M.R.O. 14—10,000—21-4-22

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1242 — Press ~~Mis.~~

313-314

Dated 25-7-1860.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 25th July 1860.

No. 313. Read the following Proceedings of the Board of Revenue, dated 23rd July 1860, No. 3,379:—

Read Proceedings of the Madras Government dated 3rd July 1860, No. 1,097, Revenue Department.
(In Cons., 4th July 1860, No. 3,242.)

Read also Proceedings of the Madras Government dated 17th and 23rd July 1860, Nos. 1,181 and 1,216, Revenue Department.
(In Cons., 18th and 23rd July 1860, Nos. 3,506 and 3,562.)

calling for a Report as to the best form of imposing a License duty in the Madras Presidency for the sale of Tobacco.

1. In anticipation of information regarding the cultivation, &c., of Tobacco in this Presidency being required by the Supreme Government, the Board in their Circular of 2nd April last called upon the different Collectors for reports upon the subject. The replies of all these Officers have not yet been received, but those which have reached the Board give results so much at variance with each other, that it is clear that little reliance can be placed on these Returns.

The average Assessment of Tobacco land, as shown in these Returns, varies from 2 to 17 Rupees per acre; the expense of cultivation including Assessment from Rupees 10 to 72 and the probable profit from Rupees 10 to Rupees 80 per acre.

2. The cultivation of Tobacco is chiefly carried on in small plots, and though the crop is profitable when it turns out well, it is hazardous and expensive.

3. The Board's records afford no information on the point under consideration, and as the only course available, the Board requested some of the chief Tobacco Merchants at Madras to attend at their Office and personally discussed the subject with them. From their accounts of their transactions and the high duty formerly levied on the article, the Board have come to the conclusion that the rates of License fees, proposed in the Bengal Memorandum, would not repress the cultivation of Tobacco or lessen its consumption. It is in fact purely a luxury and not consumed in large quantities, so that comparatively heavy taxation would not be much felt by the individual consumers. The Board think that an annual License fee of 200 Rupees might be levied in Madras and some of the chief provincial towns on wholesale transactions, and 100 Rupees in the smaller towns and villages. For retail sales the Board would not go higher than Rupees 2 monthly at Madras and the larger towns, and 1 Rupee elsewhere. They consider this distinction in the rates for towns and villages to be necessary.

4. The Board concur in giving the preference to a License duty over any other mode of levying a tax on Tobacco, supposing that the special taxation of this product, either directly or indirectly, is a State necessity.

5. In regard to Licenses on the sale of Wines, &c., the Board have consulted the Collector of Madras who considers that such fees may be levied, but that the Bengal rates are too high. The Board beg a reference to their letter to Government dated 23rd November 1859, No 4,791, in which they showed that the Arrack consumed in Madras already pay a higher tax than the Customs duties imposed by Act X of 1860 on imported spirits, and suggested that the tax should be equalised and a License fee imposed on *all* sales, wholesale as well as retail, to make up for the difference. The Government did not concur in this view, but in the event of Licenses being determined on, the Board would give the preference to the plan which they then proposed, and which they calculated would, at the rate they named, viz. 100 Rupees per annum, bring in a clear additional revenue of about 11,500 Rupees after allowing for the equalisation of duty and excluding Toddy sales altogether. The rates proposed by the Collector would produce about Rupees 27,500.

Faslis.	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

6. In the Provinces the Abkari is rented out by auction, and the Board doubt the expediency of levying special license fees on the renters or sub-renters during the currency of the present leases.

7. The Abkari Revenue of the whole Presidency for the last 15 years is given in the margin.

(A true Extract.)

(Signed) J. D. SIM, *Secretary.*

Proceedings of the Madras Government, Revenue Department, 25th July 1860.

Ordered in consequence that the following letter be despatched.

No. 314. From J. D. BOURDILLON, Esq., Secretary to the Government of Fort Saint George; to W. GREY, Esq., Secretary to the Government of India, dated 25th July 1860, No. 1,242.

1. With reference to your letter of the 20th June No. 1,293 received on the 2nd instant, I am directed to forward one from the Board of Revenue dated 23rd, reporting their opinion as to the best form of imposing a license duty in the Madras Presidency on the sale of Tobacco, and as to the rates of duty or fee that may prudently be fixed.

2. The subject appears to have been carefully investigated by the Board, and the Government do not deem it necessary to do more than submit the report for the information of the Government of India.

3. The last two paragraphs of the Board's letter relate to Abkári licenses on which subject the Government do not understand that any opinion was asked for by the Government of India. I am directed however to point out that the opinion of this Government on most of the points now touched on by the Board on this subject, was laid before the Government of India in my letter of the 17th December 1859, No. 1,716.

Instructions regarding the collection of the Duty on Arts, Trades, and Dealings, and on the grant of Licenses to deal in Tobacco.

THE spirit of many of the instructions relating to the working of the Income Tax will apply to this Bill also; but it must not be forgotten that there is an essential difference in the character of the two Bills which renders all inquiry into the income or profits of any one subject to this Bill for taxing artizans and dealers unnecessary, and such inquiry should be strictly forbidden except when specially invited by any one professing inability to pay the tax, and with a view to securing his own exemption.

As at present limited, the Bill will not apply to cultivators or laborers, to professional persons, or to any but persons exercising "any lawful Art, Trade, or Dealing for gain or profit," and not subject to Income Tax, and also to dealers in Tobacco.

All such "Arts, Trades or Dealings," known or followed in a district, must be arranged into three classes, into one or other of which every one subject to the tax will fall without reference to the precise amount of income which he may derive from his calling,—the nature of which may be taken as a rough index to his probable profits. Thus when a man's art, or trade is given, it should be at once apparent to which class he belongs, and what he will have to pay.

As a general rule, every man liable to tax should be allowed to state the particular art, trade, or dealing which renders him liable to taxation, and should be classed accordingly, without delay or inquisition; should he have misdescribed his calling, the fraud cannot long escape detection, and will be easily rectified.

In those parts of the country where the village system exists in some degree of integrity, and where the Village Officers are recognized as a branch of the public service, little difficulty can be found in carrying out the provisions of the Act without harassing the tax-payers, or exposing them to vexatious delays and extortion of the minor Officials.

But where the village machinery does not exist in any recognized form, special measures must be adopted to secure the same ends.

To some extent the machinery of the Income Tax Collectors will be available, but there will be numerous large communities who will furnish contributors to this tax on arts and trades, but which pay little or nothing in the shape of Income Tax, and special machinery will be there required.

It is difficult to lay down any general rule as to the course to be adopted in such cases. Zemindars, Talookdars, or Headmen of various denominations may often furnish an agency which will do all that is required with less trouble and annoyance to the Tax-payers, than a stipendiary agency of strangers.

But whatever the agency, it must be of such character and in such numbers as to enable every man to comply with the requirements of the Act, without taking him far from his own home. It must be borne in mind that to the

great mass of persons who will pay this tax the loss of a day will be a very serious evil, and that delay in enabling them to pay their tax and to comply with the provisions of the Act, will seriously enhance the burden of the tax. Every precaution must be taken to prevent this, and to make compliance with the requirements of the Act as easy and as little vexatious a process as possible—and the process of renewal year by year of the Licenses for the Tobacco Tax, or of the receipts for payments of the tax on artizans and dealers should be simplified as much as possible.

Mechanical appliances, such as printed and stamped forms of License, may often be used so as to materially assist the local Officers by avoiding delay and, and trouble in assessing or collecting the tax under Schedule B. In like manner printed forms of receipts adapted to each class of assessment under Schedule A may facilitate the collection of the tax on artizans or dealers.

With regard to Tobacco Licenses it is to be remembered that the object desired by Government is, that every one who now deals in Tobacco, whether by wholesale or retail, should continue to do so, paying the fee for License according to the extent of his business. The rates have been purposely fixed low so as to avoid the risk of forcing any one who now deals in Tobacco to close or contract that branch of his business, and thus to bring all Tobacco dealers under registration and moderate taxation with the least possible enhancement of the price of Tobacco to the consumers.

No. 4791.

From

W. HUDLESTON, Esq., Acting Secretary to the Board of Revenue.

To

J. D. BOURDILLON, Esq., Secretary to Government, R. D.

SIR,

I am directed by the Board of Revenue to acknowledge the receipt of Extract Minutes Consultation, dated 1st April 1859, 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 Con. 2d 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 five 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 expences 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.

Paras. 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 realise 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 Fusly 1254 to 1268.

Fuslies.	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
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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 shopkeepers 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 2½ 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 bonâ 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,

	Rupees.
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 abbarry farmers.

14. The Toddy Revenue of Madras is managed on a different principle. The shops are divided into three classes, to each of which a certain number of trees are allotted, the charge varying with the class, as shown 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. Trees.	Daily charge.
		Rs. A.
1st.....	330	2 13
2d.....	247	2 3
3d.....	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.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) W. HUDLESTON,

Actg. Secretary.

REVENUE BOARD OFFICE,
Fort Saint George,
23rd November 1859.

Copy to Collector of Madras.

Exd. J. Wright.

Encl^r. N^o 1 in the Proc^g of the Board of Revenue to the Secretary to Gov^t. R. D. dated 23^d July 1860 N^o 3379-

Rp 1491 of 60-

Letter from the A^t Secretary to the B^d of Revenue to the Secretary to Gov^t. R. D. dated 23^d November 1859 N^o 4791 reg^g the duty on Country Spirits & Ganjah, throughout India -

Ihr Brief vom 7. Juni ist mir richtig zugegangen. Ich habe mich sehr gefreut, Nachricht von Ihnen zu erhalten, und hoffe, daß Sie sich wohl befinden. Ich bin noch immer in Berlin, wo ich mich sehr wohl fühle. Ich habe viel zu tun, aber es macht mir Spaß. Ich habe auch einige Konzerte gegeben, die gut besucht waren. Ich werde bald wieder nach Hause fahren, um meine Familie zu besuchen. Ich freue mich darauf, Sie alle wiederzusehen. Bitte grüßen Sie alle von mir.

Mit herzlichen Grüßen

Ihr

Berlin, den 19. Juni 1924

Liebe Frau Professor!

Haben Sie vielen Dank für Ihren freundlichen Brief vom 7. d. M. Es freut mich, daß Sie sich wohl befinden. Ich bin noch immer in Berlin, wo ich mich sehr wohl fühle. Ich habe viel zu tun, aber es macht mir Spaß. Ich habe auch einige Konzerte gegeben, die gut besucht waren. Ich werde bald wieder nach Hause fahren, um meine Familie zu besuchen. Ich freue mich darauf, Sie alle wiederzusehen. Bitte grüßen Sie alle von mir.

Ihr

Rev. Dept.

Recd. 23 July
Ansd. 27 July
Regd. 27 July

No

No. 1242

W. Grey Esqre

Secretary to the Government of India.

Sir

I. With reference to your letter of the 20th June No. 1293 received on the 2nd Instant, I am directed to forward one from the Board of Revenue dated 23d reporting their opinion as to the best form of imposing a license duty in the Madras Presidency on the sale of Tobacco, & and as to the rates of duty or fee that may prudently be fixed.

2. The subject appears to have been carefully investigated by the Board, and the Government do not

not deem it necessary
to do more than sub-
-mit the report for the
~~information~~ ~~decision~~ of the Govern-
-ment of India.

3. The last two para-
-graphs of the Board's
letter relate to ~~the~~ Abkári licenses on which
~~duties~~ ~~On this~~ subject ~~an~~
opinion was asked for
by the Government of
India; ~~nor does it seem~~
~~necessary to this Govt.~~
~~must to offer any.~~ I am
directed ~~only~~ however to point out
that the opinion of this
Government on most
of the points now ~~raised~~ Touched on
by the Board on this sub-
-ject, was laid before the
Government of India
in my letter of the 17th
December 1859, No. 1716.

4. ~~With reference to~~

Fort St. Geo
25 July 1860.

para 6 of the Board's
present letter, the Go-
-vernor in Council is of
opinion that licenses
could not justly be im-
-posed on the shops
referred to.

4-41-10

Revenue 1860 Deptt.
Pros. of Govt for July.

No 1242.

To the Secretary to the
Govt of India.
Dy 25th July 1860.

Forwarding a report
from the Board of Revt
as to the best form of
imposing a license duty
in this Presidency on the
sale of Tobacco.

Copy to the Member
of the Legislative
Council for the
Madras Chery
22 Sept/60
No 313 & 314 - Re 1692