

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 767	<u>Press</u>
<i>100-105</i>	<u>Mis.</u>
Dated	5. 4. 1862.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
5th April 1862.*

No. 104. Read the following letter from Messrs. H. and N. MORISON, to J. D. SIM, Esq., Secretary to Government, Revenue Department, Fort Saint George, dated Madras, 3rd April 1862:—

SIR,

We have the honor to request you will be good enough to lay the following proposition regarding the Madras Abkarry before His Excellency the Governor in Council.

The system at present observed by Government in the purchase and manufacture of spirits and retailing the same themselves in Madras, though it has succeeded in some degree under good supervision, cannot be said to supersede in efficiency the contract system which of late has been so advantageously adopted by Government in all departments.

The Abkarry revenues throughout India, with the single exception of the Town of Madras, have been collected on the contract system. Not only have whole Districts been well worked by contractors, but in Calcutta, Bombay, and several of the large Military Stations in our Presidency, the system has proved a complete success, and in every instance the Government have derived satisfaction.

The Mysore Government have farmed out the station of Bangalore for a period of five years at a net revenue of four lakhs of Rupees per annum.

Whilst the other Presidencies and Towns have followed this plan of farming the Revenue and found it advantageous, we are led to infer the Madras Government will not object to the Abkarry of this Town being given out provided they find no loss of Revenue and perfect safety in the system.

The adoption of the farming system at Madras would give room for a considerable reduction in the present establishment, and any change or modification now contemplated by Government could be carried out, and whatever saving is thus effected may be considered equivalent to a direct increase of the Revenue of the District.

The Abkarry receipts and disbursements, as shown in the accounts the Board of Revenue were pleased to forward to us, appear as follows:—

	RS.	A.	P.	Net Revenue.
1856-57 Revenue	6,38,105	10	9	
Expenditure... ..	1,08,389	9	6	
				5,29,763 1 3
1857-58 Revenue	7,68,241	14	4	
Expenditure	1,46,768	11	1	
				6,21,473 3 3
1858-59 Revenue	7,71,413	2	0	
Expenditure	1,77,935	11	11	
				5,93,477 6 1
1859-60 Revenue	8,86,467	13	5	
Expenditure	2,23,661	9	10	
				6,62,806 3 7
1860-61 Revenue.....	9,68,028	0	10	
Expenditure	2,49,629	1	11	
				7,18,398 14 11
Total ...				31,25,871 13 1
Average for 5 years..				6,25,174 5 9

By the above statement it will be seen that the average Revenue amounts to Rupees 6,25,174. This is based on the returns of the past 5 years which has been the most flourishing period of the Abkarry Revenue. During these years a large increase took place in the sale of spirits of all kinds in consequence of the opening of the Railway which brought a large influx of labor and capital into Madras, and the Mutiny in Bengal which caused the

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temporary location of Troops in Madras when they embarked or debarked *en route* to or from Bengal or China.

In the year 1860-61 we notice a considerable rise on the previous year's Revenue, this however cannot be maintained as it is attributable mainly to the sudden introduction of high duties on spirits as shown by the Collector in his reports, and when in the Abkarry Accounts the Revenue showed a large increase, the Customs Returns for the same period exhibited a corresponding falling off.

In further proof that this sudden rise did not occur from natural causes and that it cannot continue during a succession of years we may here mention, for the information of His Excellency the Governor in Council, the fact that Government have already experienced a falling off in the collections for the current Fasli 1861-62 of Rupees 80,000, and that the estimated decrease under last year's revenue will be Rupees 1,00,000, by the end of the year. Thus showing that the Revenue this year has fallen to Rupees 6,18,000 net, which is considerably under the average quoted by us and fully fifty thousand under the Revenue of 1859-60.

Should His Excellency the Governor in Council on considering the foregoing remarks be pleased to approve of the contract system, we have the honor to represent that from our extensive experience in Abkarry contracts we would have no hesitation in undertaking to farm the Revenue for 5 years at an increase over the average of *Rupees 51,000 per annum*, namely, at a fixed rental of *six lacs and seventy-five thousand Rupees per annum* payable by monthly instalments.

The advantage Government will experience in accepting our offer will be more forcibly shown in the following statement:—

Revenue derived from Government.

RS.	A.	P.
5,29,716	1	3
6,21,473	3	3
5,93,477	6	1
6,62,806	3	7
7,18,398	14	11
31,25,871	13	1

Revenue proposed by us.

RS.	A.	P.
6,75,000	0	0
6,75,000	0	0
6,75,000	0	0
6,75,000	0	0
6,75,000	0	0
33,75,000	0	0
31,25,871	13	1
2,49,125	2	11

Net profit to Government.....

in the above statement is to be observed the deficit of a lac of Rupees in the current year's Revenue is not included, were it so, our offer would show still more favorably.

One of the objections which may be urged to giving out the contract to a renter would be the largeness of the undertaking and the risk the Government would run in case of default. To meet this we may state that we will be prepared to deposit Government paper equal to two months' instalments, the usual security in such cases.

This money deposit of *Rupees 1,12,500* would fully indemnify the Government from loss, and it must further be considered that a Contractor intending to carry out such an undertaking must always have on hand a six months' stock of spirits worth some thousands of Rupees which could at any time be seized and retailed to the Bazarmen in case of failure.

The Abkarry Revenue of Madras is so constituted that the Bazarmen who are real vendors of liquor are under daily contract, and in case of our failure the Government could at once appoint a subordinate Revenue Officer who could issue the confiscated spirit to the Bazarmen and collect the Revenue direct from them.

The only risk the Government then run is a cessation of work for 3 or 4 days, and perhaps scarcely that, which will be more than covered by the value of the large stock of liquor irrespective of the heavy deposit of a lac and twelve thousand Rupees.

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The contract system with regard to Abkarry now so universally adopted has always proved a success, and Government have never suffered except perhaps in the individual case of Mr. Kenrick the Contractor for Chingleput. In this case Mr. Kenrick was allowed to fall in arrears with his kists until they far exceeded the amount of security deposited. Had the Government secured themselves by attaching the rent so soon as his kists were overdue, and had re-sold the contract, the deposit would have more than covered any loss on the re-sale.

Any objections urged as to the spread of drunkenness and other disturbances will be fully met by our conforming to present rules. The number and situation of shops would be just as dependent on the Police as at present and all these provisions could be fully set forth in the contract the same as is done in Military Cantonments.

In conclusion we may state for the information of His Excellency the Governor in Council that we have had extensive experience in this particular line of business and have held large contracts under Government which we have always carried out to satisfaction. Should the Government accept our offer, we will be fully prepared to take charge of the work on the 1st July, the beginning of the Fasli year, and we shall deem it a favor if you will represent to His Excellency in Council the desirability of our being favored with an early reply so as to enable us to make our arrangements for carrying out the contract.

No. 105.

ORDER THEREON, 5th April 1862, No. 767.

Forwarded to the Board of Revenue for early report, after consultation with the Collector.

(Signed) C. G. MASTER,

Deputy Secretary to Government.

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The Abkarry Revenue of Madras is so constituted that the Bazarmen who are the vendors of liquor are under daily control and in case of our failure the Government could at any time even withdraw the license which could issue the confiscated spirit to the Bazarmen and at the revenue direct from them.

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We have the honor, to be,

Sir,

Your most obedient Servants,

H. K. Kenrick

