

No.

ORDER THEREON, 8th June 1871, No.

Separate Revenue, No.

Abkarry.

In June 1869 Mr. Fane, Collector of Madras, received certain suggestions from a Mr. Mergler, who had been engaged in Abkarry business in Mysore,

which led him, he reported, to look thoroughly into the system prevailing in the Madras Town and suburbs, comprising the High Court limits and eight miles of country beyond, and to make sundry recommendations to the Board of a nature very profitable to the State.

2. The following was given as the description of the system at that time, there being three sorts of liquor:—

First.—COUNTRY ARRACK (Puttai) made from palmyra jaggery fermented with vellum bark, distilled by a Government establishment near the Mint; about 30 below proof; cost of distilling Rupee 0-9-0 the gallon.

Second.—COLUMBO ARRACK distilled in Ceylon from cocoanut toddy, and imported, 20 below proof, by a contractor who supplies it to the Collector at 165 Rs. the leaguer of 150 gallons, or Rs. 1-1-7 a gallon.

Third.—TODDY, the fermented juice of cocoanut and palmyra trees. This is sold under a somewhat complicated system, which it is not necessary to consider at present.

3. There are 105 shop-keepers, retail-sellers of one or other of the two kinds of Arrack. Each man at the beginning of the year submits his "dowle" to the Collector, agreeing to take and sell so many gallons a day; failing to sell the whole he returns the balance into the Government store, getting back the cost-price only, and being mulcted in the duty. His transactions are adjusted monthly.

4. The cost to Government and profit and cost to shop-keeper and profit are thus tabulated:—

	Columbo.			Puttai within limits.			Puttai outside limits.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Cost to Government per gallon ...	1	1	7	0	9	0	0	9	0
„ to shop-keeper ...	3	7	0	3	0	0	1	7	0
Shop-keeper's minimum price ...	3	15	4	3	5	4	2	1	4
Profit to Government ...	2	5	5	2	7	0	0	14	0
„ to shop-keeper ...	0	8	4	0	5	4	0	10	4

5. The profits, Mr. Fane pointed out, were enormous—6½ lacs of Rupees in six years amongst 105 shop-keepers; yet the revenue was stationary, though it had doubled in the Collectorates outside during the past ten years. This obviously arose, he thought, from smuggling and illicit distillation.

6. Mr. Fane proposed of the two men before him—Mergler offering to distil at 1 Rupee and Morrison at 12 Annas the gallon—to appoint the former. The Government building to be made over to him, and a Rupee to be paid him for every gallon taken outside the gates. He further wished to make Mr. Mergler the vendor, and to put up the shop-licenses to auction. He anticipated that Mr. Mergler

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would soon distil Arrack that would beat the Columbo out of the field, when the duty on Puttai might be raised to that on Columbo.

7. Meanwhile a third party, Saravanamoottoo Pillay, who had, since 1865-66, been supplying the Columbo Arrack and the Palmyra jaggery, out of which the Government officials distilled the Puttai, applied direct to the Board offering to distil at 10 Annas the gallon. The Board accepted his offer, further contracting with him to buy his Columbo Arrack at 165 Rs. the leaguer; and as the Fasli was just drawing to a close, they issued immediate instructions to the Collector, raising the *dowles* all round, enhancing the Government selling-price, and lowering the profits of the shop-keepers, the estimated* result being an increase of two lacs to the revenue.

* Fasli 1278, Rs. 9,92,186.
" 1279, " 11,85,604.

8. They regretted that they had not more time to consider the question. They observed that "the only way to discover the real value of the Town Abkarry was to rent it out by public competition, by which means also the revenue would be both larger and more secure than it is at present;" but for this ~~for~~ changes in the present Act would be necessary to enable the renter to license, and to recover arrears due to him by summary process.

9. The Government doubted the expediency of having one contractor for both Columbo and Puttai, as he would probably neglect the latter for the former when the profits were much larger; and they desired a return on this head at the close of the first half of the Fasli.

10. For the rest the Board's orders were approved.

11. Advertizing, however, to the general question of the best mode of settling the Town Abkarry, the Government indicated a decided preference for the renting-system, and "saw no reason to doubt that it might be so arranged as to include a complete Police control over the liquor-shops," the difficulty about which was one of the reasons influencing them in rejecting an offer to rent it in 1862; and the Board were desired to report fully on the subject, so that a tender might be called for in December 1869.

12. The Board replied that ~~the~~ legislative action required great caution, that they desired to have the experience of a second year. This was conceded; of a second year. This was conceded; at the same time the Board were called upon to submit a full report of the working of the present system not later than October 1870, in order to afford ample time for the consideration of any changes which it might be deemed advisable to introduce from the 1st of July, 1871.

13. In his letter to the Board, October 17th, 1870, No. 47, Mr. Hunter-Blair, the Collector, proceeds "to report on the working of the present system of Abkarry at Madras." He believes that an immense amount of smuggling, adulteration, and illicit distillation goes on,

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and that there is a strong combination amongst the shop-keepers to deceive the Collector as much as possible; but he is fully alive to all this, and considers that the present direct system of management is the most remunerative, if properly worked. The Board concur. They are convinced "that no change is expedient or could be made without injuring the revenue."

14. It comes-out-in these papers that Mr. Pritchard is a partner with Saravanamoottoo Pillay in his contracts up to 30th June 1871; an application from each of these parties was before the Collector.

15. The Pillay asked for a continuance of his two contracts on the same terms for three, five, or seven years, while Mr. Pritchard asked for the Puttai only, which he would distil at the same price as the Pillay did, namely, 10 Annas the gallon. As Mr. Pritchard offered to distil a better spirit, to allow the Collector to inspect his books, and to assist him in every way in his attempts to discover the causes and extent of the present smuggling and illicit distillation (which Mr. Blair said he was very capable of doing, as, indeed, he was the ~~man~~ under whose advice Mr. Fane had addressed the Board in June 1869, Mr. Mergler lending his name only), it was suggested by the Collector that the Puttai should be given to Mr. Pritchard, the Columbo remaining with the Pillay.

16. The Board do not perceive any practical disadvantage from one man holding both contracts. They express their astonishment at hearing that the Pillay and Mr. Pritchard are partners, and, as to Mr. Pritchard's special claims, remark that Mr. Fane did not bring forward Mr. Pritchard but Mr. Mergler as the projector of the reforms he proposed to the Board.

17. These papers were laid before Government by the Board, but no order was passed on them. Copy of another Board, No. 260, 19th January 1871. Proceedings was subsequently furnished;

no orders were passed on this either. It discusses some of the chief details of the present system. Mr. Blair had reported, "I believe the whole department to be thoroughly corrupt, and have informed the Superintendent that if he and his staff do not do their duty and discover the smuggling and illicit distillation, which I know is going on, they will be dismissed *en masse*, as they ought to have been in Mr. Fane's time when it was discovered, through private agency and information, that the revenue would bear an increase of 25 per cent." The Board demur to the dismissal *en masse*, but concur in the other remarks.

18. The paper marginally noted contains the last Board's Proceedings on the subject. They briefly advert to their above-expressed opinion (paragraph

From Board, No. 1,637, dated 16th May 1871. 13 *supra*) that the present Abkarry system should be maintained, and, remarking that a tender for Columbo has already been invited for Fasli 1281 by their orders, go on to say that while now, under better information, "fully appreciating the services which Mr. Pritchard has rendered to Messrs. Fane and Blair," they prefer the Pillay, and conclude by offering him the Puttai distillery for another year on the same terms as the present, if only he can clear himself of having defrauded the revenue in selling Columbo to Abraham & Co. of Bellary at 1-4-0 the gallon.

arrack

Small note 19

19. About the time these last Proceedings came in, the Board were directed to send up the Minutes that had been recorded in the matter. These have accordingly been furnished. In furnishing them the Board remark that they are rather "Notes" than "Minutes," and that the requisition is an unprecedented novelty.

20. On the general question of Rent *versus* the Present System, the Governor in Council, on deliberation, concurs with the Board in considering it inexpedient to have recourse to the former, as it holds out no sufficient assured advantages to counterbalance its hazards. The Arrack now sold is either imported, under contract, or manufactured in the Government distillery; the quality of the liquor is thus ensured, and the full duty is realized on all that is taken out for consumption. The retailers are practically renters of the privilege of selling the liquor thus provided, and, by dealing with them directly, instead of through a middle man, the profits of the latter are saved and a more complete control over the department is obtained, while of course, there is not the same extent of forcing liquor on the people as there would be with such a middleman. The present system is essentially the Sudder distillery system. The retailers no doubt resort to frauds of various kinds, but so they will under any circumstances; and if the Collector and Deputy-Collector do their duty, they ought to be as successful in repressing malpractices as any private individual. The Government are realizing a large revenue with comparative ease and regularity, and it would be imprudent to incur the unavoidable risks of a change of system without having some assurance of material advantages to follow from it. The renting system in the provinces is by no means perfect or altogether satisfactory, and there is no reason to believe that, if introduced into Madras, it will be any improvement on the existing system. This is a case, therefore, in the opinion of Government in which it will be wise to "leave well alone."

21. As regards the contract for making Arrack His Excellency in Council sees no reason for limiting it to one year as the Board purpose. Even if Government decided on renting out the Abkarry, the privilege of selling is all probably that would be included in the rent. There are obvious reasons why the manufacture and sale should not be in the same hands in a large town like Madras. The Board are therefore instructed to call for tender for three years for the exclusive privilege of making Puttai Arrack in the Government distillery. The Board urge sundry reasons for giving the rent for another year to the present contractor; but it is very desirable that, when public contracts expire, they should be offered to competition and not continued to the same individual year by year.

22. The present contractor prefers certain claims to compensation in the event of the contract not being continued to him; but such reasons cannot be admitted. The claims are said to be greatly exaggerated, but still to have some foundation; to this extent they will of course be met. The Arrack, which it is said Government are pledged to take, must be taken and issued in diminution of next year's demand, and compensation must be given for such improvements to the buildings and plant of the distillery as the contractor effected with the proved sanction of the Collector or Board; but this being done, he has no more claims for a further tenancy than any other person; indeed, if the allegations in paragraph 8 of the Board's Proceedings are correct, the reverse is the case.

and members for the purposes of the p.c. machine picture, as his being asked from his own private transactions

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23. With the engagements and differences and arrangements of the contractor and Mr. Pritchard, the Government have no concern; they are purely private matters between the parties interested. Tenders being invited, it must be left to the Board to determine which of those made should be selected; and the Board will doubtless perform this duty with justice and impartiality, and with sole regard to the interests of the State. The advertisements should carefully specify all the requirements of the department, present and prospective, and security should be taken to such an amount as may be necessary for the safety of Government. The Board will not, of course, be bound to take the lowest offer.

24. The Columbo and Puttai Farms should be separated, and the contractors should not be allowed to have shops for the sale of their liquor, nor should they be allowed to supply persons out of Madras without the Board's permission.

25. As to the Board's Proceedings of the 26th May, they will be informed that Government were under the impression that Messrs. Blair and Morris, as well as the present Members of the Board, had recorded regular Minutes on the subject of the Abkarry system of Madras, not such informal remarks as those submitted prove to be; and, as the subject under discussion was one of great importance, the Government desired to know the views which, as they believed, each Member had placed on record. The papers submitted, not being formal Minutes, will not be printed in the Proceedings of the Government, there not being, of course, any desire to fetter the Board in discussing matters in the freest and most confidential manner among themselves.

(True Extract.)

(Signed) D. F. CARMICHAEL,
Acting Secretary to Government.

To the Board of Revenue.
THE BOARD OF REVENUE.

TO

J. H. BLAIR, Esq.,

Collector of Madras.

Sir,

1. Having studied Abkarry matters for years past, in view of becoming a Contractor on retiring from the service, I had in the early part of last year several interviews with Mr. FANE, then Collector of the Madras district, regarding the Abkarry of its Town and Suburbs; and having through him had access to the Cutcherry Accounts, I was enabled to shew, that while the Abkarry Revenue in the Mofussil had doubled itself, that of the Town and Suburbs of Madras had remained stationary.

2. I submitted to Mr. FANE a scheme by which the Revenue in Madras might be considerably increased, and requested to be allowed to become Distiller to Government. Being in the service and not then entitled to my pension of 200£ a year, I was precluded from taking an active part in the business, and was therefore obliged to submit an application in the name of a Mr. MERGLER who agreed to become the Working Partner.

3. One of the objects of my scheme was to put Colombo Arrack out of the field, and in order to do so, I told Mr. MERGLER he would have to distil spirits in every way equal to it, which he pledged himself to do in the letter I have adverted to, but as it would cost from 12 to 14 Annas a gallon, he said he could not retail it under a Rupee a gallon, and I am satisfied that until a spirit similar to this is introduced, the sale of Colombo Arrack will not fall to any appreciable extent.

4. Mr. MERGLER is an old and nervous man, and when questioned by the Members of the Revenue Board, and asked if he would indemnify Government against loss if he got the Contract, he became confused, and was unable to explain the reason why he could not undertake to distil for less than a Rupee a gallon; consequently the Contract was given to the present Distiller for a spirit to take the place of Puttay, and not Colombo Arrack, at 10 Annas a gallon; and although it is superior to that made under the management of the late Deputy Collector, yet it is in every respect inferior to Colombo Arrack, and being ten degrees lower in strength, cannot be expected to take its place, even if it were manufactured by a person having no interest whatever, in the large profits arising from the sale of the foreign liquor to Government.

5. Some time after he had received Mr. MERGLER's letter, Mr. FANE told me he apprehended a falling off in the Revenue if according to the Sudder system bazarmen only took such quantities of liquor daily as they desired. I replied that in my opinion the reverse would be the case, as Mr. MERGLER would

keep up an efficient body of detectives to prevent smuggling, adulteration, and short measure, but if it were considered expedient to continue the Dowl system, I observed that the Dowles should be raised. I also suggested an increase in the charges on the sale of Toddy which I considered was insufficiently taxed.

6. Had I not satisfied Mr. FANE that the Abkarry Revenue of the Town of Madras could be considerably increased, the old system would probably be still in existence, or had the Madras Abkarry been rented before my scheme had been adopted, I venture to say there would have been no tender over a lac of Rupees in excess of the amount realized by Government during any previous year; and I believe this sum was offered by THAVAS MUTTER NADAR when it was discovered that the Sudler system was likely to be introduced last year. Now, however, it has proved itself to be worth more than double that sum, and is no doubt susceptible of greater increase under proper management.

7. I have a half share in the present contract for Colombo and Puttay Arrack, but as I cannot obtain access to the accounts, I am unable to tell its real value. As it will be more satisfactory to work it myself, I have determined to dissolve partnership from 1st July 1871, and beg to offer my services as Distiller to Government for three years from that date. Should they be accepted, I will retire from the service and supply the best Puttay Arrack that can be manufactured at 10 As. a gallon, and rent the Distillery. During the period of my Contract, it will be my constant study to increase the Revenue to the utmost farthing. My books will be open for the inspection of the Collector whenever required, I will be prepared to afford him all the information I can on Abkarry matters, and lodge in his hands, such amount of security as may be required, in Government paper.

8. Should my offer to distil Puttay Arrack be accepted, I propose continuing experiments in which I am already engaged, for the purpose of producing a superior country made spirit, that might hereafter take the place of Colombo Arrack, and should they prove successful, also to enter into a contract for the supply of the superior liquor, and sell it to Government for about 14 As. a gallon to take the place of Colombo Arrack, this would increase the Revenue to about 50,000 Rupees as follows:—

Colombo Arrack costs 17 Annas and 6 Pie a gallon. If I get 14 Annas a gallon for the new spirit there will be a saving of.....	Rupees 30,000
If I can sell it at 13 Annas a gallon it will give an additional increase of.....	" 10,000
Interest saved on 165,000 Rupees at 5 per cent., per annum on 1,000 leagues of Colombo Arrack to remain in Store for a whole year.....	" 8,000
Interest saved on 154,000 Rupees at 5 per cent., per annum, being the price of 140,000 gallons of liquor purchased and sold during the year and recovered say by 12 equal instalments of 12,833	" 4,000
Total...	52,000

There would also be saved the loss now sustained owing to wastage and evaporation, moreover 165,000 Rupees now annually spent in a foreign country would be shared by the trades people of this Presidency.

9. The new spirit would of course have to be introduced gradually, for were it even better than Colombo Arrack, it would not be preferred at once to a liquor people have acquired a taste for, and which they have been drinking for years; but as spirits made in this country, has taken the place of Colombo Arrack amongst the Soldiers in the Army, so I expect the liquor I intend manufacturing will take the place of Colombo Arrack amongst the inhabitants of Madras after a time.

10. On the expiration of my proposed Contract for Puttay Arrack, Government will know its exact value, and can then make such arrangements as may be deemed expedient. I shall be glad to renew it for what may be considered sufficient to cover risk, labour, and outlay of Capital. I have asked for the Contract for three years as I fear it would not be remunerative for a shorter period, as the rate of 10 Annas a gallon leaves but a small margin for profit.

11. It would be desirable that a few of the Bazars in different localities should be entirely under my own management. They will be a wholesome check on the others, as nothing but genuine liquor, and full measure, will be meted out to all Customers; and if by this means, the consumption of liquor in such Bazars becomes greater than heretofore, it will prove that the liquor previously supplied had been tampered with, and Bazarmen knowing this, will not continue so pernicious a practice.

12. I have had some experience in Distilling and feel certain that I can manage a Distillery satisfactorily. Even without this knowledge, I could hardly fail to succeed as the men now employed by the present Distiller in the Distillery, are those who worked there under the late Deputy Collector, and were paid by Government.

I have the honor to be,

Sir,

Your most obedient Servant,

MADRAS, 21st November 1870.

MEMORANDUM.

Having pointed out to Mr. FANE in the early part of 1869, that the Abkarry Revenue for the Town of Madras, could be considerably increased. On the 1st May 1869 at his request I sent in an application in Mr. MERGLER'S name, (as being in the service, I could not take an active part in it, and was not then entitled to a pension of 200£ a year) to distil a liquor equal to Colombo Arrack for 1 rupee a gallon—but this spirit was treated by the Board of Revenue as Puttay, which can be manufactured for much less, and SARAWANA MOOTTOO PILLAY got the Contract at 10 annas a gallon. Tenders were not invited and SARAWANA MOOTTOO instead of applying to the Collector, went direct to the Board of Revenue.

On the 28th October 1869, at SARAWANA MOOTTOO'S request, I joined him as a partner in all future Contracts, for Colombo and Puttay Arrack. We were to share equally in the profits, and I was to have access to the accounts. After a few months he declined shewing me the books, and said he would not give me more than 9,000 rupees as my share, for the year commencing 1st July 1870, and ending 30th June 1871. The Contract having been renewed for that period.

On the 21st November 1870 SARAWANA MOOTTOO and myself agreed that he should apply for the Contract for Colombo Arrack, and I should apply for the Puttay Arrack. He sent in a letter to this effect to the Collector—but since then, he has written direct to the Board to say that he wants both Contracts.

On the same date I sent in a letter to the Secretary to the Board of Revenue offering to distil Puttay Arrack for three years, at 10 annas a gallon, and after the first year, to issue a liquor to take the place of Colombo, and from the results of some experiments I have made in distilling from Coconut, Date and Palmyra Toddy, I am confident I shall be able to do so. By this means the Revenue will be increased to the extent of about 50,000 rupees a year. I have also engaged to keep my books open for the Collector's inspection, in order that at the termination of my Contract, its value might be known to Government (an advantage not derived from present distiller) and be a guide to persons wishing to Farm the Abkarry of the Town of Madras either by Auction or Tenders, when they will be able to offer from 40,000 to 50,000 rupees more than they would at present, being the difference between the price of the Arrack, I shall distil at from 12 to 14 annas a gallon; and the price of the Arrack now imported from Colombo which is 1 rupee, 1 anna and 6 pice per gallon. Hitherto, not more than a lac of rupees, in excess of any previous year's Revenue has been offered.

I believe the Board of Revenue intend inviting Tenders, but I cannot understand with what object, as in their report to Government in June 1869 they stated as follows:—"The cost of distilling inclusive of Establishment was 9 annas 4 pie last year, and although this was more than it had ever been before, the Board have facts before them which lead them to conclude, that the present cost may be taken to be 9 annas a gallon, and that it is likely to increase."

"When the success of the present arrangements is established, a much better price for the Farm will be obtained."

I cannot undertake to distil for less than 10 annas a gallon, the price of jaggery being the same as it was in June 1869, when the Board ascertained that Puttay Arrack could not be manufactured under 9 annas a gallon; and this is proved to be the case from accounts left with me by the present distiller, since he refused to let me see his books, but SARAWANA MOOTTOO will find it worth his while, if Tenders be invited, to make one in his own

*Mr. F. W. Smith
21 Nov*

In the name of

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name so low as to leave no profit at all, or fearing he may not be allowed to hold both Contracts, he will get others to do so for him even at a loss, rather than give me the opportunity to distil a liquor which will take the place of Colombo Arrack. Any small saving that may arise from the lowest Tender being accepted will only lead to the introduction of bad liquor, and even if it did not, such profit cannot be compared with the advantages my proposals must yield to Government; and as such were never made before, I request that they may have a trial. Tenders were not invited when SARAWANA MOOTTOO got the Distillery, and under all the circumstances I have related, there can be no necessity for them now; but whether Tenders are invited or not, I beg that Government will be pleased to have the question of the Town Abkarry brought before it, previous to its disposal from 1st July 1871.

Government Order, 1st November 1869, No. 2,895, on Board's Report dated June 1869.

"It seems, however, to be of questionable expediency to transfer the manufacture of the Puttay or Country Arrack, to the Contractor for the supply of the Colombo or foreign article. It should clearly be the object of Government to encourage the consumption of the home-made spirit, by improving its quality by every means in their power, and it is doubtful whether this is likely to be done by the present Contractor, who is so largely interested in the Colombo Arrack."

The present Distiller produces a fair spirit, I can supply better for the same money. He has had the Distillery from year to year for the last two years, but I question if the liquor will be as good as it is, should he get the Contract for a series of years, as his profits from Colombo Arrack are much greater.

Having heard that it was mentioned to the Members of the Revenue Board, that I was very much in debt, and might fail if I got the Contract, which would lead to serious loss to Government, whereas as SARAWANA MOOTTOO was backed by Messrs ARBUTHNOT AND CO., he could never fail. I wrote to the Secretary to the Board of Revenue on the 27th March 1871, stating, that I will introduce the best stills procurable in England, which would economize labour, as well as fuel, and so increase the Revenue in the Mofussil also. That SARAWANA MOOTTOO and myself have our affairs in trust, he for over a lac of rupees, without Assets—I for 29,000 Rupees, 21,000 of which have been paid. Gave a detailed account shewing my profits for 1868 to be Rupees 28,330-15-8. For 1869, Rupees 26,496-7-10, that my accounts for 1870 were in course of preparation, and profits may be estimated at 27,000 Rupees, and that I then stood Rupees 36,500 to the good.

SARAWANA MOOTTOO has lodged Rupees 3,500 as security against loss to Government in the Distillery, and as personal security is never taken, Messrs. ARBUTHNOT and Co. are not responsible to Government for a single Rupee should SARAWANA MOOTTOO fail in either of his Arrack Contracts.

I have offered to lodge Rupees 20,000 in Government paper, and keep material in store to distil with, to the extent of from 7,000 to 10,000 Rupees.

To shew how SARAWANA MOOTTOO has been favoured, I may mention that in 1866 Messrs. SHAND and Co. on their own account, lodged security for 400 leaguers of Colombo Arrack at the rate of Rupees 17,500 for 1,000 leaguers; and Messrs. ARBUTHNOT & Co. before they became SARAWANA MOOTTOO's Agents and had the Contract themselves, lodged liquor to the extent of Rupees 13,800 for 1,000 leaguers, whilst SARAWANA MOOTTOO who was deeply involved, lodged only 6,600 Rupees for 1,000 leaguers, so that, for this Contract which yields a Revenue of 4 lacs of Rupees to Government, and for the Puttay Arrack which yields Revenue to the extent of

2 lacs of Rupees annually, all the security that Government holds against 6 lacs, is Rupees 10,100!

His friendship with the late Deputy Collector RUNGASAWMY IYER was so great, that when Messrs. SHAND and Co. were ready to deliver liquor it would not be taken, and other obstacles were thrown in their way in order that the Contract should revert to SARAWANA MOOTTOO, and so it did, and he has held it since 1867, although several applications to tender have been made.

Mr. FANE in his letter dated 9th June 1869 to the Board of Revenue said:—"I would prefer the application of Mr. MERGLER, although Mr. MORRISON offers to supply the Arrack one anna cheaper because he is a tried man at the business, and because he was the first applicant, and by reason of the information he gave me at that time, I was induced to look thoroughly into the system of the Abkarry, and to recommend the alterations I now do, and which will, I hope, lead to large profits to Government," and his note to me, of which the following is a Copy, shews that the scheme which has raised the Revenue, is actually mine, and yet Mr. GROSE told me he was the originator of it, aided by SARAWANA MOOTTOO.

Mr. FANE also remarked.

"Mr. MERGLER seems confident that, if he become our Distiller, his Arrack would, in a very short time quite cut out the Colombo, and would do away with the necessity of our importing any more of that foreign production into Madras."

"The result of these measures will be at the least estimate to add more than 2 lacs of Rupees to the Revenue."

SAIDAPET, 2nd May 1869.

MY DEAR PRITCHARD,

Your Memo. on the subject of the Distillery will do very well, with the exception of the 1st and 2nd paras.

I should certainly leave out all the expressions I have underlined with red pencil, for I do not think the Government will like to be told that they have hitherto been such fools.

I shall be at home on Monday at 11 A. M. if you like to come up then, I shall be glad to see you.

Your's sincerely,

(Signed.) E. FANE.

Government Order, dated 11th February 1870, No. 197.

"On a consideration of the reasons adduced by the Board of Revenue in favour of deferring the introduction of the renting system into the Town of Madras, His Excellency the Governor in Council resolves to direct that the present arrangements shall stand for another year."

"A full report of the working of the present system should not be submitted later than October next, in order to afford ample time for the consideration of any changes which it may be deemed advisable to introduce from the 1st July 1871."

Printed by Higginbotham and Co., Mount Road, Madras—1871.

1st May 1871

This has reference to my having said that altho Government little Puttay arrack itself it the extra they were out of Rupees annually 2 lacs of Rupees

Wm. J. A. S. 1870
L. 1870

Wm. J. A. S.
L. 1870
on his own & Lewis.

Extracts from a letter from Sarawana
Mootoo Pillay to me dated 14th October 1870. D/

"I believe Messrs. Arbuthnot and Co.
will allow me to give you one-third share in the business, and
if this will satisfy you please say in writing that you will
take one-third share, and that you will not dispute Messrs.
Arbuthnot and Co's accounts for such share, and I will on
receipt of such letter from you submit the same to Messrs.
Arbuthnot and Co. and will make a written agreement
with you with their consent for the carrying on of future
business."

"If you delay the matter you will have
nothing, and I will make my fortune by taking the Con-
tract by tender or bidding for the rent at Auction. You
know this will be the result of your disputing."

Yours truly
Wm. J. A. S.

Filed by Pittelard
in a d.o. to one

Cpy of claim from
the Pillay - oct 1870 -

Offering 7 ann to buy
off Pittelard's ann

part taken by a

payment of 1/3

profits of the Contract,

into the annuity

annuity of 1/3 -

the Office

of C. 21 June 1871

N^o 1093.

L. L. 252

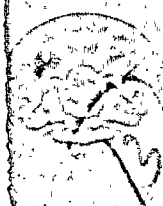
I had originally a strong impression in favor
of introducing the Renting System into
Madras. That system being apparently
the best means of ascertaining what the
value of the Madras Revenue Market
really was and the system having
recently produced such splendid
financial results in the provinces.
I would have advocated a simple
tender with for manufacturing and
selling spirits in the Madras
District & put it up to public
competition.

The Board & Mr. Sim are agreed
in deprecating the disturbance of
the existing system and I do not feel

inclined to go against ~~the~~ ^{the} ~~combination~~ ^{combination} of local authority. The
present system is ~~not~~ ^{not} ~~to~~ ^{to} ~~be~~ ^{be} ~~changed~~ ^{changed} ~~in~~ ⁱⁿ ~~any~~ ^{any} ~~way~~ ^{way} ~~at~~ ^{at} ~~present~~ ^{present} ~~and~~ ^{and} ~~it~~ ^{it} ~~may~~ ^{may} ~~be~~ ^{be} ~~safer~~ ^{safer} ~~to~~ ^{to} ~~leave~~ ^{leave} ~~it~~ ^{it} ~~as~~ ^{as} ~~it~~ ^{it} ~~is~~ ^{is} ~~now~~ ^{now} ~~and~~ ^{and} ~~the~~ ^{the} ~~interest~~ ^{interest} ~~divided~~ ^{divided} ~~among~~ ^{among} ~~many~~ ^{many} ~~hands~~ ^{hands} ~~than~~ ^{than} ~~to~~ ^{to} ~~concentrate~~ ^{concentrate} ~~it~~ ^{it} ~~in~~ ⁱⁿ ~~one~~ ^{one}.
I therefore agree with Mr. Linn. I
would divide the supply of bombs
in each form that of Mutton, arach
and ask some for tenders for
the manufacture of the latter -
putting aside all the personal
questions which have been
agitated. I presume that

The system of local detail sales
will be left as at present.
P

Paraly of Order



On the general question of
rent vs: the benefit of steam
he got in C on deliberation,
[J] can cur in the the 18th in cur.
siding it, in Expenditure to have
re course to the former, as it better
out no sufficient, assured and.
- I am to get to counter balance its
hazards. The Corroak [the tall ones] ^{now sold}
is either important - under ex.
tract - or unimportant in
our Distillery - the quality of the
liquor is then insured, and the
full duty is realized on all that
is taken out for consumption. The

retailers are practically renters of
the privilege of selling the liquor
thus kindled; and by dealing with
them directly, instead of through a middle
man, (we save him) his bits, ^{if he takes care saved} and [bribe]
a more complete control over the de-
partment ^{is obtained;} while of course there is
not the same extent of forcing liquor
on the people ^{as} ~~which~~ there would be
with such a middle man ^{The present} - [Over]
system is essentially the [be-landed]
Liquor Distilling system. The re-
tailers no doubt resort to frauds of
various kinds, but so they will ~~be~~
under any circumstances; and if

the [Mr & Dept] do their duty,
they ought to be as successful in
repressing ¹⁴ ~~the~~ malpractices as any
private individual. We ^{govt} are realizing
a large revenue with comparative
ease & popularity - and [I think
that] it would be imprudent
to incur the unavoidable risks of
a change of system without having
some assurance of material ad-
vantages to follow from it. The venty
system in ^{the} [our] provinces is by no
means perfect or altogether satisfactory.
and ^{there is} [we know] no reason to believe that if

If introduced into Honduras it will
be very injurious to the existing
system - Therefore he ^{of Govt}
is a ^{strong} [very] opinion
in which he shall be wise to "leave well
alone".

20. As regards the consent for making arrears, ^{L.P.M.P.} I leave us to ask for leaving it to me you as the Board propose. Even if not decided on leaving me to the Attorney, the privilege of selling is ^{probably} ^{would} be in the hands of the Board. I am included in the tent. There are some reasons to say the measure for time I shall be in the same hands, in a large town like London. [I would therefore] I instruct the Board ^{are therefore instructed} to take for

2/ tender for 3 yrs for the ex-
clusive privilege of ^{he got} ⁷⁵
putting cracker in [on] distillery
He would give sundry reasons
for giving the rent for another ^{year} & the
present contract; but it ^{is} [seems to
me] very desirable that, when public
contracts expire, they should be
opened to competitors and not con-
tinued to the same individual year
after year. || ^{Para 21} The present contractor prefers
certain claims ^{to competitors} in the event of the
contract not being continued to him;
but such reasons cannot be admitted.
The claims are said to be really ex-
aggerated but still to have some foundation.

him; to the extent that they will of
course be met. The arrears which
it is said put is pledged to take must
be taken - and issued, in disbursements
of next year's demand, and come
perpetually to be paid for such
imbursements to the building &
plant of the Distillery as the
contractor & he had with the
Board & sanction of the Col. or
Board; but the being due, he has
no claim for a further tenancy
than any other person; indeed if the
allegations in favor of the Bds. are

correct, the remedy is the Col. ¹⁶
22. With the engagements of the Board
and the engagements of the Contractor
& the Vendor and the put have no con-
cern; they are purely private matters
between the parties interested in the
being visited, it must be left to the
Board to determine which of those
made should be selected and the
Board will doubtless be for the
safety with justice & impartiality
and with due regard to the interests
of the State. The engagements should
carefully specify all the requirements
of the Bds. present & prospective - and
Security

Security should be taken to such an
amount as may be necessary for
the safety of port. The Bd will not
if can be be bound to take the
lowest offer.

Para 23. The Colon & Pottin Farm
should be debarred - and the
contractors [for them] should not be
allowed to have shares for the sale of
their liquor - nor should ^{they} be allowed
to be the sole persons of the Board, but that
the Board persons should.

24. As to the ^{Proposed} ^{see 26.5 May} ^{will} [Land ^{see} ^{see}]
[I think] they should be informed
that port. law under the in question

3/

That Messrs. Melvin & Morris are
well as the President & members
of the Board have decided the
regular minutes on the right
of the Library system of London.
Let such in formal manner as
the papers be printed here
should be; and, as the right
under discussion was one of port
in portance, the port. decided
to know the names of each person
had placed on the end. The books
be printed though not formal
minutes will not be printed in
the proceedings of the port. [the list of names]

any
[have] desire to follow the
[the] in discussing matters in
the present & have an identical
[the] among them & [the]

J. J. J.

Rev. Department

Pro. Board dated 16th May 1867
Letter from Board dated 28th May

In June 1867
The Collector of Madras
received certain suggestion
from a Mr. Bergler, who
had been engaged in Ab.
Kari business in Mysore
which led him, he reported,
to look thoroughly into
the system prevailing
in the Madras Town
and suburbs comprising
the High Court limits
and eight miles of
country beyond, and to
make

make sundry recom-
mendations to the Board
of a nature very pro-
fitable to the State.

2. The following was given
in taken from the papers
as the description of the
system at that
time. There ~~are~~ ^{being} three sorts
of liquor.

1st Country Arrack (Putta) made from palm-
jaggery fermented with vellum bark,
distilled by a Government
Establishment near the
Mint; about 30 below
proof; cost of distilling
Rs. 9 ^{per} the gallon.

2nd Colombo arrack, distilled

9
in Ceylon from Coconut
Tody, and imported 20 below
proof by a Contractor, who
supplies it to the Collector
at 165 Rs. the league of 150
gallons, or Rs. 1-1-7 a gallon.

3rd Tody, the fermented juice
of Coconut and Palmyra trees.
This is sold under a some-
what complicated system
which it is not necessary
to consider at present.

3. There are 105 shop-
keepers, retail sellers of
one or other of the two kinds
of arrack. Each man at the
beginning of the year submits
his "Dowle" to the Collector,
agreeing to take and sell so
many gallons a day, failing
to

to sell the whole he re-
turns the balance into the
Govt. store, getting back the
cost price only & being mulcted
in the duty. His transactions
are adjusted monthly.

The cost to Govt & pro-
fit, & cost to Shopkeeper & pro-
fit, are thus tabulated.

	Colombo	Puttai within limits	Puttai outside limits
Cost to Govt per Gallon	1-1-7	" 9-"	" 9-"
Cost to Shopkeeper	3-7-"	3-"-	1-7-"
Shopkeeper's minimum price	3-15-4	3-5-4	2-1-4
Profit to Government	2-5-5	2-7-"	" 14-"
Profit to Shopkeeper	" 8-4	" 5-4	" 10-4

The profits, Mr. Lane pointed
out, were enormous; 6 1/2 lacs of Rs
in six years amongst 105 shopkeepers.
Yet the revenue was stationary.
Though it had doubled in the Col-
lectrates outside during the past
10 years. This obviously arose he
thought from smuggling & illicit dis-
tillation.

Mr. Lane proposed, of the
two men before him, Mergler offering
to distill at 1 Rs. & Morrison at 12 Rs.

the fallon, to appoint the former.
The Govt building to be made over to
him, and a super to be
paid him for every fallon
taken outside the gates.
He further wished to make
Mergler the vendor, and to
put up the Shop licenses
to auction. He anticipated
that Mergler would soon
distill arrack that would
beat the Colombs out of
the field. When the duty
on Puttai might be raised
to that on Colombo.

Board 28 June 1869 No 4634.

7. Meanwhile a third
party, Saravana muttu
Pillay, who had, since
1865-66 been supplying
the Colombs arrack & the
Palmyra jaggery, out of
which

Which the Govt Officials
distilled the Puttar, applied,
direct, to the Board, offering
to distill at 10 as the follow.
The Board accepted his offer,
further Contracting with him
to buy his Colombs annact
at 165 Rs the league, and
as the Fushy was just
drawing to a close, they
issued immediate instruc-
tions to the Collector -
raising the dowles all
round - enhancing the
Government selling price
and lowering the profits
of the shopkeepers - the
estimated result being an
increase of 2 lacs to the
Revenue.

They

* Note nearly realised
Fasly 78 Rs 9,92,186
Fasly 79 Rs 11,85,604

~~... ..~~
~~... ..~~
~~... ..~~

Note I think the follr in the present Act would
might license those selected be necessary tenable
by the Renter: & a good small
Cause Court is as summary
a process as any -

G. O. 1st Novr 1869 No 2805.

8. They regretted that
they had not more time
to consider the question.
They observed that "the only
way to discover the real
value of the Town Abkarry
was to rent it out by
public competition - by
which means also the
revenue would be both
larger and more secure
than it is at present -
but for this a few changes
in the present Act would
be necessary - tenable
the Renter to license
and to recover arrears due
to him by summary process.
The Government doubted
the expediency of having one
Contractor

Contractor for both Colombo
and Puttai; as he would
probably neglect the
latter for the former when
the profits were much
larger, and they desired
a return on this head
at the close of the first
half of the Fasy.

10. For the rest the
Board's orders were approved.

11. Advertising however
to the general question
of the best mode of
settling the Town Alms
the Government indicated

Note This was only
furnished. No harm
was disclosed.

a decided preference for
the Renting system and saw
"no reason to doubt that
"it might be so arranged
"as to include a complete
"Police Control over the
"Liquor shops - the
"Difficulty about which
"was one of the reasons
"seen influencing them
"in repeating an offer
"to rent it in 1862;
"and the Board were
"desires to report
"fully on the subject
"so that a tender
"might

the Board were
not to be

I know of one
of the difficulties.
S.D.

might be called for
in December 1869.

The Board replied
that legislative action
required great caution,
that they desired to have
the experience of a second
year. This was conceded.

At the same time the Board
were called upon to

submit a full report of
the working of the present

system. Sub. later than
October 1870, in order to

afford ample time for the
consideration of any changes

which it might be deemed
advisable to introduce
from the 1st of July 1871. Mr

From Board 12 November
1869 No 8366.

G. O. 11 February 1870
No 197.

Pro: 13th Dec: 29th
Dec: 1870.

SV

In his letter to the

Board October 17th 1870, No 47

Mr Hunter Blair, the Coll:

proceeds to report on the

working of the present

system of Alkany at Madras.

He believes that an immense

amount of smuggling, adultera-

tion, and illicit distillation

goes on; and that there is

a strong combination amongst

the Shopkeepers to deceive the

Coll: as much as possible,

but he is fully alive to all

this, and considers that the

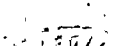
present direct system of

management

Mr Blair concludes
mixing water with
spirits the criminal
adulteration!

L. O.

If molasses is put into
spirits or milk the
fact is usually disguised
by the introduction of
some other deleterious
substance N.



[Faint, illegible handwritten text]

۱۰۰
 ۱۰۱
 ۱۰۲
 ۱۰۳
 ۱۰۴
 ۱۰۵
 ۱۰۶
 ۱۰۷
 ۱۰۸
 ۱۰۹
 ۱۱۰

15. Application from each of these men was before the Coll^y. The Pillay asked for a continuance of his two Contracts on the same terms for 3, 5 or 7 years, while ^{Mr} Pritchard asked for the Puttai only, which he would distill at the same price as the Pillay did & 10 Ans. the following. Mr Pritchard offered to distill a better spirit, to allow the Coll^y to inspect his books, and to assist him

him in every way in his
attempt to discover the causes
and extent of the present
smuggling & illicit distillation
(which Mr Blair said he was
very capable of doing as indeed
he was the man under whose
advice Mr Fane had addressed
the Board in June 1869, (merely
lending his name only); it was
suggested by the Collr that the
Puttani should be given to Pritchard
the Colombo remaining with the Pillay.

16. The Bd do not perceive
any practical disadvantage from one man
holding both Contracts. They expressed
their astonishment at hearing that
the Pillay & Pritchard are partners;
and as to Pritchard's
special claims remark that
Mr Fane did not bring forward Mr
Pritchard, but Mr Fane as the
projector of the Reforms as
he proposed to the Board.

These

We want if possible
to displace the Colombo
arrange by a home made
contract. It that one or
more may make the
profits of the business better.
If one man has both con-
tracts and handles both
by the Chamber he naturally
will not try to be fair.
Hence the home made con-
tract as to drive it out of
the market. J. D. S.

P. 126
19 Jan 71
~~xxxxxxxxxx~~

17. These Papers were
laid before first by the
Bd, but no order was
passed on them, indeed
they were not circulated.
Mr Middleton called
for all the correspondence
on the subject during his
absence in England, &
here the thing stopped.
Copy of another Bd. was
subsequently furnished.
No orders were passed
on this either. It discusses
some of the chief details
of the present system.
Mr Blair had reported
I believe the whole kept
to be thoroughly correct
& have informed the
Supd.

That if he & his staff do not do their duty & discover the smuggling & illicit distillation which I know is going on, they will be dismissed en masse, as they ought to have been in Mr. Home's time when it was discovered through private agency & information that the Revenue would bear an increase of 25 per cent. The Board dissent to the dismissal en masse but concur in the other remarks. It appears that the Board are considering them

11/11/31

They for their dinner explicitly and referred to an order to be carried home. S.S.S.

From P.D. 4/1/37
 9/11/31

they had furnished all the information the Govt. required. I don't know if the Govt. will think & so at all events as their P.D. were not acknowledged, they should, I suppose, be a reminder, and asked for their disposal specially before taking the matter into their own hands, as they presently proceed to do. The Paper may be sent to the last P.D. on the subject. They briefly advert to their above expressed opinion (Para 13 infra) that the

the present Attorney
system should be
maintained, & remarking
that a tender for Colombo
has already been invited
for Nov by their order,
go on to say that while
now, under better in-
formation, "fully ap-
preciating the services
which Mr. Pritchard has
rendered to Messrs. James
Blair they prefer the
"Pollay" and conclude
by offering him the
Puttani distillery for
another year on the
same terms as the
present if only he can
clear himself of
having

in view, with
a sum of Rs. 10,000
and some other
small amounts

~~Mr. Pritchard~~
~~has been~~
~~appointed~~

having depaude the
Revenue in selling
Colombo to Abraham
of Bellary at 1-1/2 the Gall.
20. About the time
these last Rs. came in,
the Honble Mr. W. Pitt-Rivers
told me it would be
well to direct the Board
to send up ^{the} "minutes"
that had been recorded
in the matter. These
have accordingly been
called for. In furnishing
them, the Board remark
that they are rather notes
than minutes & that
the requisition is an
unprecedented novelty.
However there seems to be
no reason why they should
not

not be referred to by
the front. They are very
business like documents.
By a reference to pages
18 & 19, it will be seen
that at one time a
majority of the Board
were for Mr Pritchard,
and Mr Forbes was not
hostile to him, but
ultimately, at Mr
Forbes's suggestion, the
papers were laid over
pending the return of
Messrs Robinson and
Thornhill.

It has been objected
to Pritchard that he is
insolvent. He has printed
a Memo (enclosed) among
other things to show
that

Messrs Blair
& Morris

I understand
that Mr Morris, who
was fully acquainted
with the subject, was
in a bad way with
Mr Forbes's suggestion.

J. D. S.

Pritchard's papers.

Security meets the
objection. J. D. S.

that he is a better man,
at all events, than the
Pellay. He has also
submitted a Memo,
noting the different
paras of the Board's
final letter - he says the
Govt. of Madras gave him
a copy. If all he says
is true, his rival has
room for great popularity
from the universal
cavities of the Report.
22. There is also in the
bundle a (copy) letter
from the Pellay to Pritchard,
perhaps again offering
to buy out his competi-
tion.

J. D. S. 29/5/70

J. D. S.

under the hand of J. D. S.

Annex Alkary of the Firm of Madras

Copy (with amendments)
 to be presented to the
 Para 18 - how copy of the
 same minute into verbal
 alterations for the rest

Same - because he
 is coming

[Faint, mostly illegible handwritten notes on the left margin of the first page.]

in the case of the Historical Papers.
 The proposed to let the old draft
 stand as it is, enclosed / it stands down
 to end of Para 22, with the exception
 of what is struck out in Para 31.
 Also to let the last Para stand,
 between the two the gap to be filled
 up as follows.
 23. The Pub, as already framed, propose
 to continue the Puttai distilling to the
 present Contractor, if he succeeds
 in showing that he has not been
 engaged in any illicit transactions,
 he is suspected (Para 18 supra),
 into the Colombo arrack, for which
 also he is the Contractor. But he
is altogether inexpedient
 that one man should have both the
 contracts, a result which would cer-
 tainly ensue if Savaranamuttu
 Pillay is continued as distiller
 of Puttai. He is, it is remarked,
 a native of Ceylon; has always
 succeeded better than any one else
 in the business, including some large firms at Madras.

[Faint handwritten notes at the bottom left of the first page.]

...considering his arrival in
 Colombo, and having the trade
 in his hand would naturally
 continue to keep it and his
 contract [by tendering in the name
 of a relative or servant.]
 For his reason, and because he
 really is no room for competition,
 where an article is sold to go to
 for ten (10) annas to gallon, the
 undoubted cost being nine (9)
 annas, he goes & feels himself
 at liberty to pass over the nominal
 of the Govt of Pen in his case,
 and to decide on selecting Mr
 Pitchard, who is so strongly
 recommended by the late collector,
 and whose services to the State
 he has not to "keep him a slave"
 as he had have inadvertently
 connected with the style (him) in bringing about
 the present great increase in the
 amount of the present receipts, and now,
 after considerable hesitation to
 "fully appreciated"

Pitchard will be most
 advantageous for the in-
 terests of the Govt. - He is the
 highly recommended
 the late Collector - has
 strong claims for past
 services in connection
 with the Govt. -

by the Board. It is not only
 that such claims deserve every
 consideration, but Mr Pitchard
 offers to allow his collection to
 inspect his books, and to continue
 to assist him in discovering the
 weak points of the present system,
 and engages to distil a better
 spirit (Samples of which have
 already been formally reported on
 by the Chemical Examiner)
 do as in time to dispense with
 the importation of a foreign spirit
 on acc^t of Govt.

A/A

24. Mr Pitchard will have the
 contract at 10 as he follows for three
 years - Case sh^d be taken that
 whether the Putraion Colombo
 Contractor is allowed shops for
 the sale of his respective liquors,
 and sh^d they be allowed to
 supply persons out of Madras
 without the Govt's permission.

Dy. 14/6/71

I shall be sure (para 12)
 that orders for Colombo
 1/81 have already been issued
 for a There are not many
 anything more to be done here
 who however is always safe here against all

The first of these is the fact that the
 Government has been unable to secure
 the necessary funds to carry out its
 policy of non-interference. This is
 due to the fact that the Government
 has been unable to secure the necessary
 funds to carry out its policy of non-
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 to secure the necessary funds to carry
 out its policy of non-interference.

14 June 71 O.D.D.

Proceedings of the Madras Government
Under date the 21st June 1871.

Read the following
papers

Trs. of the Board of Rev.	At 20 th Dec ^r / 70 d ^r 7232
Trs. do do	" 19 th Jan ^y / 71 " 260
Trs. do do	" 16 th May " "
At Secy do do	" 26 th do " "

In June 1869, Mr
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Cost to Govt. per gallon
Cost to Shopkeeper
Shopkeeper's minimum Price
Profit to Government
Profit to Shopkeepers

Colombo	Puttani within limits	Puttani outside limits
1-1-7	4-9	" 9-
3-7-	3--	1-7-
3-15-4	3-5-4	2-1-4
2-5-5	2-7-	" 14-
" 8-4	" 5-4	" 10-4

5 The profits
are

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distillation.

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Board 28 June 1869 No. 4634

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21
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raised to that on Colombo.

Meanwhile a third
party, Saravanamuttu Pillay,
who had, since 1865, been
supplying the Colombo Arrack,
and the Palmyra Jaggery out
of which the Government Officials
distilled the Pottai, applied,
direct, to the Board offering to
distill

distill at 10 on the gallon. The Board accepted his offer, & further contracting with him to buy his Colombo Arrack at 155 Rs. the league, and as the July was just drawing to a close, they issued immediate instructions to the collector raising the dawles all round, enhancing the Government selling prices, and lowering the profits of the shop keepers. The estimated result being an increase of 2 lacs to the Revenues.

They regretted that they had not more time to consider the question. They observed

* July 78 Rs. 9,92,186
July 79 Rs. 11,85,604

G.O. 1st November 1859 No. 2805.

35

22

observed that the only way to discover the real value of the Town Abkarry was to rent it out by public competition, by which means also the revenue would be both larger and more secure than it is at present, but for this a few changes in the present Act would be necessary, to enable the Renter to license, and to recover arrears due to him by summary process.

The Government doubted the expediency of having one Contractor for both Colombo and Puttalam.

Adverting however
to the general question
of the best mode of
settling the Town Akbarry,
the Government indicated

23
a decided preference
for the Renting System and
said no reason to doubt
that it might be so
arranged as to include
a complete Police control
over the liquor shops - the
difficulty about which
was one of the reasons
influencing them in re-
jecting an offer to rent
it in 1862, and the
Board were desired
to report fully on
the subject, so that
a tender might be
called for in December.

12 The Board re-
plied that the Legis-
lative action required
great caution, that
they desired to have
the experience of a
second year. This was
conceded, at the same
time the Board were
called upon to submit
a full report of the
working of the present system
not later than October 1870,
in order to afford ample
time for the consideration
of any changes which
it might be deemed
advisable to introduce
from the 1st of July 1871.

Jan 18th 12 Novth
1869 No 8366

G. O. 11 Feb 1870,
No 197.

Pro. B^d. Res. 29th
Dec^r 1870.

24
13 In his letter to the
Board October 17th 1870 No 47
Mr. Hunter Blair, the collector
proceeds to report on the
working of the present
system of Abkarry at
Madras. He believes that
an immense amount of
smuggling, adulteration and
illicit distillation goes on,
and that there is a strong
combination amongst the
shopkeepers to decrease the
collection as much as possible
but he is fully alive to all
this, and considers that the
present direct system of
management is the most
advisable, if proper
remuneration, if proper
work

secreted.
The Board
conceive. They are
convinced that no change
is expedient or could be
made without injuring
the revenue.

14. It comes out in these
papers that Mr. Pritchard
is a partner with Saravanan
Muttu Pillay in his contracts
up to 30th June 1871; but the
two appear to have quarrelled.
The Pillay supplies all the
copra, & is the managing
partner, and Mr. Pritchard
complains he can never get
right of the accounts. It seems
to be a curious partnership -
no more indeed than this -
that

pe. no. 28, 1871
1871 2000

25
that the Pillay thought it
worth while to buy off the
rights of Mr. Pritchard
only other likely competitor.
At one time a times more
patched up, the Pillay agreeing
after the current duty to keep
to the balance, and Mr. Pritchard
to the Pillay. Mr. Pritchard
compensating the Pillay by an
annual payment of Rs 2000.
They seem to suppose that one or
other of them might be
got to election, which futures
contract to save to be assigned
15000. An application from each
of these men was before the Board.
The Pillay asked for a continu-
ance of his two contracts on the
same terms for 15 or 17 years while
Mr. Pritchard asked for the Pillay
only, which he would distill at
the same price as the Pillay did
viz 10 Ann the gallon. As Mr.
Pritchard

Pritchard offered to distill a
better spirit, to allow the Board
to inspect his books, and to assist
him in every way in his attempts
to discover the causes and extent of
the present smuggling & illicit distil-
lation (which Mr. Blair said he
was very capable of doing, as indeed
he was the man under whose advice
Mr. Fane had addressed the Board
in June 1869, Mr. Merzler lending his
name only), it was suggested by the
Board that the Puttani should be given
to Mr. Pritchard, the Colombo re-
maining with the Pillay.
The Board do not perceive any
practical disadvantages from one man
holding both contracts. They express
their astonishment at hearing that the
Pillay & Mr. Pritchard are partners; and
as to Mr. Pritchard's special claims
remark that Mr. Fane did not bring
forward Mr. Pritchard, but Mr. Merzler
as the proposer of the Reforms he
proposed to the Board.
These

B. 260
19th Jan 71

26

17 These Papers were
laid before Govt by the
Board, but no order was
passed on them & copy of
another Pro. was sub-
sequently furnished; no
orders were passed on this
either. It discloses some
of the chief details of the
present system. Mr. Blair
had reported "I believe
the whole Department
to be thoroughly corrupt
and have informed the
Superintendent that if
he and his Staff do not
do their duty and dis-
cover the smuggling and
illicit distillation which
I know is going on they
will be dismissed & punished."

as they have been in
Mr. James' time when it
was discovered through
private agency and in-
formation that the Revenue
would bear an increase
of 25 per cent. The Board
demanded the dismissal
of the master but concur
in the other remarks.

18. The Paper marginally
noted contains the last
Board's Pro: on the sub-
ject. They briefly advert
to their above expressed
opinion (Para 13 supra)
that the present Abkarry
system should be main-
tained, and remarking
that a tender for Colombo
has already been made
for 1881 by their orders,
go on to say that while
now, under better in-
formation

Thom B. D. 10 1637
of 18th May 171

27.
information, fully appre-
ciating the services which
Mr. Pritchard has rendered
to Messrs. James & Blair,
they prefer the Billay
and conclude by offering
him the Puttara distillery
for another year on the
same terms, as the pre-
sent, if only he can clear
himself of having de-
frauded the Revenue
in selling Colombo
to Abraham & Co
of Beccary at 1-11
the Gallon.

19. About the time
these last Pro-
ceedings came
in,

in the Board were
directed to send up
the minutes that
had been recorded
in the matter. These
have accordingly
been called for
in furnishing them,
the Board remark
that they are rather
notes than minutes
and that the Re-
quisition is an
unprecedented novelty.

On

20. On the general question
of rent versus the private
system, the former in
Council, on deliberation,
concurs with the Board
in considering it in-
expedient to have re-
course to the former, as
it holds out no sufficient
assured advantages to
counter balance its
hazards. The Arrack
now sold is either im-
ported under contract
or manufactured in the
Govt. Distillery - the
quality of the liquor
is thus ensured, and
the

the full duty is realized
on all that is taken
out for consumption.
The retailers are practi-
cally renters of the privilege
of selling the liquor thus
provided, and by dealing
with them directly, instead
of through a middle man,
the profits of the latter
are saved and a more
complete control over
the department is obtained,
while of course there is
not the same extent of
forcing liquor on the people
as there would be with
such a middle man. The
present system is essentially
the Taddor Distillery
system.

29
system. The retailers no
doubt resort to frauds
of various kinds, but so
they will under any cir-
cumstances, and if the
Collector & C. do their
duty, they ought to be as
successful in repressing
malpractices as any private
individual. The fact are
realising a large revenue
with comparative ease &
regularity, and it would
be imprudent to incur the
unavoidable risks of a
change of system without
having some assurance
of material advantages to
follow from it. The present
system in the provinces

is by no means perfect
or altogether satisfactory
and there is no reason to
believe that if introduced
into Madras it will be
any improvement on the
existing system. This is
a case therefore in the opinion
of Fort in which they shall
be advised to leave well alone.

21. As regards the
contract for making arrack
H.E. in Council sees no
reason for limiting it to
one year as the B. purpose.
Even if Fort decided on
renting out the Al-Ronny
the privilege of selling so
all probably that would
be included in the rent.
There are obvious reasons
why the manufacture & sale
should not be in the same
hands in a large town like
Madras. The B. are therefore
instructed to call for
tender.

30
✓ tender for 3 years for the
exclusive privilege of
making Puthai arrack
in the Govt Distillery.
The B. urge sundry
reasons for giving the
rent for another year
to the present contrac-
tor; but it is very de-
sirable that, when pub-
lic contracts expire,
they should be offered
to competition and not
continued to the same
individual year by year.
22. The present con-
tractor prefers certain
claims to compensation
in the event of the con-
tract not being contin-
ued to him; but
such reasons can
not be admitted. The
claims are said to be
greatly exaggerated
but still to have
some foundation.
to

to this extent they will
of course be met. The
amount which it is said
Govt. is pledged to take
must be taken, and
issued, in diminution
of next year's demand,
and compensation must
be given for such im-
provements to the build-
ings and plant of the
Distillery as the con-
tractor effected with
the proved sanction of
the collector or Board,
but this being done,
he has no more claims
for a further tenancy
than any other person,
indeed if the allega-
tions in para 8 of the
Pros. Pros are correct,
the reverse is the case.
23. With the engage-
ments and differences
and

and arrangements
of the contractor and
Mr. Pritchard and
the Govt. have no
concern; they are
purely private mat-
ters between the par-
ties interested -
Tenders being invited,
it must be left to the
Board to determine
which of those made
should be selected,
and the Board will
doubtless perform
this duty with jus-
tice & impartiality,
and with sole regard
to the interests of
the State. The ad-
vertisements should
carefully specify
all the requirements
of the Dept. present
and

and prospective, and security should be taken to such an amount as may be necessary for the safety of Government. The Bd^o will not of course be bound to take the lowest offer. -

24. The Colombo and Puttani Linnis should be separated, and the Contractors should not be allowed to have shops for the sale of their liquor - nor should they be allowed to supply persons out of Madras without the Board's permission.

25. As to the Board's Proc. of the 26th May. they

32
B They will be informed that Govt were under the impression that Messrs Blair and Morris as well as the present members of the Board had recorded regular Minutes on the subject of the Abkarry System of Madras. not such informal remarks submitted - prove false, and, as the subject under discussion was one of great importance, the Govt desired to know the views which, as they believed, each member had placed on record. The papers submitted not being formal Minutes will not be printed in the Proceedings of the Govt, there not being of course

course any desire
to fetter the Board
in discussing matters
in the freest and most
confidential man-
ner among them-
selves. —

14 To the Board of Peace with 9 Incls
(7) Dec. 23