

Homa(1918) Department.
Education

Ordinary SERIES.

G.O. No. 266

DATED 25-2-18

INDEXED

[Despatch Abstract.]

Industrial Alcohol.

Recording notes connected with the manufacture
of-----.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

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NOTES.

5-0-5 put up

654 Sep Rev / 29.6.17
809 Est. / 16.6.17
44 Sep Rev / 15.1.17
807 .. / 25.9.16
1197 Est / 15.11.16
3117 Rev / 3.10.14
2256 .. / 29.7.13

(Subject-New distillery at Pachanallur.)

C.No.7680. From M.R. by T.Guruswami Nadar, Distillery Contractor, d. 29-10-17

x x x

for all kinds of liquor.

The exports figures for India fluctuate in a way I do not understand and evidently the trade is unstable enough (~~because the export figures are~~ ~~unstable~~ ~~proportion~~) The figures are (in gallons)

Year	India	Madras
1912-13	125,090	125,086 (all to Ceylon)
1913-14	35,960	35,958
1914-15	842	810
1915-16	33,935	32,765 (mostly to U.K.)
1916-17	Not known	450

The imports of methylated spirit for India and Madras and the quantity ~~and~~ manufactured in this Presidency are shown in the subjoined statement.

Methylated spirit

Year	Imports into		Manufacturing in Madras
	(1) India	(2) Madras	
1912-13	235,964	2338	17207
1913-14	273,614	2968	17801
1914-15	319,308	3923	16942
1915-16	256,866	2657	17794
1916-17	Not known	290	21793

I should have thought that India could herself manufacture enough to make these very large imports unnecessary, if the industry were properly organised. Madras seems to be doing more

than her share, as she makes 6 or 7 times more than she imports, other imports are little over 1% of the whole of India.

It is true that Messrs. Parry & Co.'s experiments in the manufacture of industrial alcohol as a substitute for petrol failed, but the price of petrol has enormously increased since then (3 years ago) and even apart from the use of alcohol as a substitute for petrol, the statistics cited (if they can be relied on) suggest that there is scope for a very large development of the manufacture of (non-^{prof}itable) alcohol, if only the question could be taken in hand at once.

I must apologise for raising this big general question (~~and of which the Government has no simple answer for information, a question~~) which is rather a matter for the Industries Dept. than for Excise, but there are some rather large issues at stake.

I would ask the D.I. ⁴⁰ whether the possibilities of organising a larger scale ^{of} indigenous industry for purposes other than drinking deserve investigation.

F.J.R.
24-11-17

Mr. Todhunter had better see these papers - at this stage and offer his remarks if any, U.O.

P.R. [Cafag, Jala Acharigan]
29-11-17

The Hon'ble Mr. Todhunter U.O. for favour remarks.

F.J.R.
30-11-17

I don't believe that industrial alcohol made from molasses will ever pay ^u this Presidency. We import large quantities of molasses from Java and

Co. 2256. Rev
29.7.13
80. 3117. Rev
30.10.14

Mauritius and it is much more profitable to sell molasses to distillers of portable spirit and for tobacco-curing than to turn it into industrial spirit.

The bulk of the industrial spirit brought into India is imported at Calcutta for the *trade*. There are undoubted possibilities of replacing this by distillation from Mahua and I started the Maharaja of Rewah on these lines several years ago. In this Presidency we might do something in the agency tracts and Mr. Cotterell has the matter under enquiry. The difficulties are transport and the fact that Mahua makes a very troublesome work.

C.G.T.
1-12-17.

Finl. (S.R.) Dept.

x x x

2. Extract from these notes as well as the notes in linked file III with connected paper may be sent to Home (Edn) and they may be requested to consult the Director of Industries on the question of manufacturing alcohol for industrial purposes. c.f. D.S.'s note on pp 2-5 ante.

K.C.V.
6-12-17.

x x x

The other question may be referred to the Director of Industries through Home.

D.N.S.
7-12-17.

B.B.

x x x

Extracts from the notes relative to the larger industrial question may be referred to Home Dept. for what action they may think fit.

F.J.R.
7-12-17.

NOTES.

Page 4

B. I agree.

P.R. (Ayazopala Acharyan)
8-12-17

Draft as proposed by U.S.; put up extracts as suggested at B for Home and close the file.

F.J.R.
8-12-17.

To U.S.

Draft order is submitted for approval.

2. After issue relevant extracts from the notes will be forwarded to Home (Edn) 4.

K.C.V. 8-12-17.

D.M.S.
10-12-17.

[Issued as G.O. No. 887, Fin (EA), 7/10/17]

Revenue department.

(C.No. 1947) From the Director of Agriculture.

(Requesting to sanction the purchase of 20 gallons of rectified spirits.)

To Dy. Secretary.

The Director of Agriculture requests sanction for the purchase of 20 gallons of rectified spirits for the Govt. Agricultural Chemists use at a total cost of Rs.362-4-0(including excise duty).

2. With reference to para 3 of A.G.'s Endt regarding the supply of spirits free of excise duty, attention is invited to Sep.Rev.Endt.No.1038 --1 d.28-3-17, in the notes to which it was held that the "Agricultural College and Research Institute-Coimbatore" as an educational institution should get rectified spirits on payment of duty. The research work carried on at the Agricultural College has as its sole object the improvement of Indian Agriculture and further the Agricultural College is not on the same footing as the Arts Colleges. These are in almost all cases, good paying concerns while the Agricultural College is not. In these circumstances it is submitted that the Separate Rev.Dept. may be requested to state if there is any objection to permitting the supply of spirits free of duty to the "Agricultural College and Research Institute-Coimbatore" as is done in cases where spirits are required for industrial purposes. Industrial organizations depend for their prosperity on good agricultural conditions and it may not be too much to ask that the concession granted to Industrial purposes be extended to Agricultural experiments also.

Go. no 654. Final. S.R.
29.6.17 (7)

3. The present reference from the Director need not be hung up owing to this general reference and sanction may be granted to the purchase of the spirits asked for. A draft order is submitted. After issue of the draft the file may be sent to Separate Rev. U.O. for remarks on para 2 above.

P.K.
1-11-17.

R.R.
1-11-17.

After issue to Sep.Rev.U.O.

(Sd) F.J.R.
5-11-17.

(Issued as G.O.No.3493 Rev. d. 6-11-17)

Finl. (S.R.)

To Under Secretary.

In G.O.No.807, Finl., (S.R.) d.25-9-16, the concession in regard to the supply of duty-free spirits to Educational Institutions was withdrawn as this led to abuses—please see the remarks of the Hon'ble Mr. Toddhunter on page 4 of the notes in the same G.O. Against this order some of the Professors of the Presidency College protested and Govt. declined to reconsider the withdrawal order as it mattered not for a Govt. institution whether it obtained rectified spirits duty-free or duty paid. The position seems to be the same whether the Agricultural College, Coimbatore is treated as an educational institution or an industrial institute and there seems to be no object in supplying it with duty-free alcohol under the orders in G.O.No.654, Finl. (S.R.) d.29-6-17 K.C.V.14-11-17.

D.M.S.
18-11-17

I am not quite satisfied as to the soundness of G.O. 807, d. 25-9-16. The argument is that Govt. recover in the form of duty ^{what} ~~which~~ they pay extra through college etc. in purchase. But in the former case part at least of the duty goes to Imperial funds whereas the whole of the latter falls on Provl. funds (or even Local Funds if the difference is not made good in the shape of grants)

I have not ~~any~~ got the Distillery and Warehouse Rules with me but wish to know whether both rectified and denatured spirits could be ~~now~~ issued free of all duty under Rule 49 III and does Mr. Todhunter's estimate of "about Rs. 200" ^{cover} ~~both~~ both rectified and denatured?

Rs. 200 is not much and if the matter does not go beyond that, there is no case for reconsideration.

But the Govt. of India orders in G.O. 654 d. 29-6-17 open up new vistas and in dealing with the case of Messrs. Guruswami Nadar and Somasundara Chettiyar I have suggested an examination of the possibilities of manufacturing alcohol for industrial purposes on a large scale. Hitherto as an industry this manufacture has been ~~strangled~~ ^{strangled} by the Excise Rules. If the manufacture is to be encouraged, the Excise Rules will require considerable revision.

Please answer my queries at A and if the question is to be referred to the D.I. as I suggested this file and its G.Os may go to him for perusal.

F.J.R.
25-11-17.

To Under Secretary.

Under rule 49 (III) of the Distillery

Recd 13-12-17
10

* Warehouse rules both rectified and denatured spirits can be issued free of duty to certain officers of Govt—please see also para 22 (a) of the Excise Manual.

In arriving at the estimate of Rs.200 the Hon'ble Mr.Todhunter appears to have taken into account the duty on 14 gallons of rectified spirits and on 1370 gallons of denatured spirits. The duty on the former at Rs.11-4-0 a gallon amounts to Rs.157-8-0 but the excise duty on denatured spirits (7½ % ad valorem) has since been abolished (G.O.No.44, d. 15-1-17)

S.S.S.
28-11-17

K.C.V.
28-11-17

(D.S)

D.N.S.
29-11-17

Wharfax

If extracts from the linked file are to go to Home, relevant extracts from this can be added to them.

F.J.R.
7-12-17.

Home (Edn) us.



at

Housed & Co. 1917

The ^{notes} file may be sent to Mr. Jones a.o.
for remarks

AS
20-12-17
H
20/12/17

Mr. Jones a.o.

Donk-o-3707A-1

21-12-17

R.C. 387
8/18

Vice d.o. letter
below flagged G

I have written to
Mr. & Pany & Co. sug-
gesting that in view
of the enhanced price
of petrol they should
again take up the
question of industrial
alcohol. But the en-
hanced price of petrol
is largely due to the
price of kerosene & industrial
alcohol would meet
with the same difficulty.

2. I have various books
on industrial alcohol,
& Mr. Green is going to
write up the subject.

10/ 12
the the war problem (except
honestly & liberality owing
to the war) I don't believe
that industrial alcohol
has much chance against
petrol. The point is
that no one knows of
what price the big oil
companies, if they were
nationalized, could buy
petrol on the market.
But as the petrol supplies
become exhausted - as
prices of kerosene will
industrial alcohol will
come in its own.

3. The problem is being

wanted at in Hyderabad
where conditions are
favourable owing to
large supplies of makhwa
flowers.

Chander

11/2/18

No. 1

Home Dept. of



Page 9 ante

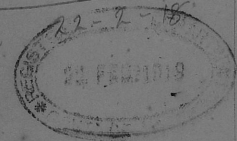


~~2. 13.2.18~~
~~15.2.18~~

Conno. 3707A-2.
16.2.18

Sep. Rev. Ct. No. 271
Regd. 16-2-18

S.R. No. 271-1



Mr. Jones has written to Messrs. Parry & Co. suggesting that in view of the enhanced price of petrol they should again take up the question of industrial alcohol. He also reports that Mr. Green is going to write on the subject. In the circumstances stated in his note on pages 9-11 ante he does not recommend any immediate action. It is for consideration whether the note may be

Order No. 266 Home Sec.
25.2.18

Records

2. 13.2.18 2. 15.2.18
2. 15.2.18

To Under Secy.

Fin. (S.R.) Dept.

The file may be perused and returned to Home (Education).

19.2.18
19.2.18

Home (Ed) No.

Returned with thanks

21.2.18

D.O. 307.

Madras, 8th January 1918.

My dear Buchanan,

Armstrong tells me that you are looking into the question of industrial alcohol. Government have sent me down the following note:-

"The imports of methylated spirit for India and Madras and the quantity manufactured in this Presidency are shown in the subjoined statement.

Methylated spirit.

Year	Imports into		Manufacturing in Madras.
	(1) India	(2) Madras.	
1912-13	235,964	2338	17207
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"I should have thought that India could herself manufacture enough to make these very large imports unnecessary, if the industry were properly organised. Madras seems to be doing more than her share, as she makes 6 or 7 times more than she imports, other imports are little over 1% of the whole of India.

"It is true that Messrs. Parry & Co.'s experiments in the manufacture of industrial alcohol as a substitute for petrol failed, but the price of petrol has enormously increased since then (3 years ago) and even apart from the use of alcohol as a substitute for petrol, the statistics cited (if they can be relied on) suggest that there is scope for a very large development of the manufacture of (non-potable) alcohol, if only the question could be taken in hand at once."

2. I have looked up the papers connected with your experiments in 1912-14, and I quote extracts

from a report by the Board in July 1913.

"Cost of production of alcohol. From the statements received from distillery officers for May 1913, it is observed that the actual cost of materials to produce 1 gallon of proof spirit was --

	Rs.	a.	p.
Nellikuppam Distillery ..	0	8	11.3
Samalkotta " ..	0	8	10.0

"The cost for a gallon of 60° O.P. liquor would, therefore be --

	Rs.	a.	p.
Nellikuppam Distillery ..	0	14	4
Samalkotta " ..	0	14	1

"The establishment charges per proof gallons are --

	Rs.	a.	p.
Nellikuppam Distillery ..	1	3	4
Samalkotta " ..	1	3	1

"The addition of a profit of annas 2 a gallon to the above rates would put alcohol out of competition with petrol which at present can be purchased at Re.1 a gallon.

"As regards the other point viz., whether the distilleries in this Presidency can produce alcohol cheap enough to compete with petrol, Messrs. Parry & Company, who were consulted in the matter inform the Board that they made calculations of cost of production of alcohol from wheat, maize, rice, cane and palmyra jaggery, sweet potatoes and molasses and found that, at present market rates, none of those raw materials would yield spirit as cheaply as molasses. They, however, point out that if one or other of these raw materials were grown specially for distillation it might be possible to produce spirit cheap enough to compete with petrol. As Messrs. Parry & Company have a considerable extent of land around Nellikuppam under cultivation of different kinds they propose to make experiments in this direction with the Board's permission.

"The Company are being informed that they will be permitted to carry out the necessary experiments.

"The Board is also informed by Messrs. Parry & Company that even with an almost unlimited demand for alcohol as a substitute for petrol, the cost of

16
"manufacture of the former is not likely to decrease, as the working cost excluding the cost of raw materials does not form a sufficiently large fraction of the total cost of production."

The experiments with spirit manufactured from sweet potatoes were not a success as the cost of production amounted to 0-12-6 per gallon of 30° U.P. or Re.1-12-7 per gallon of 60° O.P. against an average market price of Re.1 per gallon of petrol.

3. The position however has now changed in that petrol has gone up (retail price) to Re.1-12-6 per gallon. Would it not be worth while going into the matter again? What about trying distillation from rice at Samalkotta? The rice mills in Godavari and Kistna are overflowing with rice from last year's crop which they could not get away owing to shortage of waggons, and this year's crop is just coming on, so that the price of rice ought to be very low at Samalkotta. Apart from motor spirit, very large quantities of industrial spirit are required at Calcutta for the lac trade. Imports into Bengal dropped by 50,000 gallons in 1915 and probably were shorter still in 1916-17. So there ought to be a good opening.

Yours sincerely,

C.H.

Chandrasekhar
Chd
8/1

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 When examined
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HEAD AGAIN G.O. No.
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DATED

CORRECTION No.

ENCLOSURES TO G. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH DETAIL

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