M.F.O. 14—10,000—21-4-22.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	1716	Press ~~Mis.~~
84-85		
Dated	17 —12— 1859	

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, for the month of December 1859.

No. 84. Read the following letter from W. HUDLESTON, Esq., Acting Secretary to the Board of Revenue; to J. D. BOURDILLON, Esq., Secretary to Government, Revenue Department, dated 23rd November 1859, No. 4791.

I am directed by the Board of Revenue to acknowledge the receipt of Extract Minutes of Consultation, dated 1st April 1959, communicating copy of a letter from the Government of India, dated 18th March preceding, with enclosures, having reference to a proposition to increase the duty on country spirits and ganjah throughout India, and to submit the following report on the subject.

In Consultation 2nd April 1859, No. 1451.

2. In the provinces, as Government are aware, the abkarry is entirely rented. Except in a few special instances, the rents are sold by public auction to the highest bidder for terms of 5 years. Under this system no enhancement of duty is practicable, nor are the Board prepared to recommend a change from this to the Sudr distillery system of Bengal. They doubt whether a larger revenue would be raised by the latter mode of administration, for the competition at the sales of the abkarry farms is considerable, and in such a trade, a private dealer is more likely to effect an extensive sale than Government servants would be. Moreover by renting, all establishment expenses are avoided, and the officers of Government, unconnected with the traffic, are free to check its abuses. The subject was alluded to in the Board's report to Government, dated 4th January 1855, No. 127, in which the comparative efficiency of the Madras and Bengal systems was considered. It must also be remembered that in this Presidency, toddy forms a considerable portion of the liquor consumed, and except in the large towns, it would be scarcely practicable to manage this profitably otherwise than by renting.

Paragraphs 10 to 15.

3. The rate of duty or tax paid to Government cannot of course be ascertained under the renting system. The renters doubtless realize the highest price they can, and it is to be inferred that the competition at the sales ensures Government the largest revenue obtainable.

4. The marginal abstract gives the abkarry revenue for the last fifteen years, and, as Government will perceive, shows a considerable increase.

Abkarry Collections for 15 years, from Fasly 1254 to 1268.

Faslies.	All other Districts than Madras.	Madras.	Total.
1254	14,35,174	6 03,139	20,38,313
1255	14,88,022	5,70,689	20 58.711
1256	14,81,444	4,58,990	19,40.434
1257	15,52 690	5,32,386	20,85,076
1258	15,97.956	5,73,707	21 71 663
1259	16,05,240	5,72,797	21,78,037
1260	15,90,734	5,35,563	21,26,297
1261	15,88,809	5,46,210	21,35,019
1262	15,96,373	5,75.543	21,71,916
1263	16,00,506	6,15,613	22,16,119
1264	15.36.965	5,50,698	20,87,663
1265	16.61,459	5,94,494	22,55,953
1266	18,52 593	6,40,193	24,92,786
1267	19.77.172	7,71,191	27 48,363
1268	20,56,382	7,73,310	28,29,692

5. There is nothing, however, to prevent the Bengal system being tried if Government desire it, when the present leases expire. In this case a selection of the larger towns might be made, and the two systems be brought to the test of actual experiment.

6. In Madras itself, the system pursued in regard to arrack approximates closely to that of Bengal.

Three kinds of arrack are sold, viz. Puttai, Colombo, and Batavia.

The first is manufactured at the Government distillery in Black Town and supplied by the Collector to the licensed venders within the limits of the Supreme Court, at 3 Rupees per old wine gallon.

Colombo arrack is imported by the Commissariat department, and furnished to the Collector, who supplies the Shop-keepers at Rupees 3-7 per wine gallon.

Batavia arrack is procured and sold in the same manner as Colombo, but being less liked, is only supplied when the latter, as has lately occurred, is not procurable in sufficient quantities.

7. Under the recent Act VII. of 1859, the import duty on spirits is 3 Rupees per imperial or $2\frac{1}{2}$ per old wine gallon. The arrack consumed in Madras is, therefore, charged already with a higher duty than foreign spirits, the difference between the prime cost and the Government selling prices, which in fact is the duty, being Rupees 2-10 in the case of Puttai, and Rupees 2-12-6 in that of Colombo arrack on the old wine gallon.

Any further enhancement would of course lead to the use of *foreign* instead of *these* spirits; and Government would lose instead of gain by the change.

8. The Board, however, think it objectionable that there should be this differential duty on these liquors, and, would therefore, propose that the duty on arrack in the Madras Collectorate be assimilated to that on foreign spirits, and that the Collector should supply the retail shops with the necessary quantity of each kind of liquor at the prime cost to Government, *plus* this rate of duty.

9. This change of system will involve a loss of revenue to the extent of about Rupees 24,281 per annum, on the average of faslies 1265-66-67.

The Board would propose to make up this deficiency by charging a fee on each license which are now issued free of all charge. They see no reason for giving up any of the present revenue, and the fairest mode of attaining this object seems to be, by requiring all who sell liquor, to pay for the privilege.

10. At present, liquor may be sold *wholesale* without any license or payment of any special fee or tax, and the Board find on reference to their records that this exemption has been enjoyed from the earliest period in the Revenue Department, but prior to the operation of the new Presidency Police Act, a wholesale license for spirits was requisite from the Police, and a fee of Rupees 45½ was charged annually on renewal. The above Act making, however, no mention of wholesale licenses, none such are now demanded by the Police, and the Abkarry Act XIX. of 1852 being equally silent on the subject, none are issued by the Collector. The Board would now renew the requirement and make the Collector the authority for renting the license. Formerly wholesale transactions were restricted to the sale of very large quantities, but now by Act XIX. of 1852, so small a quantity as a dozen of brandy constitutes "wholesale," and it is, moreover, notorious that under the pretence of sample bottles an illicit retail trade is carried out to a considerable extent, by nominal wholesale dealers. Were a heavy license fee or one varying with the transactions of the dealer proposed, a valid objection might be raised by boná fide wholesale merchants, on the ground that, as the retailers of European spirits obtain their supplies from them, liquor passing through their hands would thus be twice taxed. But with a light fee, such as the Board propose, this objection might be disregarded, as wholesale merchants undoubtedly sell to others than retail dealers, and the quantities which they *may* sell under Act XIX. of 1852 do not merit the appellation of wholesales.

11. The rate of license fee which the Board would propose is Rupees 100 annually on all licensed wholesale or retail dealers in arrack and other country or European spirituous liquors, beer and wine.

The result would be according to the Collector's register of existing shops,

	Rs.
Puttai arrack shops	5,700
Colombo do.	4,700
Wholesale and other dealers who now pay nothing	25,400
Total	35,800

or Rupees 11,519, beyond the deficit caused by assimilating the tax on arrack to the import duty on foreign spirits.

12 If Government consider the alterations above suggested worthy of adoption, a slight modification of Act XIX. of 1852 will be necessary to admit of a license fee being charged anew on wholesale merchants and concurrently with an excise duty on others. In this event, the Board will submit a draft of the required modifications. There are certain other minor details of management, such as the present system of renting the arrack shops, &c., needing amendment, but with these the Board need not at present trouble Government.

13. The Collector of Madras agrees with the Board as to the changes above proposed, which are intended to be limited in their operation to the shops *within the limits of the Supreme Court.* Beyond those limits, and in the immediate neighbourhood of the Chingleput district, the Government price of arrack is less than the amount given above, and any increase would merely tend to transfer the sales to the shops of the Chingleput abkarry farmers.

14. The toddy revenue of Madras is managed on a different principle. The shops are divided into 3 classes, to each of which a certain number of trees are allotted, the charge varying with the class, as shewn in the margin. In regard to these the Board would not propose any alteration at present in the existing system which has been recently brought under a stricter control than formerly, with considerable benefit to the State revenues.

Class.	No. of Trees.	Daily charge. Rs.	As.
1st	330	2	13
2nd.	247	2	3
3rd.	165	1	5

15. With regard to ganjah and other intoxicating drugs, the sale and consumption of these in this Presidency formed the subject of the Board's report to Government, dated 23rd April 1855. It was then found that the growth of these articles was very limited, and the revenue to be derived from their special taxation would be too trifling to be worth consideration.

Ordered in consequence that the following letter be despatched.

No. 85. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George; to C. BEADON, Esq., Secretary to the Government of India; dated 17th December 1859, No. 1716.

Paragraph 1. I am directed by the Honorable the Governor in Council to acknowledge the receipt of your letter dated 18th March last No. 519, and to forward in reply for the information of the Government of India, copy of one from the Board of Revenue dated 23rd November 1859 reporting on the proposition to increase the duty on country spirits and ganjah throughout India.

2. It will be seen from this report that in all parts of the Madras territory except at the Presidency, the Abkarry is rented for terms of years, and that under this system no enhancement of duty is practicable. For reasons given in paragraph 2 of their report, the Board do not advocate a change from this practice to the Sudr distillery system of Bengal; their reasons for this view are given in paragraph 2, and they shew that this branch of

Paragraph 3. revenue has largely increased during the last fifteen years viz. from Rupees 14,35,174 in Fusly 1254 to Rupees 20,56,382 in 1268. They state however that if desired the Bengal system might be tried when the present leases expire, and they suggest that a selection of the larger towns

Paragraph 5. might be made, and the two systems be thus brought to the test of actual experiment.

3. In the small Collectorate of Madras the system pursued in regard to arrack approximates closely, to that of Bengal; arrack either Colombo, Batavia or

Paragraphs 6 and 7. home made, is supplied to venders by the Collector at certain fixed prices. The Board point out that these prices are such as virtually to tax the several kinds of arrack more highly than European spirits are taxed, and that any further enhancement would necessarily lead to the use of the latter,

Paragraph 8. by which the revenue would lose instead of gaining. The Board recommend that the differential duty should be removed, and that the duty on arrack should be assimilated to that on foreign spirits. This change would occasion an annual loss of Rupees 24,281; but the Board propose* to

* *Paragraphs 9 and 11.* make up this loss by making a license necessary to every spirit vender, and charging a fee for the same at the rate of 100 Rupees a year. They also propose (paragraphs 10 and 11) to require wholesale dealers in spirits to take out licenses for which they would charge at the same rate. They estimate the produce of these fees at Rupees 35,800 yearly, being Rupees 11,519 beyond the deficit, and they notice that this measure would render necessary a slight modification of Act XIX of 1852.

4. The Government are not prepared to advocate any of these proposals. For the reasons stated by the Board they do not consider that the change from renting to Amani in the provinces

would be beneficial; and they are of opinion that a partial trial on a small scale as proposed would certainly be an evil. It could not be made without very considerable expense for both apparatus and establishment, and it would distrub and unsettle the public mind.

5. With regard to the course proposed in paragraphs 8 and 9 for the purpose of assimilating the duty on arrack supplied to the Madras retail shops to the duty on foreign spirits, and covering the loss by the change by a license fee, the Government see no advantage in it. The existing arrangement is not complained of by any party, and no occasion for a change is apparent, especially for a change which is intended merely to do the same thing in another way.

6. As to the proposal in paragraphs 10 and 11 to levy a license fee of 100 Rupees annually on wholesale dealers in spirits, the Government see no reason for imposing a further tax in addition to that levied on the importation of spirits &c.; and they cannot recommend it, especially after the large increase to the import duty by Act VII of 1859.

7. From the concluding paragraph of the Board's letter it will be observed that the production and use of ganjah and other intoxicating substances are very limited in this Presidency; and that the revenue to be derived from their special taxation would be too insignificant to be worth consideration.

Vide letter on this subject to Government of India 15th May 1855 No. 584.

G.O. No. 1716
17.12.59.

No. 84-85

Extracting so much of Resolution No. 1716 of the Madras Government, Revenue Department, dated 17th December 1859, as relates to the duty on Cassumbay exported to the Coast of Coromandel and Ceylon.

Fort St. George, 17th December 1859.

No. 1716

To the Secretary to the Government of India, Supreme Government.

3

Revenue 11 October 59 No 24-25.
" 1 April 59 " 135-130

612 " -103

Revenue 1859 Departt
Pros: of Govt 20th Decr.

No 2154

From
The acting Secretary to the
Board of Revenue.
To The Secretary to Govt
Revenue Departt

Dated 23d
Desp'd
Rec'd 24 } November 1859.

No 1791

From Do 28th Nov/16 No 2863

No 1716. 17th December

Submitting the report called for by Government on a proposition from the Government of India to increase the duty on Country Spirits and Ganjah, throughout India.

Abolition of Renting - Rs 5
Lowering Spirit Contract - Rs 8
Reliet Licenses on Contract Rs 9
Wholesale Rs — Rs — Rs 10

Copy to the Govt of India
17 Decr 59
No 1716

No 84.

13 December 1859

Revenue Dept 20.

R. D.

No 1716

To

C. Beadon Esqre.

Secretary to the Government of
India.

Sir,

1. I am directed by the Honorable the Governor in Council to acknowledge the receipt of your letter dated 18th March last No 519 and for the information of the Govt of India to forward in reply a copy of one from the Board of Revenue dated 25th November 1859 reporting on the proposition ~~of the Government of India~~ to increase the duty on country Spirits and Ganjah throughout India.

2. It will be seen from this report that in all parts of the Madras Territory except the Presidency the Abkary is ~~entirely~~ rented for terms of years, and that under this system no enhancement of duty is practicable. For reasons given in para 2 of their report the Board do not advocate a change from this to the Sudr Distillery system

of

of Bengal; their reasons for this view are given in paras 2, and ~~in para 3~~ they shew that this branch of revenue has largely increased during the last fifteen years Viz^t from Rupees 11,35,174 in Fusly 1254 to Rupees 20,56,382 in 1268 ~~in the Provinces, and from Pd 6,03,139 to Rupees 7,73,310 in Madras~~ They state however that if desired the Bengal system might be tried when the present leases expire, and that they suggest a selection of the larger Zemindaries might be made, and the two systems ~~be~~ thus brought to the test of actual experiment.

Para 3.

p: 5

2 In the small collectorate of Madras the system pursued in regard to arrack approximates closely to that of Bengal, but here arrack is charged a duty with a higher duty than Foreign Spirits, and any further enhancement would necessarily lead to the use of Foreign ~~Spirits~~ the cheapest Spirits, by which

p: 6 & 7.

arrack either Columbo, Batavian or home made, is supplied to venders by the Collector at certain fixed prices. The Board point out that these prices are such as virtually favor the several kinds of arrack more highly than European Spirits are taxed, and that

by making a license necessary to every spirit vender, and charging a fee for the same at the rate of 100 Rupees a year. They also propose (Para 9 & 11) to require wholesale dealers in spirits to take out licenses for which they would charge at the same rate. They estimate the produce of these fees at

f8.

which the Revenue would lose instead of gaining ~~thereby to the Government~~. The Board recommend that the differential duty should be removed, and that the duty on arrack should be assimilated to that on foreign Spirits. This change would occasion an annual loss of Rupees 24,281; but the Board propose to make up this loss ~~on Licences for the privilege of being permitted to sell liquor. The licence fee is calculated to yield a return~~ of Rupees 35,800 yearly, being Rupees 11,519 beyond the deficit, and they think that this measure would render it necessary to effect a slight modification of Act XIX of 1852 ~~will be necessary~~.

The Government are not prepared to advocate any of these proposals. For the reasons stated by the Board they do not consider that the change from Renting to Amani in the Provinces would be beneficial, and they are

are of opinion that a partial trial on a small scale as proposed would certainly be an evil. It ~~certainly~~ could not be made without very considerable expense for both apparatus and establishment. It would disturb & unsettle the public mind

5 With regard to the course proposed ~~to be pursued~~ in the purpose of paras 8 & 9 for assimilating the duty on arrack supplied to the Madras retail shops to the duty on foreign spirits, and covering the loss by the change by a Licence fee, the Government see no advantage in it. The existing arrangement is not complained of by any party, and no occasion for a change is apparent, especially for a change which is intended merely to do the same thing in another way.

6 and 11 As to the proposal in paras 10 to levy a Licence fee of 100 Rupees annually on ~~the~~ Licensed wholesale ~~and retail~~ dealers in spirits, dealers the Government see no reason for imposing a further tax in addition to that levied on the importation of spirits &c, and cannot recommend it, especially after the large increase to the import duty by Act VIII of 1859.

7 From the concluding para of the Board's letter it will be observed that the production & use ~~growth~~ of ganjah and other intoxicating substances ~~drugs~~ are very limited in this Presidency, and that the revenue to be derived from their special taxation would be too insignificant to be worth consideration.

Vide letter on this subject to Govt of India 15th May 1855 No. 584.

Fort St Geo. 19 Dec. 1859.

To Govt to the Bd of Rev. for information

Revenue 1859 Departt.
Pro: of Govt 20th Decr.

No 1716.

To the Secretary to the
Govt. of India.
Dy 19th December 1859.

From Bo/Rund 6th Septr/1859 Cr 2224.
Lodged (about the Gallow used
for Colombo Arrack.)

Reporting on the pro:
position to increase the
duty on Country Spirits and
Ganjah.

No 84 & 85.

C/D December 1859