassies for the police guards at the distilleries had had a bad effect on smuggling.

At the Lucknow distillery the spirits made from molasses are estimated by the Extra Assistant Commissioner in charge to cost the distiller, including firewood, water, and labour, about As. 11-6* per gallon, when once distilled of a strength of from 30° to 25° *u. p.* Six maunds of molasses are estimated to yield 15 gallons of this spirit. The mowah spirit is somewhat cheaper, costing but 8 annas 8 pies per gallon; 4½ maunds of the fruit combined with a maund and a half of molasses are said to produce 20 gallons of spirit of 25° to 30° *u. p.*

Note by the Superintendent of Excise.

* This is an exaggerated estimate. If the actual cost of the liquor were As. 11-6, the rate at which the distiller would pass it out of the distillery (paying 12 annas duty) would be Rs. 1-7-6. Now, as a fact, the distillers frequently sell liquor at the distillery for Rs. 1-4-0 per gallon.

Of course the cost of manufacture varies with seasons and places according to price of material and fuel, but it may be assumed that it rarely rises above 8 annas per gallon and is generally lower.

The retail vendor pays, including the duty of 12 annas per gallon, Rs. 1-8-0 per gallon for the molasses liquor and Rs. 1-6-0 per gallon for the mowah, so that the distillers would apparently have but a small profit on the manufacture; but as a matter of fact the vendors are either the partners or the servants of the distillers. The stronger liquor is made from molasses only by a second distillation, which turns out spirit of from 3° to 5° *u. p.*, and costs the distiller about Rs. 1-1-2 per gallon, and is supplied to the vendor at Rs. 1-2-0 (or with the Government duty Re. 1) at Rs. 2-2-0 per gallon. During the present year there was so much combination among the licensed vendors and distillers in the town of Lucknow that it was deemed desirable to accept the tender of a farmer for the licenses of all the shops. The farmer has sub-let them to the distillers at a profit, who thus virtually have a monopoly of sale as well as manufacture, for though nominally any person is at liberty to distil within the Government enclosure at the Government distillery, practically there is no competition.† Two retail shops were examined by the undersigned at hazard in the town of Lucknow; at one the liquor in ordinary use was being sold for 3 annas per bottle, or Rs. 1-2-0 per gallon, at 55° *u. p.*, and at the other for 4 annas per bottle, or Rs. 1-8-0 per gallon at 61° *u. p.* The liquor as issued from the distillery at from 25° to 30° *u. p.* is usually sold at 6 annas per bottle, or Rs. 2-4-0 per gallon, thus giving the retail vendor a profit of 12 annas per gallon, less the amount paid for his license. The liquor in ordinary use, however, is usually much weaker, and the proportionate price is no doubt so fixed as to give a still higher profit.

Note by the Superintendent of Excise.

† A vital weakness in the Oudh sadr distillery system is the poverty of the great mass of retail vendors. The theory of sadr distillery management is that each vendor shall distil his own liquor, the profit upon the sale to consumers being the only one. But in practice the distillation is in the hands of a few men of capital, and to these middlemen goes a considerable profit on the distillation apart from the vendor's profit. Moreover, these distillers often have the petty retail vendors (who are not actually their servants) completely in their power. They advance liquor to the shopkeeper on credit, the shopkeeper gets involved, and thenceforth for that shopkeeper there is but one source from which he can draw his liquor, and he must go to that one at whatever disadvantage to himself.

The Abkari Department is administered on the following system: The control of all sadr distilleries and shops, &c., is vested in the Deputy Commissioner of the district, and under him is a district darogah, but the tehsildars are also required to exercise a control in their respective taluks (tehsils). There is also a Superintendent of Excise, who is also Superintendent of Stamps and Inspector-General of Registration for the whole province, on a salary of Rs. 1,300 per mensem, whose duty it is to inspect sadr distilleries and wholesale shops, to see that the supply of liquor keeps pace with the demand, and generally to supervise all abkari matters. The Deputy Commissioner forwards to this officer monthly returns, giving receipts and charges, a comparison of number of shops licensed in each year at each rate of fee, amount of demand on account of fees, and amount of collections; also amount of still-head duty paid at each distillery. The tehsildars are required to submit to the Deputy Commissioner statements from which the returns are compiled, as well as the quantity of liquor issued for the use of each shop. The average salary of the district darogah is Rs. 50 per mensem, and he has two peons at Rs. 5 per mensem each. There is a writer in charge of each distillery under the tehsildar on a salary of Rs. 20 per mensem, and he is assisted by two peons on Rs. 5 each. His duty is to see that all spirits immediately after manufacture are stored under lock-and-key, and to keep a daily register showing the balance of liquor in store the previous day, the number of stills from which liquor is taken each day, the quantity of liquor removed from them with its strength, the quantity of liquor issued for sale, and the balance. He is also required to keep a register of daily issues,

showing the name of the wholesale or retail vendor removing the liquor, the shop to which it is to be taken, the quantity and strength, and the duty paid.

Each sadr distillery is enclosed within a wall of not less than 10 feet high, and there is only one gate for ingress and egress. It is always kept closed at night, and if parties desire to continue at work they must consent to be locked in.* All liquor is passed out at a certain fixed hour, if possible, in the presence of the tehsildar. The duty is paid before the liquor is passed out at the rates of 12 annas per gallon for spirits from 25° to 30° below proof, and Re. 1 per gallon for spirits from 25° to proof. All spirits must be passed out between proof and 30° *u. p.* A pass is given to persons passing out liquor, which must be taken by at least 2 gallons at a time, or by 20 gallons in the case of wholesale vendors, who then receive a discount of 2 annas per rupee. At large distilleries there is a guard of a head constable on Rs. 12 per mensem and three constables at Rs. 6 each; at small distilleries two chowkidars on Rs. 5 each. Any licensed vendor, wholesale or retail, is permitted to distil liquor within the distillery for the use of his own shop, but if he distils for sale to others, he is charged a license fee of Rs. 2 per mensem. The holder of a wholesale license must have a shop at least 14 miles from a distillery, unless, for special reasons, he is allowed to open one at a shorter distance, and he has no monopoly, as other wholesale shops may be established at the same place.† He must sell to licensed vendors only, and in quantities of not less than two gallons at a time, and he must remove from the distillery at least 20 gallons on each occasion to entitle him to the wholesale drawback of 2 annas per rupee. His license is not transferable, and he must produce his shop accounts when required, and must not dilute or adulterate the spirit supplied to him. The retail vendor pays a rate of license fee varying with reference to the locality of his shop from 1 rupee per mensem in out-of-the-way localities (in some of which he is altogether exempt) to Rs. 15 per mensem in Fyzabad, and even higher rates in Lucknow. He is at liberty to draw his supply from any distillery or from any wholesale shop, whether in his tehsil or district or out of it. His accounts must be open to inspection, but he is not required to enter into any engagement as to the non-dilution of his liquor. Except for special reasons, whenever a retail license is applied for it is granted, but practically the number of shops rarely exceed 5,000, and have never of late years been reduced below 4,000. Whenever it appears that a shop takes so small a quantity of liquor as to fail to cover the amount of license fee, the license may be cancelled by the district officer. The fees are payable, as a rule, monthly in advance. If the license is resigned before the close of the year for which it is granted, a fine of six months' fee is leviable. Liquor may not be sold in larger quantities than one bottle to each purchaser.

* As much as possible night distilling is discouraged.

Note by the Superintendent of Excise.

† I begin to think that it is preferable to have only one wholesale shop at each place. The one wholesale vendor having the whole area of supply to himself might be satisfied with a moderate rate of profit per gallon. Where two or three wholesale vendors share that area, they raise their prices so as to make the same profit out of a very much reduced consumption, and in this they act together with perfect unanimity. There is no effort made to undersell each other, and therefore no regulation of price by competition.

It will be observed that in 1859-60 the abkari revenue of the province was Rs. 5,75,150, of which four lakhs were raised on the farming system. The sadr distillery system, with the present rate of duty, brought up the amount in 1861-62 to Rs. 6,19,643, which fell in the following year to Rs. 5,56,150, when the rates of duty were doubled. In 1863-64 the old rates of 1 rupee and 12 annas per gallon for proof spirits and spirits 25° *u. p.* were reverted to. The result was but a slight falling off in the still-head duty, which was compensated for by a rise in the amount collected for shop licenses. In 1867-68 the revenue rose to Rs. 7,10,000, and did not fall much below that figure until 1871-72, when it was as low as Rs. 5,78,000. The license fees throughout the whole period have varied but little, ranging from about Rs. 1,25,000 to Rs. 1,30,000. The receipts on account of still-head duty were Rs. 5,60,000 in 1870-71 and Rs. 4,50,000 in 1871-72. This represents a consumption of about 700,000 gallons and 578,000 gallons in each year, supposing the spirits to be consumed at a strength of from 25° to 30° *u. p.* As the population amounts to 11,174,287 souls, this is at the rate of $\frac{1}{15}$th and $\frac{1}{19}$th of a gallon per head in each year. The average revenue per head from the consumption of spirits, including both still-head duty and license fees, in the former year was somewhat less than 1 anna per head. In addition to this, the population paid nearly a lakh as opium revenue, and about three-fourths of a lakh as revenue from other drugs, including "tari."

Though the consumption was thus by no means small even during the year ending September 30th, 1872, it seems to be very doubtful whether the Government really realizes its full duty upon every gallon of spirits consumed. The ease with which spirits of the higher strengths could be passed out of distilleries at the lower rates of duty is apparent, and must offer very great temptation to the poorly paid officers who are in actual charge. Then the combination among the distillers and salesmen renders it almost certain that a considerable proportion of the retail price of liquor, which should represent duty paid to Government, goes to swell their profits. Unless there is the most open competition both among distillers and salesmen, a state of things hardly to be expected in a community where the manufacture and sale of spirits is in the hands of a particular caste, it must be evident that this will always occur to a certain extent.

R. A. D.

No. III.

Note on the Abkari of the North-Western Provinces.

Up to May 1863 the abkari of the North-Western Provinces was managed on the farming system. It was almost uniformly in force throughout the provinces, though occasionally the licensing of separate shops for the manufacture and sale of spirits, called the "out-still" system, had been resorted to in order to break up combinations. Though the sadr system was prescribed in the "Directions to revenue officers" as an alternative scheme, it had never before been adopted. The farms were let on written tenders or by auction. It was held that the farming system stimulated the consumption of liquor, as it was a matter of great importance to the farmers that the consumption of liquor should be as large as possible. They paid no direct tax on the *quantity* drunk, and the greater the consumption the greater were their profits. The result of the system had been that up to 1863 liquor had been everywhere easily and cheaply obtainable. The net excise revenue, including drugs and opium, of the three years preceding the change of system is given in the margin.

1859-60.	1860-61.	1861-62.
Rs.	Rs.	Rs.
19,38,170	21,49,943	23,74,952

In May 1863 the sadr distillery system was adopted, except in the Jhansi Division, which is surrounded by Native States, and in Kumaon, a mountainous and difficult country and very thinly populated. The still-head duty was at first fixed at 1 rupee per gallon for spirits above 25° *u. p.* in strength, and at 8 annas for spirits below that strength. From the 1st October 1863, however, these rates were raised to Rs. 2 and 1 rupee per gallon for each quality of spirits, but were found too high for the mowah spirit, which at one distillation rarely reaches 70° *u. p.* in strength; whereas the molasses liquor of one distillation is usually of 33° *u. p.*, and when distilled a second time reaches 19° *u. p.* The rates were accordingly finally fixed at Rs. 1-8-0 and 12 annas for molasses spirits of the prescribed strengths, and 1 rupee and 8 annas for the mowah spirits, and so remained up to January 1866, when the rates were fixed at 12 annas and Rs. 1-8-0 for mowah and Rs. 1-8-0 and Rs. 2 for molasses spirits. Subsequently a uniform duty without reference to strength was fixed at 1 rupee on molasses and 8 annas on mowah, and was levied up to April 1869, when it was raised to Rs. 1-8-0 per gallon on both kinds of liquor. The retail shops were at first (in 1863) licensed with a maximum fee of Rs. 8 per mensem, which was afterwards raised to Rs. 15, but the auction system of disposing of these licenses was eventually adopted and continued up to 1869. Under the sadr distillery system when first adopted the shops were reduced from 5,481 to 3,189. Spirits distilled from molasses had been sold under the old system at 2 annas and 4 annas per bottle according to quality; its price under the new was 4 annas and 8 annas. Mowah liquor also rose in price from 1 anna per bottle to 3 annas and 4 annas. Consumption was said to have decreased by one-half during the first five months the new system was in operation.

The excise revenue of 1862-63 fell to Rs. 22,39,000, of which about 17 lakhs were for spirit duty and license fees, 3 lakhs for opium, 2½ for drugs and mudduck and half a lakh for "taree." In the following year, 1863-64, the subsidiary excise collections still stood at about 6 lakhs; but the duty and fees on spirits fell to about 11 lakhs, of which 7¾ were still-head duty and 3¼ license fees. In 1864-65 the still-head duty fell to little over 7 lakhs, but the license fees rose to nearly 5¼ lakhs in consequence of the licenses for retail vend having been disposed of by auction, and in 1865-66, a year of scarcity and distress, the duty was about 6¼ and the fees 5¼ lakhs. The collections from each source are shown in the margin for the following three years. It will be observed from these figures that during the first six years of its introduction, from May 1863 to April 1869, the sadr distillery system had resulted in an annual loss of revenue of not less than £45,000, whereas in the three years immediately preceding its adoption, the net revenue derived from liquor, drugs, and opium had risen from 19¼ lakhs to 23¾ lakhs.

Year.	Fees.	Duty.
	Rs.	Rs.
1866-67	4,58,000	7,06,000
1867-68	4,47,000	7,80,000
1868-69	5,35,000	7,20,000

An interesting experiment was conducted in the Jounpore District in 1867-68 by Mr. Charles Currie, then Collector, which he thus describes in a note, dated 19th May 1868: "In the district of Jounpore in 1866-67 the right of distilling spirituous liquors, and for arranging for the retail vend within the limits of each tehsildaree, was granted to the highest bidder. The result was the receipt of Rs. 20,613 on account ot still-head duty and Rs. 8,941 as fees for retail vend, the total receipts being Rs. 29,574, exclusive of Rs. 404 realized as distillery fees. In 1867-68 any one was allowed to distil, and any one was allowed to open a shop wherever he pleased. No condition was made that a shop should remain open for the whole year. Retail vendors were free to open their shops and close their shops whenever they pleased, giving notice of their intentions. The only restrictions imposed were that no two shops should be located within 200 yards of each other (a matter of police), and that competing shops should compete on fair terms, viz., pay the same monthly license. Mark the result—Rs. 50,490 were realized as still-head duty, Rs. 5,647 as fees for retail vend, the total receipts being Rs. 56,137, exclusive of Rs. 853 realized on account of distillery fees. The number of shops *nominally* open in 1866-67 was 255. In 1867-68 the largest number of shops open in any month was 210 and the smallest 157.

It appears that, previous to Mr. Currie's experiment, the *licit* consumption of spirits in Jaunpore had been little over 20,000 gallons, and that in 1867-68 it rose to upwards of 50,000 gallons. The following year the consumption fell to 40,000 gallons, but the still duty stood at Rs. 50,000 and the license fees at Rs. 9,231.

This experiment led to the adoption of a considerable change of system throughout the provinces in April 1869. These changes are described by the Excise Commissioner in his report for 1869-70 as follows:—

"The Board are aware that previous to the 1st of April, and from the commencement of the distillery system (as it is called) in these provinces, the license fees were put up to auction, a comparatively high fee was levied for distillation, and the rates for still-head duty were low. The revenue was in consequence principally derived from license fees, and as these fees were put up to auction, no new shops were allowed to be opened during the term for which the auctioned shops were let.

"The objections to this system were—1*st*, the shops were frequently let for much more than their value, jealousy and private spite forcing the competition beyond its proper limit, and the result was that in many cases the licenses which were only held during the profitable months were afterwards resigned under Section 41 of Act XXI of 1856, and re-let in many instances to the same men, under assumed names, at nominal rates; 2*nd*, once that the licenses were granted no new shops could be opened out, and the license-holders being virtually monopolists sold bad liquor at high prices.

"I was of opinion that following the course adopted at home, we should look to the still-head duty as the principal and most legitimate source of revenue, and I proposed that the license fees and distillery fees should be reduced to nominal and everywhere equal rates; that free competition should be fostered by granting licenses to all *quasi*-respectable applicants, and that the rate of still-head duty should be raised to a maximum.

"I was of opinion that by this plan good and wholesome liquor, at a moderate price, would have become available to the public, as a vendor who sold bad and expensive liquor would soon be forced to give up his shop by the opening out of another close at hand, where a better and cheaper article was procurable. At first there would have been no doubt a large increase in the number of shops, but after a short time those which did not pay, and which were, therefore, not required for the convenience of the public, would have been closed.

"The Board, I believe, approved of my proposals, but the Government, under the impression that the plan, if adopted, would result in a large increase in drunkenness, introduced certain modifications which made me regret that I had proposed any alteration in the former system, especially at a time when a famine was expected.

"These modifications consisted in debarring competition by restricting, except under particular circumstances, the number of shops to what it was in the previous year. I believe that even with this restriction we should have got on fairly in an average year, as the still-head duty was at first raised to Rs. 1-4-0 and afterwards increased to Rs. 1-8-0 per gallon on all kinds of liquor, whether produced from molasses or from mowah; but, as I have already remarked, the famine upset all our calculations. The people were too poor to indulge in drinking, especially when liquor had become enhanced in price in consequence of the increased price of the materials from which it is produced.

"This year (1870-71) another system has been tried, which is a sort of compromise between the old system of auctioning the licenses and the late one of letting the shops at nominal and everywhere equal rates. The Collector is allowed to fix the fees (subject to a maximum rate of Rs. 240 per annum) at which the shops situated in the same town, village, or other locality are to be let; the number of shops are restricted, and the still-head duty remains the same.

"This is an improvement on the plan adopted last year, and the settlement made for 1870-71 show that a very large increase in the revenue under this head during the current year under report may be expected; but I have already received many objections to the plan, principally on the grounds that it is impossible for a Collector to know exactly what a shop is worth, and that in the same locality and in close proximity to each other two shops are frequently found which cannot pay the same fees."

It will be observed from the Commissioner's remarks that unfortunately the new system was tried in a year of great depression owing to inferior crops and scarcity, and it immediately resulted in a considerable reduction of consumption (from 640,000 gallons in 1868-69 to 471,000 gallons in 1869-70), and a large loss of revenue which has not yet been quite recovered, as will be perceived from the figures noted in the margin. The modification of the system of disposing of the retail licenses which took place in 1870-71 is explained by the Commissioner in the extract above quoted, but in 1870-71 this

Year.	Still-head duty.	*License fees.
	Rs.	Rs.
1868-69	7,20,000	5,35,000
1869-70	7,26,000	89,000
1870-71	8,04,000	2,57,000
1871-72	8,52,000	4,00,000

*The license fees include the sum for which certain districts are farmed out.

was still further modified, and the following rule was laid down by Government which is still in force :—

"The Collector will fix the number and locality of the different shops, and determine their letting value according to the advantages possessed by each. It is not intended that they should, as a rule, be put up to public competition ; but competition may be resorted to by the Collector, and taken into account in determining the sum at which each shop shall be leased. To work this system effectively careful inquiries will be necessary into the amount of liquor sold, the distribution of the drinking population, the price at which liquor is obtainable, and many other points affecting the profitableness of the several localities."

It will be seen that both these modifications have resulted in a considerable increase of the license fees, but that they are still very much below the former amount collected under this head.

In 1870-71 the Commissioner of Excise was disposed to concur in the views of certain Collectors, that the high rate of duty upon liquor had had the effect of increasing the consumption of drugs. The Board of Revenue and the Government, however, showed successfully from the returns of previous years that this was not the case. The Government were rather disposed to ascribe the comparatively reduced collections under liquor excise to smuggling, and supported this view by a reference to the high rate of license duty paid by many shops having a very small sale of liquor. It seemed that owing to the great variation in the license fee paid by each shop, the actual duty paid to Government on each gallon of liquor varied very much in different localities throughout the province. Upon this point the Government made the following remarks :—

"It would seem either that the selling-price of liquor must be very high to yield a reasonable profit to the vendor upon an article which at one place costs him in Government duty and license fee as much as Rs. 2-14-9 and at another only Rs. 1-10-4 per gallon, or that he must recoup himself for the amount paid to Government on liquor which comes under taxation by sale of liquor which has paid no still duty, either as having been illicitly manufactured or smuggled from distilleries without payment. For instance, in the case of Humeerpore, an average shop sells 15 gallons of spirit in the year, for which it pays Rs. 1-8-0 a gallon duty to Government, total Rs. 22-8-0. Add to this license fee Rs. 16, and we have Rs. 38-8-0 *as the cost to the vendor** of 15 gallons of spirit. If he sells this at even Rs. 6 the gallon, the annual gross profits will be only Rs. 51-8-0, out of which cost of material, carriage, service, and other charges have to be met.

* Tax paid by vendor is here meant.

"The presumption of the existence of extensive smuggling in such cases appears to His Honor to be very strong. The very small quantities of liquor said to be sold at the shops in so many districts can hardly be true. If they were so the profits of the trade must necessarily be extremely small, whereas the great wealth of many of the dealers in liquor, the large capital embarked in the trade, and the profits made in it, are matter of notoriety."

When writing on the same subject in the following year, the Board of Revenue state that the high rates of tax paid to Government in the Banda District (Rs. 5-4-1 per gallon) is accounted for in the same manner. With reference to the farming system being in force in adjoining districts, the Board remark—

"It is not possible that, with cheap liquor available on all sides, consumers would care to pay Rs. 5-4-1 more per gallon (Rs. 5-4-1 being the cost to the vendor), or that a population of upwards of 600,000 should be content with 24 shops if there were not a large illicit sale of native spirits. The introduction of the farming system throughout the Banda District has been sanctioned by Government from 1st April last, and the return for 1872-73 will show the existence, as may be expected, of a very different state of things."

In the same report, when alluding to the same question in the Meerut cantonment, the Board say—

"But how the publicans of the Meerut Division can carry on a remunerative trade in liquor weighted by a tax of Rs. 2-1-4 per gallon, or 5 annas 6 pies per bottle, is a mystery, unless the fact of a large proportion of the spirits they sell being illicit (*i.e.*, distilled elsewhere than inside the excise premises) is assumed."

And, again, when urging that an increased establishment should be maintained for the supervision of distilleries and the suppression of illicit distillation, they state that—

"It cannot be doubted that not only is a large quantity of native spirits manufactured in other than Government distilleries, but that also a very large quantity of the liquor made in Government distilleries is passed out of the abkari godown free of duty. Such practices cannot be put an end to with the existing underpaid establishment."

It would seem then that the introduction of the sadr distillery system as a mode of excise management has proved a failure in the North-Western Provinces, and that both the Board of Revenue and the Government are under the belief that a large quantity of illicit liquor is consumed. This view is borne out by the very small consumption of licit spirits in the provinces, which is stated to be about $\frac{1}{60}$ of a gallon per head of the population, and by the stationary character of a branch of a revenue which may generally be looked upon as an index of the prosperity of the people. It has already been shown that in the three years from 1859-60 to 1861-62 the net revenue from excisable articles, including spirits, rose from about 19¼ to about 23¾ lakhs, of which about 2 lakhs was on opium, 2½ lakhs on mudduck and drugs, and ½ a lakh on taree. In 1871-72 the net revenue from all sources was little over 19 lahks, of which about 3½

lakhs was on opium, 3½ lakhs on drugs and mudduck, and ¾ of a lakh on taree. That portion of excise revenue which is derived from articles other than spirits had thus risen from 5 lakhs to 7¾ lakhs, or by 55 per cent., during the ten years ending on the 31st March 1872 ; whereas the spirit revenue had fallen from about 19 lakhs to about 12½ lakhs, or by no less than 35 per cent., though it is well known that the people have made a material advancement in wealth and general prosperity during this period. A consideration of the figures relating to those portions of the provinces which are managed on the farming system also goes to show that the conclusions arrived at by the Board of Revenue and the Government are correct, for we find that the collections from the tax upon spirits in Jhansi and Kumaon, where the farming system has always been followed, were Rs. 38,358 in 1861-62, but had risen to Rs. 52,293-13-8 in 1871-72, and in the Humeerpore District the spirit revenue amounted to the sums noted in the margin in 1869-70 and 1870-71, when managed on the sadr distillery system, but yielded no less than Rs. 20,400 in 1871-72 when farmed out. The Excise Commissioner of these provinces in 1872 expressed his opinion that, except at head-quarter stations, the sadr distillery system is a mistake, and that in all other parts of the country the farming or the 'out-still' system should be adopted. In favor of the latter plan he urges that under it the interest of each licensee requires him to assist the Government in stopping illicit distillation as in the farming system, though each distiller and retailer is dealt with separately instead of a single monopolist.

	Duty.	Fees.	Total.
	Rs.	Rs.	Rs.
1869-70	1,981	777	2,758
1870-71	2,296	1,582	3,878

The rules under which the distilleries of the North-Western Provinces are managed appear to be almost identical with those in force in Oudh. It has been already stated that on the introduction of the sadr distillery system, the retail native liquor shops in these provinces were reduced from 5,481 to 3,189. Since that time they have annually been a little over 4,000, and in 1871-72 were 4,179, being 2·5 to every 50 square miles of territory. The consumption was about $\frac{1}{60}$ of a gallon of spirits per head, and the rate of taxation was ·65 of an anna per head, or, including opium, drugs, &c., 1·18 of an anna.

83,573 square miles in the North-Western Provinces.

Population, roughly, 30,750,000.
Receipts of 1871-72, roughly—

From country spirit	Rs.	12,50,000
,, all sources	,,	22,75,000

R. A. D.

No. IV.

Note on the Abkari of the Punjab.

Previous to the introduction of the central distillery system into the Punjab, the revenue from the manufacture and sale both of liquors and drugs was farmed out, and may be said to have realized about 5 lakhs per annum for liquors and 2½ lakhs (of which half was for opium) for drugs, though it had fallen slightly below this figure in the two years immediately preceding the adoption of the new system.

The central distillery system seems not to have been fully introduced before 1864-65, though it was so partially in 1861-62. The revenue of 1864-65 was about 2½ lakhs from still-head duty and about 2 lakhs for license fees. In the following year the license fees were Rs. 2,41,000 and the duty Rs. 2,44,000. In the same year opium was nearly 2 lakhs and drugs 1¼ lakhs. In 1867-68 the still-head duty was 2¾ lakhs and the license fees 2½ lakhs. There were then 112 distilleries and 813 retail shops in the province. In the next year the duty fell to 2½ lakhs, but the license fees were Rs. 2,60,000.

In 1869-70 the fees still stood at about 2½ lakhs, but the duty fell to under 2 lakhs. In the following year the duty remained unaltered, but the fees fell in amount, and in 1871-72 the collections from each source stood at 2½ lakhs of rupees. In the same year the revenue from opium was about 2½ lakhs and that from other drugs about 1½ lakhs.

It will be observed from the foregoing figures that in the ten years which have elapsed since the first partial adoption of the central distillery system in the Punjab, the revenue from spirits has made little or no advance, whereas that from opium has increased from about 1¼ lakhs to about 2½ lakhs in 1871-72, and that the revenue from other drugs has risen from 1¼ lakhs to 1½ lakhs.

The system on which the central distilleries are managed in the Punjab is nearly the same as that in force in Oude and the North-Western Provinces, but the still-head duty is levied at very much higher rates, being Rs. 2-8-0 per gallon for proof spirits, Rs. 2 for spirits 25° *u. p.*, and Rs. 1-8-0 for spirits 50° *u. p.*, except in Rawulpindi and Multan, where the rates are 8 annas higher. The retail licenses, too, are disposed of on a somewhat different system. There is no fixed rate of fee per shop. In some districts all the licenses of a pargana or taluk are put up to auction, in others they are put up separately or sometimes disposed of by tender, and in others again there are fixed rates per shop, but not uniform rates. The district officers are allowed at their discretion to follow any one of these plans.

It appears that in 1871-72 the licit consumption of the province was 33,470 gallons of proof spirit, 37,464 gallons of spirits 25° *u. p.*, and 51,460 gallons of spirits 50° *u. p.*, or in all 122,394 gallons of various strengths.

For purposes of comparison, however, the consumption of spirits in the province may be taken to be entirely of the quality for which the mean rate of duty (Rs. 2 per gallon) is paid. This would fix the consumption of the several years at the figures noted in the margin.

Year.	Gallons.
1863-64	125,167
1864-65	132,420
1865-66	122,379
1866-67	125,824
1867-68	139,519
1868-69	128,930
1869-70	98,249
1870-71	98,202
1871-72	123,096

It would thus appear that during the past ten years of prosperity, the consumption of spirits in the Punjab has not increased, for though in 1867-68 it was some 15,000 gallons in excess of the consumption of 1862-63, the rate fell in 1871-72 to a figure below that of the former year. The population of the province is about 17½ millions, of whom about half are Mahomedans, and may be presumed not to be spirit-drinkers. Dividing the consumption of 1871-72 among 9 millions, it gives a rate per head of only about $\frac{1}{70}$ of a gallon per head, being an extraordinary low rate, and leads to the presumption that there must be a large illicit consumption, though the Financial Commissioner is not of this opinion. The very high rate of duty levied (amounting with license fees to an average of upwards of Rs. 4 per gallon, a higher rate than is in force in any other province) would also naturally tend to this result, and the steadiness of the receipts derived from license fees, irrespective of the variation in the quantity of spirits consumed at the several retail shops, would also seem to show that the purchasers of the exclusive privileges of sale within a certain local limit look not only to their legitimate gains from the sales of excised liquor, but also to illicit returns to be obtained from the sale of smuggled or illicitly manufactured spirits a means of increasing their profits, which their position as monopolists would probably facilitate.

R. A. D.

No. V.

Note on the Abkari of Lower Bengal.

The abkari revenue of the Lower Provinces is derived (1) from a tax upon spirits made either by the European process or by the country method of distillation, (2) from taxes upon opium and ganja and various preparations of those drugs, (3) from taxes upon pachwai or country-made rice-beer and tari or toddy, being the fermented juice of the date or palm tree, and (4) from license fees for the sale of European wines and spirits.

The tax upon spirits manufactured by the European process, usually called "Rum," has always been levied in the form of a still-head duty upon every gallon issued from the distillery, together with a fixed license fee for the privilege of retail sale. That upon spirits manufactured by the native process was originally realized under the farming system, which afterwards gave place to the out-still or monthly tax system, for which again the sadr distillery system was substituted some ten years back. Under the farming system the privilege of manufacture and sale of all country spirits in a specified locality was farmed for a fixed annual sum to a monopolist, the amount being arrived at each year by tender or open auction sale. Under the monthly tax or out-still system each monopolist is limited to the use of one still of a capacity of 10 gallons, and his range of operations extends only to the immediate locality of his still and shop; but his monthly rate of tax is fixed in the same way as was the farmers. In 1870-71, when this latter system had been partially reverted to in some localities, the sums paid for each still varied from Rs. 135 to Rs. 2 per mensem.

Under the sadr distillery system all country spirits are manufactured within a Government distillery by any persons who choose to establish a still and to pay the distillery fees, and they are at liberty to sell to license vendors at such rates as they think proper, the duty being levied upon all spirits usually at Rs. 2 per gallon of proof, according to strength, before it leaves the distillery, or in some places upon the materials from which the spirit is distilled.* The licensed vendors pay, as a rule, a license fee fixed with reference to the consumption of the locality within which their shops are situated, but recently the licenses have been in some places disposed of by auction.

* Mowah at Rs. 3 per maund of 82 lb.
Choos at Rs. 3-8-0 per maund.
Goor (molasses) at Rs. 4-8-0 per maund.
Date and other fruits at Rs. 3-8-0 per maund.

It was originally held that under the sadr distillery system the check against a monopoly of the manufacture and sale of spirits consisted in an increase of shops in proportion to the demand, and up to 1867 freedom of trade was the theory and the rule. After that licenses were granted upon the magistrate's approval. Practically, however, shops have been rather reduced in number since the adoption of the sadr distillery system of management, for in the five years previous to 1864-65 the average number of shops opened had been about 6,800, of which about 5,200 had been on the out-still system. In 1864-65 there were over 9,000 open—about 3,500 on the old system and about 5,500 on the new. Since that date the out-still licenses fell to 180 in 1867-68 and the sadr distillery licenses to 4,279 in the same year, but in 1870-71 the former stood at 312 and the latter at 6,100. Under the recent orders for putting shops up to auction the sadr distillery shops have fallen to 4,577; but the extension of the out-still system during the past two years has increased the number of these licenses to 1,075, in all 5,652 licenses to 65 millions of people and 200,000 square miles, being a license to every 11,500 people and a shop to every 35 square miles.

So far back as 1859 serious objection was taken to the out-still system which had replaced the farming system, because it involved no minimum rate of duty, and because under it a revenue was looked for rather from a large number of spirit shops and a great consumption than from a high tax and a discouraged consumption. Correspondence ensued between the Board of Revenue and the Local Government, in which the latter pressed for the universal adoption of the sadr distillery system and the Board as persistently pointed out that, though that system was as a rule and theoretically the best, there were practical objections to its introduction in certain parts of the country, where the spirit in ordinary use was too weak to permit of its being carried considerable distances, and where a wild country, a sparse population, and an abundance of the materials for distillation, gave special facilities for the illicit manufacture of spirits.

Eventually these objections were overruled by the Local Government, and about the year 1864 the sadr distillery system was generally introduced throughout all parts of the Lower Provinces. As might have been expected the result was a very serious loss of revenue, and when the special inapplicability of the system to certain parts of Chota-Nagpore and Bhagulpore was brought to notice in the report of the Board of Revenue for 1866-67, the Local Government, while repeating that the sadr distillery system "had been introduced after full consideration and on grounds of far greater importance than mere financial gain," called for a special report upon the working of the system in those districts in which it was considered to be unsuitable. This report was submitted by the Board of Revenue in 1870. It was clearly shown that, though nominally there might have been less drinking in villages than under the old system, the consumption of spirits in large towns had increased; that further there were a large number of shops which, according to the accounts, were carried on at a loss, that is to say, that the quantity of duty-paying liquor sold by them would not have given sufficient profit to cover the license fees and other expenses, and that this loss must have been made up by the sale of illicit liquor. It was also stated that, whereas the revenue derived from other excisable articles had increased by upwards of 50 per cent. since the year in which the sadr distillery system was adopted, the revenue derived from country-spirits had fallen off 6½ lakhs or by 30 per cent. The views of the Board on the whole question were summarized in the following words:—

"Unquestionably the sadr distillery system has not answered the expectations of those who introduced it. The foundation-stone of this system is 'the levy of the duty on the actual quantity or spirit which passes into consumption.' This as a theory is perfect; but though it may appear a paradox to say so, there is reason to doubt whether in those districts to which the system is least applicable the object above defined was not better secured under the old system. In such districts a very large amount of liquor now goes into consumption which pays no duty whatever. Some of this comes from illicit distillation by unauthorized distillers: a great deal comes out of the sadr distilleries themselves, for no efficient check has been discovered against the concerted action of distiller and distillery mohurrir, whereby the former pays duty on only a portion of the liquor he distils and sells.

"Under the old system there was little or no illicit distillation, for every abkar, paying a monthly rate for his shop, was an interested preventive; and as the rate paid was fixed by public competition and varied according to the profits of the shop, that is according to the quantity of liquor sold, the levy of duty was indirectly on the *actual quantity* of spirits which passed into consumption.

"Taking the results of the accompanying statements in connection with the facts before urged; of the facility with which mowah spirit can be illicitly used in many districts; of the unsuitability of that spirit to the sadr distillery system; of the difficulty of supplying thinly populated, jungly, or inundated districts from sadr distilleries; to the frequent untrustworthiness of the excise establishments—and more than all the fact that a large number of shops, nominally drawing their supplies from sadr distilleries, manifestly carry on their business at a regular monthly loss, unless they sell liquor which has paid no duty, it seems proved that the sadr distillery system has not everywhere properly replaced the out-still system. One main cause of the failure is that the proper working of the sadr distillery system is dependent on the honesty of the

No. V.

CHINGLEPUT.

The abkari of the Chingleput District realized Rs. 80,000 in 1830-31. In 1840 and 1850 it fell to Rs. 70,000 and Rs. 63,000, but in 1856 it fetched Rs. 92,650, and in 1861 the contract was sold for one year for Rs. 1,08,000. In 1862 a five years' contract realized Rs. 1,57,000, at which figure the renter agreed to retain the farm for 1867-68 and 1868-69. In the latter year the contract was again put up to auction for a three years' lease, and, though the former renter bid two lakhs, it was knocked down to a new purchaser for Rs. 2,13,000. In December 1870, or eighteen months after the sale, the farm was resold for arrears, the purchaser having died and his representatives having failed to pay up the revenue as it became due. The son of the late renter then obtained the farm for the remaining eighteen months of the lease at Rs. 1,58,000 per annum, being Rs. 42,000 below the sum he bid for it in 1869. In 1871 the Government resolved to adopt the experimental excise system in Chingleput, and conferred the contract on Mr. T. Pritchard with an excise duty of Rs. 1-12-0 per gallon on spirits 30° *u. p.* One of the reasons of this decision of Government was their desire to obtain an insight into the detailed working of an abkari farm, and upon this ground, instead of requiring him to sub-rent the toddy farms as in other districts where the experimental excise system was adopted, he was permitted to retain the direct management of the toddy revenue in his own hands. Mr. Pritchard has favored me with abstract statements showing his entire receipts and expenditure both in regard to arrack and toddy during the year 1872-73, and full details of the issues and consumption of both descriptions of liquor with the price charged, &c., in every part of the district, as shown in the annexed statement. It appears that he entered into arrangements with 456 toddy shopkeepers in the different parts of the district, under which they agreed to pay him a duty of Rs. 2 for every twenty-four measures they sold (being about 3 annas 8 pie per imperial gallon), supplying themselves with the liquor at their own cost, and they bound themselves to pay this duty upon a gross quantity of (60,105 × 24)=1,442,520 measures, or about 524,552 imperial gallons, whether sold or not. This represented a gross duty of Rs. 1,20,134, as in a few localities the rate was reduced to Rs. 1-11-0 per 24 measures. Of this sum Mr. Pritchard collected Rs. 1,18,087, and he places his charges of collection and cost of superintendence at Rs. 11,081, leaving Rs. 1,07,006 as his net collections from toddy, of which he has paid Rs. 80,253, or 75 per cent., to Government.

As to arrack, it appears that he established 29 depôts in different parts of the district to which he dispatched 60,333 gallons of spirits from his distillery in Madras during the year, on which he paid an excise duty of Rs. 1,00,303, being Rs. 1-12-0 per gallon less 5 per cent. for wastage. From these depôts the 328 arrack shops of the district were supplied with 53,550 gallons of spirits, which they disposed of at rates varying on the average from Rs. 2-13-0 to Rs. 4 per gallon, though a few gallons appear to have been sold below these rates. The shopkeepers were allowed a profit of Rs. 9,965 on the 53,550 gallons, or about 2 annas 11 pie per gallon, and the gross price of this quantity as retailed to the public was Rs. 1,96,981, or Rs. 3-10-10 per gallon. Mr. Pritchard's demand less the amount allowed to the shopkeepers was thus Rs. 1,87,016, and of this he collected Rs. 1,86,591. He puts his cost of carriage, superintendence, &c., at Rs. 12,530 (about 3 annas 3 pie per gallon), and the cost of the spirits at Rs. 39,593 for the 60,333 gallons he issued from the distillery, being 10 annas 6 pie per gallon. As already stated, the gross duty paid by him amounted to Rs. 1,00,303, so that his total charges during the year were Rs. 1,52,426 against Rs. 1,86,591 total receipts, leaving him a net profit on arrack of a little over Rs. 34,000, together with the selling value of about 7,000 gallons of spirits on which he had paid duty, but which had not yet been issued from the depôts at the end of year. This may be estimated at Rs. 3 per gallon, bringing up his total profits from arrack to Rs. 55,000.

The population of the whole district was according to the last census 940,808, and supposing that half the Sydapet Taluk is included in the town abkari, the population of Mr. Pritchard's abkari farm will be 846,820. The consumption of arrack during the year 1872-73 has thus been about one-sixteenth of a gallon per head, and that of toddy about a measure and half, or something over half of a gallon. There are 784 people to each shop, and nearly three shops in every ten square miles of the district.

R. A. D.

CHINGLEPUT.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Taluk.	Area.	Population.	Arrack revenue at 1-12 per gallon.	Toddy revenue.	Total.	Retail price of arrack per gallon.	Retail price of toddy per gallon.	Arrack revenue per head.	Toddy revenue per head.	Total.	Consumption of arrack in gallons.	Consumption per head.	No. of sanctioned shops.	Population per shop.	Shops per ten square miles.
			RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	A. P.	A. P.	A. P.	A. P.					
Chingleput ..	470	131,359	15,027 5 5	14,869 0 11	29,896 6 4	3 10 10	4 8	1 9	1 9	3 6	6,666	1/20	133	988	2·8
Conjeeveram ..	500	168,358	27,195 0 0	17,394 10 8	44,589 10 8	3 11 8	4 8	2 7	1 8	4 3	15,692	1/11	157	1,072	3·1
Madrantikum ..	650	198,048	9,138 11 8	11,201 7 5	20,340 3 1	3 13 5	4 8	0 9	0 10	1 7	4,464	1/50	112	1,768	1·7
Trivellore ..	585	150,769	19,735 15 10	7,230 12 8	26,966 12 6	3 10 0	4 8	2 1	0 9	2 10	11,341	1/14	130	1,159	2·2
Sydapet	340	90,000	18,959 9 3	14,469 5 11	33,428 15 2	3 11 9	4 8	3 4	2 6	5 10	9,728	1/10	105	1,761	3·1
Poneri	326	104,300	10,247 0 5	15,088 9 5	25,335 9 10	3 10 6	4 8	1 6	2 3	3 9	5,656	1/20	147	710	4·5
Total ..	2,871*	842,83[illegible]	[illegible]00,303 10 7†	80,253 15 0	180,557 9 7	3 11 4	4 8	1 10	1 6	3 4	53,547	1-16th	784	1,075	2·7

* According to most recent returns the area of the district is 2,753 square miles.

† Includes the duty on about 7,000 gallons passed out of the distillery, but not issued to shopkeepers from depôts.

mohurrirs in charge of the sadr distilleries, and that honesty among the class of men who are available for these posts cannot in the face of great temptation and almost certain immunity be reckoned upon. It was determined to carry out the sadr distillery system without modification and without regard to temporary loss of revenue. Experience appears to show that the change could only have been made profitably by modifying it in accordance with the peculiarities of every district, and in regarding a marked loss of revenue as showing in all probability the inapplicability of the change."

The Government of Bengal, when reviewing this report, approved of the Board's recommendations that the experiment of levying duty on the materials of distillation should be tried. The Board's conclusion that the habits of the drinking classes had not changed under the sadr distillery system was accepted. Their recommendation that distilleries which did not pay expenses should be closed was sanctioned, and their proposal to re-establish out-stills in specially remote and thinly-peopled tracts was approved. It was also suggested that the plan of disposing of the licenses to sell spirits by retail at auction and reducing their number should be tried.

The partial re-introduction of the out-still system resulted in a large addition to the revenue. In the Chota-Nagpore Division the revenue in 1867-68 had been Rs. 60,000, of which Rs. 12,000 was collected from 94 out-stills, leaving Rs. 48,000 as that from sadr distilleries including license fees. This revenue rose to Rs. 1,13,159 in 1870-71, of which Rs. 28,000 was from 254 out-stills; but in 1872, when the out-stills were increased in number to 939, they produced Rs. 2,09,054, yet the revenue from sadr distilleries still stood at upwards of Rs. 49,000. The substitution of spirits manufactured at out-stills for that manufactured at sadr distilleries had thus the effect of increasing the revenue of the locality, where the change was made from about Rs. 85,000 to about Rs. 1,60,000, or by about 100 per cent. in two years. Similarly, on the Nepal frontier, bordering on Tirhoot and Chumparun, Rs. 2,696 was realized under the sadr distillery system in 1871-72; whereas in 1872-73, when the out-still system was adopted, the same tract of country yielded Rs. 7,577 as excise revenue on country-spirits, besides the saving effected by abolishing the distillery establishments. It was also urged by the Board that the extension of the out-still system in localities unsuitable for sadr distilleries caused no increase of drunkenness, and that if care was taken to license such stills only in places where there is a demand for them, and to fix the minimum rate of license fee at a sufficiently high rate, there need be no apprehension that more liquor would be produced and consumed than under the sadr distillery system, which gave so much encouragement to smuggling and cheating.

The advantages of taxing the materials from which liquor was distilled was also held to be an improvement. One officer described its advantages as follows :—

"It has done away with the use of the hydrometer, which it is impossible to work satisfactorily during the hot months on account of the temperature being then above 80°. It is much more simple and is understood by the abkars, who know what duty they have to pay for the materials they take out daily for distillation; whereas under the old system they were entirely at the mercy of the darogahs, and were obliged to submit to the duty demanded by them without having any means of knowing whether it was correct or not; some of the abkars did understand the use of the hydrometer, but they were very few in number.

"It has led to an improvement in the quality of the spirits passing out of the distillery; because under the old system the distillers had to mix water with the spirit after distillation, if it was found to be too strong for the amount of duty they wished to pay, which affected the quality of the spirit greatly; whilst under the new system the spirits are distilled without being mixed with water, and are therefore more lasting and tasteful.

"The new system, however, cannot be said to provide a better check on the dishonesty of the excise establishments. Its success depends on their honesty as much as did the old system. They can still defraud Government in two ways—either by levying duty on a less quantity of materials than is actually cleared from the store godown, or by allowing materials to be taken into the distillery and at once put into the fermenting jars without being stored in the godown or shown in the store accounts."

The sale by auction of the licenses to retail had the effect of largely increasing the license fees, but it had also caused a considerable decrease in the quantity of liquor passed out of the distilleries for consumption, and it was feared that, inasmuch as the auction system reduced the profits of the salesmen, they had in some cases resorted to illicit distillation and smuggling to make up the difference.

The gross excise revenue of the Lower Provinces of Bengal was, according to the accounts of the Financial Department, £282,000 in 1852-53. It rose to £566,000 in 1862-63, or by more than cent. per cent.; but in the next nine years the rise was only to £754,000, being under 50 per cent., though there is no reason to suppose that the advance of the people in material prosperity during the past decade has not been at least equal to that made in the previous one. It is also to be noted that of the sum of £567,000 realized in 1862-63, only £164,000 was realized from opium, and £403,000 from excise on spirits and drugs; whereas of the sum of £754,000 obtained in 1871-72, no less than £311,000 was obtained from opium, and only £443,000 from spirits and drugs.

The revenue from country-spirits has varied, as noted in the margin, in the past ten years, during which the sadr distillery system of collecting the tax has been generally introduced, and again partially given up in favor of the out-still system, as will be seen from the figures in columns 2 and 3 of the statement giving the number of licenses in force each year under the two systems. The present revenue of, say, 22 lakhs of rupees gives a rate per head of 6·5 pie for country-spirits; but to this must be added the sums noted in the margin, being the revenue from country-made rum and the fermented liquors called pachwai and tari, in all Rs. 33,97,178 from spirituous and fermented liquors (other than European), being a rate per head of 10 pies. The other articles upon which an excise revenue is raised, opium and other drugs, realized in the same year about 35 lakhs and European spirit licenses nearly a lakh, giving a gross excise revenue of about 70 lakhs, or something over a lakh for each million of the population.

Year.	Licenses issued on the out-still system.	Licenses issued on the sadr distillery system.	Total licenses issued.	Total revenue collected.
1862-63 ..	1,573	5,255	6,828	17,63,000
1863-64 ..	1,778	6,658	8,436	19,36,000
1864-65 ..	5,713	3,489	9,202	17,79,000
1865-66 ..	4,856	1,592	6,448	14,43,000
1866-67 ..	3,732	217	3,949	9,02,000
1867-68 ..	4,279	180	4,459	12,73,000
1868-69 ..	5,229	281	5,510	16,65,000
1869-70 ..	5,682	300	5,982	15,95,000
1870-71 ..	6,100	312	6,412	18,80,000
1871-72 ..	6,155	1,058	7,213	19,81,000
1872-73 ..	4,577	1,075	5,652	21,77,000

	Rs. 4,41,223
	,, 6,04,752
	,, 1,51,203
Total	Rs. 11,94,168

R. A. D.

No. VI.

Note on the Abkari of the Central Provinces.

In the Central Provinces the abkari is managed mainly on the sadr distillery system, but there are also two other "subsidiary modes of" management in force in some parts of the province. These are styled the contract still system and the "out-still" system. Under the contract still system the capacity of the stills licensed is gauged, and the duty is realized on a certain maximum outturn for every day the manufacture is carried on. No restriction as to quantity is provided for under the "out-still" system, as the right to manufacture and sell liquor in a specified locality for one year is sold by auction to the highest bidder.

It was found after some years' experience of the sadr distillery system that it was altogether unsuitable to the position and circumstances of some parts of the country, such for instance as were adjoining Native States or British Territory where the farming system was in force, or where the character of the locality (being wild and hilly, thinly-peopled, and covered with dense forests) offered peculiar facilities for illicit distillation. It was held that if the sadr distillery system was carried out in its integrity in such places, it must inevitably be accompanied "by an ever falling revenue and an ever advancing element of smuggling and illicit distillation." Further, that unless it was quite certain that the excise duty had not been evaded, a decrease of abkari revenue ceased to be a matter for congratulation, as it failed to indicate a decreased consumption, but merely greater boldness and success in the means of obtaining an illicit supply. Practically, however, the other modes of management have as yet been very partially adopted, for revenue to the amount of only about three-fourths of a lakh is so obtained of a gross spirit revenue of about 7¼ lakhs. It is expected, however, that they will be still further extended in those portions of the province to which they are the most suitable.

The sadr distillery system is followed in this province on much the same plan as in the North-Western Provinces, that is to say, there are central distilleries (and in some places a few whole-sale shops) in the several districts and still-head duty is charged on all spirits passed out, but this instead of being uniform and regardless of strength is as a rule fixed at 12 annas per gallon for spirits once distilled and at Rs. 1-8-0 per gallon for spirits twice distilled. The licenses to sell by retail are sold by auction, sometimes separately and sometimes for a specified locality, so that practically the purchasers at these auctions become monopolists, as were the renters under the old farming system. Of a revenue of about 6½ lakhs of rupees obtained under the sadr distillery system in 1871-72, about 3¾ lakhs represent still-head duty and 2¾ lakhs license fees. Considerable difficulties have been felt as to the imposition of an excise duty with reference to the strength of spirits, and the system of charging with reference to the number of distillations through which the spirit passes is not considered to be satisfactory. In one district the duty is charged on the mohwa fruit before distillation, and this plan, which provides practically a rough mode of charging duty, with reference to strength, is likely to be more generally adopted. In the Chanda District, where it has been for some time followed, the spirit in use is usually from 80° to 90° *u. p.*, and requires a little more than three seers of mohwa flowers to produce a gallon, whilst spirits 20° *u. p.* would require 18 seers.

The consumption of the whole province is now about from 800,000 to 900,000 gallons of spirits of various strengths, being at the rate of about 1—11th of a gallon per head. In the

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towns the consumption is at the rate of half a gallon per head per annum, as they consume about 325,000 gallons, and not much under one-half of the revenue (about 3 lakhs out of 6½ lakhs) is paid on this consumption. It would thus appear that while the actual duty paid is upwards of one rupee per gallon on all spirits consumed in towns, it is less than 12 annas per gallon on spirits consumed beyond their limits.

The reasons which led to the abandonment of the old farming system in the Saugor and Nerbudda portions of these provinces are thus described in the Revenue Report for the year 1862-63:—

"In theory the old system of selling at auction the exclusive right to manufacture and sell spirituous liquors was calculated, at first sight, to bring in the largest amount of revenue from the least possible consumption of spirits, for it was no doubt reasonable to expect that the licensee being a monopolist would charge as high a price as could be got for the liquor, and that the usual conditions of an auction sale would secure for the Government the most that could be got out of the price to consumers as revenue.

"But the peculiar circumstances of the case falsified the first at least of those expectations. The price which would reduce consumption to its just limits, *i.e.*, to that amount which would be the minimum coincident with an absence of smuggling, could not be afforded by one out of a hundred persons, who, in a community composed chiefly of very poor classes, would be willing or could be tempted to drink at a lower price. As, therefore, it was obviously more to the interest of the licensee that a hundred should drink a large quantity, at a smaller profit, per glass or gallon, than that one only should drink a small quantity, at a comparatively higher rate of profit, he lowered the price, so that the hundreds rather than the units should become consumers; in other words, the old system of monopolizing the right to manufacture and sell, by removing the current price of spirits from the legitimate influences of an open market, and leaving it, on the contrary, entirely at the discretion of the licensee, induced numbers to consume spirits who were not consumers before. The direct tendency of the system, thus vastly to increase consumption, was further augmented by the contemporaneous increase in the material prosperity of the large masses of the poorest of the population amongst whom it chiefly operated, such prosperity not being accompanied by a corresponding increase in their moral character and power of self-restraint. Although, therefore, the Government may at the auction have got the highest possible revenue, it was derived from the largest instead of the smallest possible consumption. The system in short failed.

"Under these circumstances, it was clearly incumbent on the administration to modify the system, for what has been said above was no abstract view—it was a sad reality to which all observers testified. The revenue increased; but the demoralization of the people increased in a greater degree, hence the introduction of the sadr distillery system. This system permits any one to manufacture who so pleases; but by levying a certain duty per gallon at the still-head, it enables Government to fix the minimum price of liquor without at the same time having anything to do with its actual sale. People may consume spirits if they choose; Government has no wish to interfere with the voluntary habits of the people, so long as they do not infringe the law; but the consumption of spirits being an indulgence or luxury, it is deemed fair to raise revenue by a tax upon it, and, inasmuch as it often degenerates into a vice, it is right to fix the tax at so high a rate as shall prevent consumption from extending beyond the limits of a luxury.

"This the sadr distillery system, if worked successfully, enables the administration to effect. And the results are these: In a community composed entirely of poor people the revenue almost expires; but where there is a fair proportion of well-to-do people in the community, the revenue may equal or exceed the revenue derived under the former system, because simply a few large payments may equal or exceed a large number of small payments. The sadr distillery system is, however, not introduced from revenue considerations; therefore, although its revenue results are thus stated, they have properly speaking no connection with the subject. But in either of the above cases, *i.e.*, whether the revenue expires in some parts of the country, or whether it remains buoyant everywhere, the object of deriving the highest revenue only on the least possible consumption is effected if, as before said, the system be worked successfully."

After ten years' experience of the new system, it can hardly be said to have realized the expectations held out in this extract. In a recent inquiry the local officers were almost unanimous in considering that there was much illicit distillation and smuggling, and that a change in the mode of management was urgently needed in some localities.

So far as revenue is concerned too, the change from the old system in the Central Provinces cannot be said to have been a success, for in the Saugor and Nerbudda portions of the province the collections on account of spirit duty were about £27,000 in 1861-62 under the old farming system, and they at once fell to £13,000 and £10,000 in the years 1862-63 and 1863-64 after the adoption of the sadr distillery system, and had only reached £16,000 in 1866-67 and £22,000 in 1870-71, and this too when the revenue of Nagpore Proper, where the farming system was in force, had risen from £52,000 in 1861-62 to £57,000 in 1866-67.

The sadr distillery system was introduced into Nagpore Proper in 1867-68 with similar results, for the revenue of the following year 1868-69 was only £30,000 and that of 1870-71 only £39,000.

The revenue from drugs and opium throughout the province has risen during the same series of years from about 1 lakh of rupees in 1861-62 to nearly 3 lakhs in 1870-71, but there is no

reason to suppose that this has been occasioned by the decrease in the consumption of licit liquor. A careful inquiry into this question was undertaken in 1868-69, and it was then satisfactorily shown that the increase of the drug and opium revenue had not taken place in those remote parts of country, where, owing to the adoption of the sadr distillery system, spirits may almost be said to have been put out of the reach of the people, but in the towns where this system has had the least effect in repressing consumption.

In the year 1871-72, there were 7,253 licensed spirit shops for retail sales in the province, of which 429 were in towns, being 3·19 in every 50 square miles of country and one to every 1,275 people.

R. A. D,

No. VII.

Note on the Bombay Abkari.

In the regulation portions of the Bombay Presidency and in the province of Sind, the excise on spirituous and fermented liquors is managed mainly on the farming system. The only exceptions are the cities of Ahmedabad, Broach, and Surat, the town and cantonment of Poona, and the town and island of Bombay, which are supplied with liquor under the sadr distillery system, and the districts of Tanna, Colaba, and Rutnagherry, where a peculiar system is in force owing to the large number of cocoanut and date and brab trees which are found in these localities.

Under the last named system the toddy-drawer caste (Bhandarees) are permitted to obtain a license to distil (and sometimes to sell) on payment of a fixed sum as license fee and a fixed rate in the shape of excise cess and tree cess on the trees they use. When allowed to sell they are obliged to do so at fixed rates, and only at one shop in the village in which their trees are situated. Whether the toddy-drawers are permitted to sell or not, there is usually a farmer who purchases annually the privilege of selling at shops other than those held by the toddy-drawers, and the latter may sell to him their surplus liquor at half the retail rates. He is bound to take all they may bring to him at these rates, and may not obtain a toddy-drawer's license to tap trees himself, though by special permission he may distil liquor from mohwa flower or import spirits from elsewhere; and he is also permitted to re-distil the spirits he obtains from the toddy-drawers and to retail them at such rates as he thinks proper.

The following statement shows the excise revenue of the regulation portions of the Bombay Presidency as it stood in 1867-68, with details of the receipts under last system of management:—

District.	Excise or tree cess.	Receipts under farming system.	Receipts under sadr distillery system.	Total.	Population.	Revenue per head.	Consumption per head in gallons.	Persons per shop.	Square miles per shop.
	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.		RS. A. P.			
Tanna	1,12,578 0 0	3,79,436 0 0	...	4,92,014 0 0	569,989	0 14 7	1 1/5	244	2
Augrias Colaba ...	15,998 0 0	90,801 0 0	...	1,06,799 0 0	248,795	0 6 10	49/50	269	2
Rutnagherry ...	7,558 0 0	64,024 0 0	...	71,582 0 0	662,712	0 1 8	1/5	2,529	15
Canara	...	1,16,718 0 0	...	1,16,718 0 0	367,585	0 5 1	1/2	1,258	14
Surat	52,385 0 0	1,46,591 0 0	1,22,501 0 0	3,21,477 0 0	482,552	0 10 8	3/5	1,705	5
Broach	7,406 0 0	1,750 0 0	46,502 0 0	55,658 0 0	268,808	0 3 3	1/4	14,938	76
Ahmedabad ...	408 0 0	10,435 0 0	32,103 0 0	42,946 0 0	639,631	0 1 1	1/14	13,609	33
Kaira	...	13,719 0 0	...	13,719 0 0	578,297	0 0 4	1/37	25,143	63
Dharwar	...	2,28,535 0 0	...	2,28,535 0 0	815,470	0 4 5	1/3	7,994	43
Belgaum	...	1,09,116 0 0	...	1,09,116 0 0	740,018	0 2 4	1/7	10,571	62
Sattara	...	16,979 0 0	...	16,979 0 0	837,277	0 0 4	1/37	15,505	99
Kulladghee ...	32,137 0 0	85,989 0 0	...	1,18,126 0 0	662,899	0 2 10	1/5	10,043	84
Poona	...	2,17,073 0 0	...	2,17,073 0 0	659,228	0 5 3	1/4	6,728	43
Sholapur	...	67,834 0 0	...	67,834 0 0	555,192	0 1 11	1/8	11,326	70
Ahmednaggur ...	...	55,851 0 0	...	55,851 0 0	1,020,402	0 0 10	1/20	85,033	485
Khandeish ...	182 0 0	2,57,617 0 0	...	2,57,7[illegible] 0 0	733,178	0 5 7	1/3	15,938	177
Total ...	2,28,652 0 0	18,62,468 0 0	2,01,106 0 0	22,92,226 0 0	...	...	...	...	...
Town and Island of Bombay ...	...	1,79,170 0 0	6,32,000 0 0	8,11,170 0 0	...	...	...	...	...
Grand Total ...	2,28,652 0 0	20,41,638 0 0	8,33,106 0 0	31,03,396 0 0	...	...	...	...	...

It will be seen that the main revenue is derived from the farms. It will also be noticed that where the shops are numerous, the consumption is very much higher than where they are few. For instance, in Tanna and Augrias Colaba, there is a shop to every two square miles, the consumption is 1⅕ gallon per head and nearly one gallon respectively, whereas in Ahmednaggur, where there there is only one shop to every 485 square miles, the estimated consumption is only one-twentieth of a gallon.*

At the sadr distilleries at Broach, Ahmedabad, and Surat, no liquor is issued of a higher strength than 25° *u. p.*; and the theory was that any person who pleased might distil liquor within the Government enclosure. In practice, however, the distilleries have become manufactories in the hands of a few men, virtually partners, who are the patrons of the retail liquor shops. The license fees from these shops are small in amount, and the main revenue is derived from the still-head duty which is fixed at Rs. 1-4-0 and Re. 1 per gallon of the prescribed strength.

Where the farming system is in operation, the farms sometimes consist of whole taluks, but more usually of single shops, which are rented annually by auction to the highest bidder, and the purchaser of the farm has usually the exclusive right to distil spirits and to sell spirits and toddy in the locality usually supplied by his shop or shops. The licenses provide from what commodities (as for instance, mohwa, dates, toddy, rice) the spirits may be distilled, the capacity of the stills to be used (viz., of a limit of 32 gallons), and the strength of the liquor to be distilled. It also forbids sub-letting of the farm, and has several other provisions against irregularities in the shops. The licensee is apparently permitted to sell at such rates as he thinks proper, but he is bound to keep accounts showing the daily quantity of spirits distilled, the value, the quantity sold, and the price charged, and he is bound to produce these books whenever required.

In the South Coast Districts the spirits appear to be distilled chiefly from toddy or taree, whereas in the Southern Central Districts they are made from jaggery and acacia bark, and in the Northern occasionally from these ingredients, but usually from mohwa fruit. The first class spirit is generally from 25° to 35° *u. p.* in strength, and is retailed in two districts as high as Rs. 6 per gallon, and seems to be rarely sold under Rs. 3 per gallon, unless at a very much lower strength. The cost of the spirits to the distiller is estimated at from Re. 1 to Rs. 1-8-0 per gallon for the best kinds.

Although, as a rule, the district officers did not consider that the farming system had led to much increase of drunkenness in 1867-68, it was objected to in some quarters in consequence of the want of supervision over the manufacture, which enabled him to use the most noxious substances so as to produce a spirit which would enable him to under-sell the farmer of the adjoining locality.

This farming system, though now a simple monopoly of manufacture and sale, was originally a farm of fixed duties on every gallon of spirit manufactured, *i.e.*, the farmer of a specified locality purchased the right to collect this duty on all liquor distilled and sold within certain limits, "but the duties imposed directly on manufacture soon lost their distinctive character; the farmer of duties became virtually a monopolist of the manufacture and sale of spirits, the price he paid for the farm represented the duty on consumption, and he recouped himself for his trouble and expenses by establishing such a system of his own as he considered would be most productive, with little or no regard to the specified rates of duties and the terms of his contract."

The officer employed in 1867-68 to enquire into the Bombay abkari system recommended the establishment of central distilleries under the control of a single person or a firm, which he hoped would in time give place to private distilleries worked on the English method; that a tax should be placed upon all toddy-producing trees, and the abandonment of the farming system both as regards spirits and toddy. He thus sums up his opinion on the farming system which he ultimately condemns:—

"Much has been written on the advantages and disadantages of the farming system, but the only indisputable conclusion in its favour is that by its agency a large revenue can be collected with comparative ease at no apparent cost. The anticipation of its advocates that the great pecuniary interest the farmer had at stake would enlist him on the side of Government in the work of suppressing illicit distillation and sale, and in strictly adhering to and enforcing the restrictions imposed by law and the terms of his agreement, have proved fallacious generally and specially in the districts inhabited by Bhandarees. There, had the farmer acted as anticipated, he would have been at continual war with those on whom he mainly depended for the supply of his stock; he would have had to keep up a considerable detective establishment, and would have been engaged during the currency of his tenure of the farm in numberless prosecutions. Seeing, however, that the supervision of Government over him was slight and the chances of detection small, he consulted his own interests and compounded with the principal Bhandarees, allowing them to retail spirits in consideration of the payment of a lump sum. By these means he kept on terms with the class, collected a remunerative sum, and saved himself trouble and the expense of a detective establishment. In districts like those of the Deccan, where there are no Bhandarees, and where the people are naturally abstemious, the defects of the farming system do not obtrude

* Mr. Pritchard, Deputy Collector of Customs, ascribes the increased consumption to the enervating nature of the climate of the coast districts.

themselves so much on notice. Still everywhere the farmer has but one object—the making as much money as he can in the year, and experience has taught him that by stimulating consumption and retailing an inferior article he best attains it."

As noted in paragraph above, the gross revenue of the regulation parts of Bombay in 1867-68 was Rs. 31,03,396. In 1852-53 the revenue from the same portion of the presidency was under nine lakhs of rupees, and in 1862-63 it was about 22½ lakhs, so that it had increased by about 85⅓ per cent. in the 15 years. The total excise revenue for the whole of the Bombay Presidency is given in the accounts of the Financial Department of the Government of India at Rs. 27,30,000 in 1862-63, and in 1871-72 it was Rs. 42,00,000, with an estimate of Rs. 41,80,000 in 1872-73. Thus during the past ten years this branch of revenue may be said to have increased by upwards of 43 per cent.

R. A. D.

No. VIII.

Note on the Abkari of British Burma.

Until quite recently the abkari of British Burma was managed on a peculiar system, possessing some features both of Bengal sadr distillery system and the Madras farming system. The privilege of selling country spirits was rented annually to farmers, but they were required to obtain all the spirits sold by them at one of the three distilleries which were permitted to be worked at Rangoon, Moulmein, and Akyab, and all spirits were apparently made at these distilleries by the European process. The system was grounded upon the following facts as stated by a late Chief Commissioner (Sir A. Phayre) in 1865:—

"Up to the time of the British occupation of the country, the Burmese were not much accustomed to drink spirits. In the towns, Chinese and natives of India from Madras do habitually drink spirituous liquor. The sale of it, therefore, is restricted to the chief towns where those races live. The want of spirituous liquor does not generally exist among the Burmese population, and it is considered right and proper to keep the temptation from them. The great object, therefore, has been to raise as much revenue as possible from the sale of intoxicating liquor in the towns, and to prohibit the sale of it in the interior of the country.

"As regards *taree*, or the fermented juice extracted from certain palm trees, the plan pursued is somewhat different. That liquor the Burmese are accustomed to. It is wholesome, supplying to the Burman what small liquor does to the European. Trees yielding the *taree* are generally dispersed over the country. If the consumption of this liquor then be not licensed, it will be drunk without license. On these grounds in towns the right to vend it is farmed out annually, and in villages annual licenses are issued at fixed rates for the right to sell within a given area."

Since that period the farming of the right of sale of spirits as well as taree seems to have been to some extent followed in the interior; but even then farmers seem to have drawn their supplies entirely from the three distilleries above named, that at Moulmein having been transferred, however, to Martaban. In 1872 a so-called new system was substituted for the farming system. Though it appears to be intended eventually to adopt the central distillery or "fixed duty" system, as it is sometimes called, the only change that has really been made is that the manufacture of country liquor at "out-stills" has been permitted, for the holders of these stills are just as much "farmers" as the persons who before farmed the exclusive right of sale at a certain number of shops. The revenue derived from spirituous and fermented liquors rose under the old system from about 3 lakhs in 1856-57 to about 3½ lakhs in 1863-64, and 4½ lakhs in 1868-69; but this last amount was said to have been caused by excessive competition among the renters, and in 1869-70 the revenue fell to about 3½ lakhs and stood at about this figure up to 1871-72, when the farming system was nominally abolished. During 1872-73 the total receipts from duty on spirits made in the country have been much the same, though the receipts from *taree* or toddy, which is still farmed as before, are somewhat higher than in the previous year. The change has been that in lieu of collections amounting to a little over two lakhs on the manufacture and sale of country spirits made on the European system, about one lakh has been so collected and another lakh from out-stills at which a number of petty farmers are permitted to manufacture spirits by the native process. As the population is about 2½ millions, the tax falls at the rate of about two annas three pies per head.