

*Proceedings of the Madras Government, Revenue Department,
22nd March 1872.*

No. 270. Read the following Proceedings of the Board of Revenue, dated 15th March 1872, No. 460 :—

Read the following letter from the Collector of South Arcot, to the Secretary to the Board of Revenue, dated Cuddalore, 24th February 1872, No. 47.

I HAVE the honour to forward the usual advertisement of the sale of the Abkari Farm of this district for three years from the 1st July next, and at the same time an offer from Messrs. Parry and Co., of Madras, to rent it on certain conditions for five years.

2. I wrote to Messrs. Parry and Co. and told them that I could not recommend the adoption of their proposals, because there was no guarantee for any certain revenue, and because all risk of loss arising from fluctuations in the demand for spirits was thrown on the Government.

3. Since then, however, I see from the Board's Settlement Report for Fasli 1280 that the Ganjam Spirit Farm is rented on the principle on which Messrs. Parry and Co. propose to rent that of this district, so that I see no longer any reason for objecting to their proposals on those grounds, while I am quite sure that if their offer is accepted they will sell a much superior liquor to what is sold by the present renter.

4. Should Messrs. Parry and Co.'s tender be declined by the Board, then I beg that the enclosed notice may be advertised in the *Fort St. George Gazette*.

5. In the event of the Board resolving to prohibit the manufacture of fermented liquor for *bona fide* domestic consumption under Section 28 of the Madras Abkari Act, then it will be as well if No. 8 of the General Conditions is altered to include the exclusive privilege of manufacture as well as of sale of toddy (fermented).

6. By No. 3 of the special provisions for this district, two sorts of arrack are recognized; but from inquiries I have instituted I learn that there is but one kind made and sold in this district, and that a weak and indifferent liquor. The price at which it is sold varies greatly according to locality. At Trivanellore a gallon sells for Rs. 3-3-0; but on the French frontier, so an employé of the renter stated before me, it is sold at Rs. 1-2-0 per gallon, much below the contract minimum price, and at the same price at which it is sold inside the French territory.

7. Inquiries which I have had made by the Police tend to confirm this statement. I was unaware before of the existence of such a practice.

8. I think that the difference between the two kinds of liquor should be to a certain extent defined by making it a condition that first sort arrack should not be sold under 35° below proof, and I am disposed to recommend that the Collector of this district should have power to permit the renter to sell both arrack and toddy at such rates, not lower than French rates, within certain limits of the French frontier to be fixed by him as he may consider advisable, to reduce to a minimum the inducements to smuggle, which the existence of the high English rates may hold out.

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THE Board resolve to solicit the orders of Government on Messrs. Parry and Co's tender for the Abkari of South Arcot when the present lease terminates on the 30th June.

2. Messrs. Parry and Co., offer to take the Abkari for five years paying an excise duty of Rupees 1-12-0 per Imperial gallon of arrack 30° below proof on every gallon that leaves their distilleries, and half the sums obtained by sub-renting the toddy farm. They further agree to pay an excise establishment at each of their distilleries costing not more than Rupees 50 a month.

3. These terms resemble those offered by Mr. Minchin for the Ganjam Abkari in 1869 and accepted by Government in Government Order, 9th March 1869, No. 627. The excise duty named by Messrs. Parry and Co., is 4 Annas a gallon more. They have ample means of distillation at their sugar factories in the South Arcot District.

4. When Mr Minchin tendered for the Ganjam Abkari he estimated the consumption of the district at 10,800 gallons of "Pongoo" and 308,700 gallons of "Cutchu" spirit. Mr. Carmichael thought the estimate a very moderate one, but it has not been confirmed by experience. The revenue which this consumption was calculated to yield to Government was Rupees 1,66,200. The actual revenue in Fasli 1279 was Rupees 84,233 and in Fasli 1280 Rupees 83,520, and some Rupees 5,000 of this was the half of the Toddy sub-rents payable to Government under the terms of Mr. Minchin's engagement.

5. On the other hand the revenue has been much greater than it was in the year before Mr. Minchin obtained the monopoly, viz., Rupees 69,280 and it has been a little above the average revenue of the previous eight years, viz., Rs. 83,152.

6. The result of the Ganjam experiment is therefore not unsatisfactory. There has been no loss to Government, the people have been supplied with good liquor and the revenue has been realized punctually without trouble or anxiety. There is every reason to hope that now the excise system (which encountered some opposition from former renters, sub-renters and distillers at first) is firmly established the revenue will improve, though it is unlikely ever to reach the sanguine estimate made by Mr. Minchin when he tendered for the contract.

7. In South Arcot circumstances are not so propitious for an experiment of this sort. In Ganjam a combination of competitors had reduced the rent of the farm below its proper value. In South Arcot there is reason to believe that the present rent, Rupees 2,16,000, is near the full value of the farm. In Fasli 1279 the lease sold for Rupees 3,11,000, but the renter was soon completely ruined.

8. The Board are strongly of opinion that the Excise system, when trustworthy distillers can be found, as in the present case, is far preferable to farming out the monopoly by public competition because the actual consumption of spirits in the district, is now ascertained in this way and the competition constantly results in such reckless bidding that the Renters have to exhaust all possible devices to get a large amount of liquor sold and to importune the Board for frequent remissions whilst they are often ruined in spite of all, and the security of the revenue is a matter of unceasing anxiety. The comparative advantages of the Excise system are so patent that the Board think it well worthwhile to run a small financial risk in order to obtain them.

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9. Hence although Messrs. Parry and Co. are not prepared to guarantee any certain revenue, and though experience has shown that estimates founded on probable consumption such as that contained in Messrs. Parry and Co's. proposal are unreliable, the Board recommend that their tender be accepted with the following modifications:—

1st. That the lease shall be for three years instead of five.

2nd. That the cost of the establishment kept at each of the distilleries by Government but paid by Messrs. Parry and Co. may amount to Rupees 100 instead of Rupees 50.

3rd. That Messrs. Parry and Co. pay Government 60 per cent. instead of 50 per cent. of the Toddy sub-rents.

4th. That as was arranged in Ganjam the Collector shall have power to terminate the lease at the end of Fasli 1282 by giving notice of his intention to do so on the 1st May if he finds that the revenue of the year is likely to be less than Rupees 1,50,000.

No. 271.

ORDER THEREON, 22nd March 1872, No. 500.

Land Revenue, No. 15.
Abkari.

BEFORE passing orders on this proposal the Government desire to know what has been the actual Abkari revenue of the South Arcot District for each of

the last ten years, and why Rs. 150,000 is adopted as the minimum revenue warranting continuance of the lease, and 60 per cent. taken as the Government proportion of the toddy rents.

2. The Government also desire to have some information as to the system of distribution of liquor throughout the district. It is presumed that the Collector licenses the shop-keepers. It is desired to know whether these have individually to obtain their supply from the Sadr distillery or whether the distillers maintain depôts, and also at what number of places distilleries are likely to be established by Messrs. Parry and Co.

3. The Government will dispose of the Board's proposals on receiving a reply to these Proceedings.

(True Extract.)

(Signed)

W. HUDLESTON,

Officiating Chief Secretary.

To the Board of Revenue.

Exd. A. S. Rodgers.

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N^o 47.

From J. H. Garstin Esq.
Collector of South Arcot.

To James Grose Esq.
Secretary to the Board of Revenue
Madras.

Sir, I have the honor to forward
the usual advertisement of the sale of
the Abkarry Farm of this District
for 3 years from the 1st July next,
and at the same time an offer from
Mess^{rs} Parry & Co of Madras to rent
it on certain conditions for 5 years.

I wrote to Mess^{rs} Parry
& Co and told them that I could not
recommend the adoption of their
proposals because there was no guarantee
for any certain Revenue, and because
all risk of loss arising from fluctuations
in the demand for spirits was thrown
on

on the Government.

3. Since then, however, I see from the Board's Settlement Report for Faeli 1280 that the Ganyam Spirit Farm is rented on the principle on which Messrs. Parry & Co. propose to rent that of this District, so that I see no longer any reason for objecting to their proposals on those grounds, while I am quite sure that if their offer is accepted they will sell a much superior liquor to what is sold by the present Renter.

4. Should Messrs. Parry & Co. tender be declined by the Board, then I beg that the enclosed notice may be advertised in the Fort Saint George Gazette.

5. In the event of the Board resolving to prohibit the manufacture of fermented liquor for bona fide domestic

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domestic consumption under Section 28 of the Madras Abkary Act, then it will be as well if N^o 8 of the general conditions is altered to include the exclusive privilege of manufacture as well as of Sale of Toddy (fermented).

6. By N^o 3 of the special provisions for this district, two sorts of arrack are recognised, but from enquiries I have instituted I learn that there is but one kind made and sold in this district, and that, a weak and indifferent liquor. The price at which it is sold varies greatly according to locality. At Trivanellore a gallon sells for R. A. P. 3. 3. 0 but on the French Frontier, so an employe of the Renter stated before me, it is sold at R. A. P. 1. 2. 0 per gallon, much below the contract

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minimum price, and at the same price
at which it is sold inside the French
territory.

7. Enquiries which I have
had made by the Police tend to
confirm this statement. I was unaware
before of the existence of such a practice.

8. I think that the differ-
-ence between the two kinds of liquor
should be to a certain extent defined
by making it a condition that first
sort arrack should not be sold
under 35° below proof, and I am
disposed to recommend that the
Collector of this District should
have power to permit the Renter
to sell both Arrack and Toddy at
such rates, not lower than French
rates, within certain limits of the
French frontier to be fixed by him.
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as he may consider advisable to
reduce to a minimum the inducements
to smuggle, which the existence
of the high English rates may
hold out.

South Arcot }
Coll^r's Office }
Cuddalore }
24, February 1872.

I have &c.
(signed) J. H. Garstin
Collector.

(True Copy.)

H. G. G.
Secretary.

[Signature]

Revenue Dep^t

Rs. 500.

Pros of the Madras Gov^t

Under date the 22^d March 1872.

Read the following
Proceedings of the Board of
Revenue.

Submitting with remarks the
letter from the Collector of South
Arcot forwarding Messrs. Every
's application to rent the
Abkari Farms.

W. E. 15 March 1872.

Before passing
orders on this proposal the
Gov^t desire to know what
has been the actual Abkari
revenue of the South Arcot
district for each of the
last 10 years, and why
Rupees 150,000 is adopted

Rs. 500.

as

Dec-92/1872

Encl^d in

Proceedings of the
Board of Revenue
At the S^t Chief Secretary
to Gov^t Secretariat, M.S.
dated 15th March 1872.

Copy of letter from
the Collector of South
Arcot

G.O. 22nd March 1872.
Rs. 500.

L.P.
Messrs Parry & Co
appls to Rent South
West Abkharri
Farms

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Proceedings of the Board of Revenue
dated 15th March 1872. R.L. 60

Read letter from South West
dated 24th February 1872 at 47.

The Board resolve to solicit
the orders of Government on Messrs.
Parry & Co's tender for the Abkharri
of South West when the present
lease terminates on the 30th June.

Messrs Parry & Co offer to take
the Abkharri for five years paying
an Excise duty of Rs 4-12 per Imperial
gallon of arrack 30° below proof
on every gallon that leaves their
distilleries, and half the sum
obtained by subrenting the Laddy
farm. They further agree to pay
an Excise Establishment at each
of their distilleries costing
not more than Rs 50 a month.

These

These terms resemble those offered by Mr Minchin for the Sangam Abkarry in 1869 and accepted by Government in its Government Order of 9th March 1869 at 627. The Excise duty named by Messrs Parry & Co is 4 Annas a gallon more. They have ample means of distillation at their sugar factories in the South Arcot district.

When Mr Minchin tendered for the Sangam Abkarry he estimated the consumption of the district at 10,800 gallons of "Pungoo" and 308,700 gallons of "Futcha" spirit. Mr Carmichael thought the estimate a very moderate

moderate one, but it has not been confirmed by Experience. The revenue which this Consumption sort was calculated to yield to Government was Rs 1,66,200. its The actual revenue in fact, 1279 was Rs 233. and 1280 Rs 83,520 and some of this was the half of the 1289 Subrent payable to Government under the terms of Mr Minchin's Engagement.

On the other hand the revenue has been much greater than it was in the year before Mr Minchin obtained the monopoly, viz Rs 69,280 and it has been a little above the average revenue of the previous

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moderate one, but it has not been confirmed by Experience. The Revenue which this Consumption was calculated to yield to Government was Rs 1,66,200.

The Actual Revenue in Fashi 1279 was Rs 84,233. and Fashi 1280 Rs 83,520 and some Rs 5000 of this was the half of the Loddy Subrent payable to Government under the terms of Mr Minchin's Engagement.

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Mr Minchin obtained the monopoly, viz Rs 69,280 and it has been a little above the

Average Revenue of the previous

8 years viz Rs 83152.

The result of the Jangam Experiment is therefore not unsatisfactory. There has been no loss to Government, the people have been supplied with good liquor and the revenue has been realized punctually without trouble or anxiety. There is every reason to hope that now the Excise System (which encountered some opposition from former renters, subrenters and distillers at first) is firmly established the revenue will improve, though it is unlikely ever to reach the sanguine estimate made by Mr. Minchin when he tendered for the Contract.

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The Board are strongly of opinion that the Excise System, when trustworthy distillers can be found, as in the present case, is far preferable to farming out the monopoly by public competition, because the actual consumption of spirits in the District is never ascertained, in this way and the competition constantly results in such reckless bidding that the renters have to exhaust all possible devices to get a large amount of liquor sold

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and to importune the Board for frequent remissions whilst they are often ruined in spite of all, and the security of the revenue is a matter of unceasing anxiety. The comparative advantages of the excise system are so patent that the Board think it well worthwhile to run a small financial risk in order to obtain them.

Hence although Messrs Parry & Co are not prepared to guarantee any certain revenue, and though experience has shown that estimates founded on probable consumption such as that contained in Messrs Parry & Co's proposal are unreliable, the Board recommend that their tender be accepted with the following modifications.

1st, that the lease shall be for 3 years instead of 5.

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be paid by Messrs Parry & Co may amount to Rs 100 instead of Rs 50.

3rd, that Messrs Parry & Co pay Government 60 per cent instead of 50 per cent of the Taddy sub-rents.

4th, that as was arranged in Gungam the Collector shall have power to terminate the lease at the end of Fasli 1282 by giving notice of his intention to do so on the 1st May, if he finds that the revenue of the year is likely to be less than Rupees 150,000.

(True Extract)

J. Gole
Secretary

To, The Off. Chief Secretary to Government
Revenue Department

With copy of Collector's letter
& Enclosures.

C. P. Ramaswami Reddy

