

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No.	1348	Press Mis.
281-282		
Dated	18 - 4 -	1862.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Revenue Department,
18th June 1862.*

No. 281. Read the following Proceedings of the Board of Revenue, dated 13th June 1862,
No. 3,814:—

Read the following letter from B. CUNLIFFE, Esq., Collector of Madras, to W. HUDLE-
STON, Esq., Secretary to the Board of Revenue, Madras, dated Sydapet, 7th May
1862, No. 141.

SIR,

1. As directed in the Board's Proceedings, No. 2,331 of the 8th ultimo, I have the honor to submit my report upon the proposition of the Messrs. Morison to rent for five years the Abkarry of the town and precincts of Madras.
2. Before discussing this particular application, I would make a few remarks touching the general expediency of having the sale of country-made Spirituous liquors in a large and populous town like Madras under the directed control of Government Officers.
3. The only objection which I have heard against the present system is, that it does not become a Government to conduct the supply and sale of spirituous liquors through the agency of its own servants, and thus to lay itself open to the imputation of a direct interest in increased consumption and its attendant evils; but as long as a revenue from the sale of spirits is one of the resources of the State, I cannot detect any appreciable difference, or any relief to the conscience, in substituting the renting out of the excise for the direct levy of it; indeed it seems to me that, when the latter system has prevailed without complaint on the part of the public, as it has done in Madras for the last thirty-two years, it were preferable to retain it, and to continue those wholesome checks, which as they would militate against the passing interests of Renters, would not be adopted by them.
4. Under direct management, the Government are enabled to introduce at once, as in the case of the late alteration in the closing of the Arrack Shops from 12 to 10 P. M., any improvement which they think fit without reference to the vested rights of others, an advantage in their hands of great import, and with which the renting system would much interfere; indeed, if for Police or Municipal purposes it was deemed expedient to make any change which might have a tendency to lower the receipts, there would immediately be raised, under a rent, a cry for compensation, which it might be difficult to satisfy except at an undue sacrifice. The removal of Shops from certain localities by the orders of Government is not of unfrequent occurrence, and this though of easy adoption, when they have to account only to themselves for the result, may prove far otherwise, when the interests of others are affected. It is true that these incidents may be provided for in the rental agreement, but it is not so clear that the proposed Renters are prepared for these contingencies, or that if subjected to them, they would not modify their present offer.
5. Believing then that the Government would be averse, except on material and manifest advantages, to a change in the present system, which of late years has worked so well, I will proceed to a consideration of Messrs. Morison's offer.
6. One of these gentlemen visited me and asked my support to their intended proposal, but I at once told him that I should oppose it, as being in many ways detrimental to the Government interests.
7. They have correctly given the average net revenue of the Madras Abkarry for the last five years, at 6,25,174 Rupees, and they propose to farm that revenue for the next five years on an

2 *Proceedings of the Madras Government, Revenue Department,*
18th June 1862.

annual payment of 6,75,000 Rupees or 50,000 Rupees in advance of the net proceeds of the period first mentioned. They have alleged certain causes for the progressive improvement of this Department, and declare that the revenue derived from this source in 1860-61 cannot be maintained.

8. I intend to show that their reasonings, and the conclusion drawn from them, are incorrect.

9. The presence of the Railway Company has undoubtedly improved our receipts, but I am inclined to think that since its "opening" in 1856 it has not assisted us as much as in previous years, when the line was forming stations, workshops, &c., constructing. So also I do not attribute much increase in our sales to the troops temporarily located at Madras on account of the Bengal Mutiny. I think that any influx of troops was more than compensated for by their withdrawal from the garrison of the Fort, and from the Mount. The formation of the Sapper Militia was probably a clear gain to us, but they were not long embodied. On the whole, I attribute our increased revenue to improved supervision, for which I wish to take but a small share of credit, but desire to attach it chiefly to the Superintendent and Departmental Officers.

10. Increasing as the revenues of 1858-59 and 1859-60 are shown to be, we lost about 50,000 Rupees in the former, and some 35,000 in the latter year, by the Commissariat furnishing us with Batavia instead of Colombo Arrack. About 75,000 Rupees therefore should in fairness be added to those years, if an average is to be deduced from them.

11. It is stated, that I am made the authority for the remark, that the rise in the revenue for 1860-61 is due to the enhanced duty on imported spirits. It is declared too that when the Abkarry was improved by these means, the import duties show a corresponding falling off. I give marginally the extract from my Administration Report, which gives the "dearness of Brandy" as one reason for a greater resort to country spirits, but the annexed

"The Abkarry, which has been steadily rising for for some years, exhibits the extraordinary increase of 96,000 Rupees arising from the good wages obtained for labor, the dearness of Brandy, and I must add, from the efficient management obtaining in this Department."

	Gallons	Duty.
1856-57.....	21,356	27,541
1857-58.....	30,909	43,557
1858-59.....	75,404	1,13,883
1859-60.....	19,062	55,368
1860-61.....	24,181	72,100

Statement of the quantity of spirits imported, and duty levied at Madras, for the last five years, clearly shows that the falling off in 1859-60 and 1860-61, is owing to the market having been glutted by the enormous imports of the preceding year, just before the rise in duty from 1-8 to 3 Rupees the gallon. The Statement shows too that no falling off in the Customs returns took place simultaneously with the rise in the Abkarry, but that the market was gradually recovering from the flood of spirits poured into it in 1859-60, which was further swelled by excessive imports by land from Pondicherry, as given in the marginal Statement.

Fasli.	Gallons.	Duty.
1266.....	12	18
1267.....	38	57
1268.....	2,397	3,595
1269.....	1	2
1270.....	11	33

12. Though we had to contend against an immense quantity of cheap Brandy in the market, the collections of 1859-60 show the largest annual increase during the period taken by Messrs. Morison, and were no less than 1,15,000 in advance of those of the preceding year. It is probable then that the consumption of imported liquor is by a different class than that of country liquor, and that the one does not affect the other in any great degree.

13. Messrs. Morison however rightly state that 1860-61 may be regarded as an exceptional year, and that the collections of the present Fasli will be a lac short of those of its predecessor, but they are wrong in supposing that the revenue will fall off in like degree.

14. One, and I apprehend a chief, cause of the rise in 1860-61, and which, though omitted in the Administration Report, is mentioned in the Demand, Collection and Balance monthly

Proceedings of the Madras Government, Revenue Department, 3
18th June 1862.

returns to the Board, was the severe and prolonged attack of Cholera which harassed the town about the middle of 1860. The people were alarmed and drank Arrack either as a cordial, or to allay their fears, and our sales largely increased from that period.

15. The falling off in the present year is greatly due to the very unfavorable nature of the season. Following as it does an adverse year, the resources of the Arrack drinking class are so straitened, that they find it difficult to maintain themselves and families, much more to enjoy the luxury of a dram. Had the year been an average one and the price of rice at the ordinary rate, our decrease in collections would not have been more than 50,000 Rupees.

16. Messrs. Morison state that had they included the current year's revenue, at their alleged deficit of one lac, their offer would appear still more favorably. I do not see however the possibility of this result, as, if five years average is to be taken, they would include 6,18,000 as the revenue of this year, and exclude from their comparison the much less revenue of 1856-57, which was 5,29,000 Rupees. Including this year's revenue, even at their figure, the average collections of the five years will be 6,42,820 Rupees, and not 6,25,174 the five years' average given by them.

17. The applicants are not, I believe, men of capital, but are supported by Messrs. Parry & Co., who are unexceptionable security if the Government could call upon them for any loss sustained by them on the contract being suddenly thrown up, but the liability of the above named Firm extends only to the deposit of two months' instalments.

18. Experience tells us that when difficulties arise, the two months' deposit is not really available. From consideration for the lessees, the farm is not immediately attached; and a month elapses before this ulterior measure is adopted, and in this case some 60,000 Rupees only would be in hand, and it would be necessary for the Government management to be in full operation within a month to prevent loss, and this period I confidently assert is much too short for the re-organization of the Department. The renters would discharge several of our present servants, who would probably not be available when required, and stores of Arrack, Jaggery, firewood, &c., must be laid in.

19. The Contractors declare strangely in my opinion, that the necessarily large stock of material, which they must keep on hand, would be confiscated to the Government by their failure, but they must well know that such seizure would extend only to the amount deposited, and that their private property could only be taken at its estimated value, and that far from the spirits and other material being confiscated, the Government would have to purchase from them at their own prices, the stock required for immediate use, for such could not be procured elsewhere at short notice. It is probable therefore that the Government would have to purchase at high prices, as in fact was the case, when the Contractor of 1830 threw up his lease, and forced his stock upon the Government at enormous rates.

20. A two months' deposit therefore does not in my estimation cover the probable loss to Government, if they were obliged to take up suddenly the Contractor's business.

21. It is declared that only in Mr. Kenrick's lease of the Chingleput Abkarry, the Government have lost in such rents. That lease was from Faslis 1262 to 1264 inclusive, at the rate of Rupees 79,550 yearly. The aggregate was therefore Rupees 2,38,650, of which the Government remitted 31,237 Rupees, of which Rupees 12,000 was on account of an unfavorable season,

4 *Proceedings of the Madras Government, Revenue Department,*
18th June 1862.

and Rupees 19,237 were lost by the default of the Contractor; but if the Government do not lose by actual default, they do not from other causes always realize the rent agreed upon.

Fasli.		Remissions.
1259.....	1,35,900	2,273
1260.....	Do.	5,000
1261.....	1,30,990	5,000
1262.....		
@	1,04,000	
1266.....		2,495 being
1267.....		interest on ar-
@	1,25,000	rears.
1271.....		None.

22. There are usually remissions for unfavorable seasons, though it would appear from the marginal Statement of Messrs. Morison's leases of the North Arcot Abkarry, that they usually paid up the full amount of their contract.

23. I do not think it improbable however that if their present application is successful, they will obtain on one plea or another a large remission for two years out of the five.

24. They assert that the farming system gives room for a considerable reduction in the Establishment, and I presume therefore that they would work with considerably fewer servants than are now employed. Our force is not well paid, and is supposed to be numerically not more than is required, and they have a pension in prospect. The charges are now 2-4-3 only on the revenues, and I cannot suppose that fewer men, without the advantages attaching to Government servants, and from being the agents of private parties, not so readily assisted by the Police, would collect the revenue which is now realized.

25. The number and situation of shops are to be the same as at present, so that as far as can be gathered from the application itself, the profits must be looked for from better supervision from being more successful in preventing smuggling, and from excising more of the liquor consumed; but these results would seem doubtful, if the establishment is to be decreased, an inferior class of servants entertained, and the moral force of the Government taken away from the management.

26. The applicants may, and with reason, expect a run of more favorable seasons, as the last two have been bad, and the previous three not good, and we may expect a change for the better, but it is obvious that the Government may as well benefit by this contingency, as throw away the advantage upon others.

27. There is another cause not alluded to in the application, but which could not have escaped notice, which makes the future of the Abkarry still more hopeful, in explaining which I shall prove that even financially the present offer is not advantageous to the Government. I mean the greatly reduced cost at which we shall work hereafter.

28. A close inspection of the Statement given in paragraph 7 will draw attention to the charges having of late years been in excess ratio to the collections, that while they were in 1856-57 Rupees 1,08,000, on receipt of Rupees 6,38,000, they were in 1860-61 Rupees 2,49,000 on Rupees 9,68,000. This enhanced expenditure has been caused by the high rate at which the Department is debited by the Commissariat for the Colombo Arrack supplied. It was in 1856-57, 11 Annas per gallon, and in 1860-61 Rupee 1-8-0 per gallon, the latter charge being fixed as far as I can see, merely at the will of the Auditor of Commissariat Accounts, as it was far in excess of the prime cost at which rate they profess to supply it.

29. Last year I was directed by the Government to make my own arrangements for the supply, and I procured it at 15 Annas the gallon, and the reduction in price on this item alone reduces our expenditure this year by 57,800 Rupees, and this will so tell upon the out-turn of the year, that although our collections will fall off a lac of Rupees, and will amount to about

Proceedings of the Madras Government, Revenue Department, 5
18th June 1862.

Rupees 8,76,000, our charges will be only Rupees 1,53,700, and our net revenue will be Rupees 7,22,000, or 4,000 Rupees above that of 1860-61, which Messrs. Morison notice as being so exceptionally high, that it could not be maintained!

30. The average net revenue for the present and preceding four years, is Rupees 6,63,687, and Messrs. Morison's offer shows only an increase of 53,000 Rupees in the five years, instead of the Rupees 2,49,125, which they have put forth.

31. I fully expect to obtain my next supply at 12 Annas the gallon; indeed, I understand, that a contractor is ready to furnish it at that rate, and this on the collections of the present year would have given a reduction in costs of 63,000 Rupees, and the net revenue would have exceeded that of last year by 15,000 Rupees.

32. If a successful management of the Abkarry for the last seven years entitles me to offer an opinion, I will give the assurance that the net revenue of the next five years will average not less than 7,30,000 Rupees, or 55,000 Rupees above the amount tendered by Messrs. Morison.

33. There are 139 Arrack shop-keepers and 515 Toddy shop-keepers, who have hitherto done well under the liberal administration of the Department, and who look with dismay at being handed over to a Renter, and their case will, I am sure, receive fitting consideration.

MEMO.
The Board's Petitions Nos. 1,103 and 1,163 of 1862, are herewith returned, as this report sufficiently replies to them.

34. The Government will see that putting aside the advantages which I have declared them to possess in keeping the Abkarry in the hands of their own servants, the application now reported upon brings them no pecuniary gain. It has been put forward at the proper time, when our charges were at the highest, when a practicable reduction in them was palpable, and its terms are apparently favorable, but that character disappears when the question is examined.

11. The collection of the revenue arising from the retail sale of spirituous or fermented liquors with the Town and suburbs of Madras, shall be under the charge of the Collector of Madras, who shall perform the duties connected therewith under the control of the Board of Revenue.

35. Lastly, it seems to me that the Madras Abkarry cannot be rented out, for the present Act (XIX of 1852) passim, and particularly in the subjoined Section, places the Abkarry under direct management, and therefore a lease of it must be authorized by a special enactment. At present a Renter would be powerless to enforce his own rights.

36. I believe then that the Government will reject this application, but should they think favorably of it, and determine on passing a new Law, I trust that the rent will be submitted to public competition, and that no deviation from established rule will again occur in Messrs. Morison's favor, as took place in granting them the lease of the North Arcot Abkarry in Fasli 1362.

37. This reply has been some days prepared, and has been detained for the information regarding the North Arcot Abkarry, which was received only on the 6th instant.

1. Ordered to be submitted to Government, with reference to their Proceedings, dated 5th April 1862, No. 767, Revenue Department. The Board concur in opinion with the Collector that

6 *Proceedings of the Madras Government, Revenue Department,*
18th June 1862.

as the Law now stands, the Abkarry of the Madras town cannot be rented out, but they are not satisfied that such an arrangement would be financially disadvantageous. It, however, admits of doubt whether the good administration of the Police of the town would be promoted by any change in the existing system of direct Government management, which is of long standing, and on this point the Board consider that the opinion of the Commissioner of Police should be taken.

2. On general principles the majority of the Board are however of opinion that unless on the last mentioned ground, the change be deemed objectionable, it is desirable that the Government should divest itself of the detailed administration of the Abkarry, and that an Enactment should be obtained to allow of this alteration in the system, but in this case, the lease of the Farm should be sold for terms of years by public auction, or tenders should be invited, but it should not be made over to any individual applicant.

(A true Copy and Extract.)

(Signed) W. HUDLESTON, *Secretary.*

No. 282.

ORDER THEREON, 18th June 1862, No. 1,318.

Forwarded to the Commissioner of Police at Madras for an early expression of his opinion on the expediency, so far as considerations of Police are concerned, of renting out the Abkarry of Madras.

(Signed) J. D. SIM,

Secretary to Government.

charges were at the highest, when a practicable reduction in them was palpable, and its terms are apparently favorable, but that character disappears when the question is examined.

11. The collection of the revenue arising from the retail sale of spirituous or fermented liquors within the Town and suburbs of Madras, shall be under the charge of the Collector of Madras, who shall perform the duties connected therewith under the control of the Board of Revenue.

35. Lastly, it seems to me that the Madras Abkary *cannot* be rented out, for the present Act (XIX of 1852) passim, and particularly in the subjoined Section, places the Abkary under direct management, and therefore a lease of it must be authorized by a special enactment. At present a Renter would be powerless to enforce his own rights.

36. I believe then that the Government will reject this application, but should they think favorably of it, and determine on passing a new Law, I trust that the rent will be submitted to public competition, and that no deviation from established rule will again occur in Messrs. Morrison's favor, as took place in granting them the lease of the North Arcot Abkary in Fasli 1262.

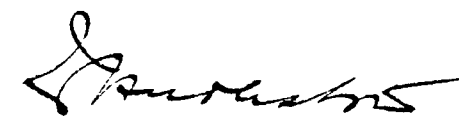
37. This reply has been some days prepared, and has been detained for the information regarding the North Arcot Abkary, which was received only on the 6th instant.

ENCLOSURE No. 1.—Petition.

1. Ordered to be submitted to Government, with reference to their Proceedings, dated 5th April 1862, No. 767, R. D. The Board concur in opinion with the Collector that as the Law now stands, the Abkary of the Madras town cannot be rented out, but they are not satisfied that such an arrangement would be financially disadvantageous. It, however, admits of doubt whether the good administration of the Police of the town would be promoted by any change in the existing system of direct Government management, which is of long standing, and on this point the Board consider that the opinion of the Commissioner of Police should be taken.

2. On general principles the majority of the Board are however of opinion that unless on the last mentioned ground, the change be deemed objectionable, it is desirable that the Government should divest itself of the detailed administration of the Abkary, and that an Enactment should be obtained to allow of this alteration in the system, but in this case, the lease of the Farm should be sold for terms of years by public auction, or tenders should be invited, but it should not be made over to any individual applicant.

(A true Copy and Extract.)



Secretary.

To J. D. Sim, Esq., Secretary to Government, R. D.

Copy to B. Cunliffe, Esq., Collector of Madras.

Exd. J. Wright.

37 June 1862 No 104-105

Recd 1862. Department
No. of Fort St. George.
No. 1741-

PROCEEDINGS OF THE BOARD OF REVENUE.

Dated 13th June 1862.
Despatched 17th
Received 18th
E. 2. 02.
From Messrs Morrison & Co. 11th June 1862
C 27/74.

No. 3,814X.

Submitting a letter from the Collector of Madras, reporting upon the proposition of Messrs Morrison to rent for 5 years the Abkari of the town and precincts of Madras with the Board's remarks on the subject.

Transmitted to the Board on 11th June 1862 & 1977
10th 1862

12281 & 282

With enclosures
1

No. 1348
forwarded to the

Commissioners of Police at
Madras for an early report
of their opinion on the scope
- & - of far as conditions
- & - of Police are con-
- & - of security and the
- & - of Madras

From Mr. Scott
18th June 1862

To the Commr of Police. Copy
with Mr. Scott. Copy
14 copies to the Board of Revenue