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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No.	<i>600</i>	Press
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Dated	<i>13. 7. 1874</i>	<i>196</i>

Not to be folded or roughly handled

PROCEEDINGS OF THE BOARD OF REVENUE, dated 29th May 1874.

Read the following letters:—

From J. HUNTER-BLAIR, Esq., Collector of Madras to J. GROSE, Esq., Secretary to the Board of Revenue, dated 9th May 1874, No. 82.

I HAVE the honour to acknowledge receipt of the Board's Proceedings of 22nd April 1874, No. 953, stating that the Board are not prepared to recommend Government to rent out the Toddy revenue of Madras, but think the management thereof is susceptible of great improvements, and desire the Collector to submit a report describing the present system, and showing how it may be improved.

2. The system is a very simple one, and needs but a short description. For the purpose of easy comparison, the system and its faults will be placed in juxtaposition.

The same rate of rent is charged for all shops, whether the situation is a good or bad one. This is a great mistake. The value of shops depends on situation, distance from garden where Toddy is drawn, &c. The system perpetuates these evils, as even the classes are not altered.

The rates charged for trees do not exactly correspond, decreasing slightly according to the class of shops.

The result of this rule is that a 4th-Class Shopkeeper can get the same number of trees as a 1st-Class one, and pays less for them, as the rate for extra trees is lower than the fixed rates.

This stamping and granting of permits involves constant interference and applications, and I am reliably informed that shopkeepers who won't give a *douceur* have to wait some time till their trees are stamped.

There is a great difference in the produce of trees; those of some gardens producing much more Toddy than others. I am also of opinion that the number of trees allowed to a shop is much too

3. The greater part of the revenue is raised by a fixed rent on four classes of shops. Details of the number of shops, classes, rents, number of trees allowed, &c., are shown in the accompanying statement. All the 4th-Class Shops are in the outside limits.

4. Any shopkeeper, who asks for them, can get any number of extra trees at the rate of eight for an Anna. The trees are granted by the Deputy Collector on the same rules as the other trees are granted for the class of shop, but the rates are lower. Trees for bakeries are charged at the rate of 5½ for an Anna.

5. All trees are stamped by the Abkari officers, and fresh trees are granted if required every six months. The shop rent does not commence till fifteen days after the trees have been stamped, and permits to carry the Toddy from the garden to the shop are not issued till the sixteenth day.

6. There is no limit to, or check upon, the amount of Toddy allowed to be drawn from the trees and sold in the shop. The shopkeeper may draw a one-fourth of a measure (half a bottle) or a measure,

* Board's Procs., No. 4634, of 28th June 1869, para. 15.

large. Twelve trees are supposed* to yield a gallon, about two and one-third measures. I believe the real yield is from five to six measures, about $2\frac{1}{2}$ gallons. The expenses of a 3rd-Class Shop are—I have calculated—about 130 Rupees a-month, and the monthly profits, if the Toddy is sold at only 2 Annas a measure—the price varies from $1\frac{1}{2}$ to 3 Annas—are Rupees 130 at least. The shopkeepers ought not to be allowed to sell more than a certain number of measures. In short, the dowle system of Colombo and Puttai Shops should be applied to Toddy Shops, as well as the restriction in the number of trees. On the point of stamping or marking the trees, I doubt if the system can be done away with. There must be some account of the number of trees allowed even if means are taken to check the quantity of Toddy drawn, and the amount consumed at the shops.

In the case of these Palmyra Toddy Shops, there is less check on the shopkeepers than in the Cocoanut Toddy Shop. The trees are not even marked, and treble the number allowed to be used are allotted. No limit is fixed for quantities drawn and sold, or prices, only a limit of situation, within the outer limits. A system more open to fraud it is difficult to conceive, especially when it is considered that the supervision and inspection is carried out by officials paid from Rupees 7 to 15 monthly.

(two bottles) from a tree daily, and sell it; we do not interfere. There is no minimum or maximum price. The shopkeepers are allowed to charge whatever price they think proper.

7. The above remarks refer only to Cocoanut trees. A certain amount of revenue is derived from Palmyra Tree Toddy; the system of management is as follows:—About the month of December about ninety or 100 shopkeepers, outside the limits, stop selling Cocoanut Toddy and obtain leave to sell Palmyra Toddy for a 3rd-Class Shop. Three hundred trees are allowed, from one hundred of which Toddy may be drawn. For a 4th-Class Shop the numbers are one hundred and eighty and sixty. During the Palmyra Toddy season, which lasts for four or five months, licenses are also granted to 110 extra shops, forty-five 3rd-Class and sixty-five 4th-Class, in the outer limits, on payment of the usual dowle. The trees are not stamped, but a detailed register kept, and the Abkari officials see that only the prescribed trees are used.

8. Fresh licenses are annually issued to the shops, but practically the element of competition has never been introduced. The shops are almost always given to the same persons, year after year, but I believe that many shops ought to, and would, yield a much larger revenue than they do now. There is no reason why all Toddy Shops—wherever situated—should pay the same rents any more than that Arrack shops should, which they do not. Sales depend on many causes. A shop which this year sells little and at a low rate may, a year or two hence, sell double the quantity at higher prices. Such fluctuations occur in the case of all other trades, why not in Toddy Shops as well. It is, however, the interest of the owners to conceal such facts, and Abkari officials are not in the habit of giving information which will raise the revenues. It apparently suits them best, that extra profits, if any, which I believe there are, should be enjoyed by the shopkeepers.

9. The Board ask how the system can be improved. The only real improvement I can suggest is the total abolition of the present system of Abkari management in Madras, and the introduction of the excise system under a respectable and honest renter who understands how to work it, and increase the Government revenue, making at the same time a fair and reasonable profit for himself.

10. It is, I consider, absolutely impossible for Government officers to manage Abkari affairs with such a department as the present one, with success, or ensure that Government shall receive its just share of the profits derivable from the consumption of Arrack and Toddy in Madras. The large increase of revenue in 1869 was obtained by alterations made solely in consequence of information received—not from the Abkari Department, but from a private individual, Mr. Pritchard. Ever since 1869, there have been constant attempts to get the dowles reduced; sometimes they have been successful, at

See my letter, 21st June 1873, No. 151, in Board's Proceedings, No. 1092 of 1873.

other unsuccessful, the final result being a considerable increase. During this period, I am not aware of any information ever having been given by the Abkari Department to the Collector, none certainly has ever been given to me. On the other hand, several reports and cases can be referred to, where Government and the shopkeepers have been defrauded, and incurred losses, through the malpractices and neglect of the officials of the Abkari Department. I have noted below the reports and their subjects.

My opinion of Abkari Department to Board, No. 47, of 17th October 1870, paragraph 20.

Frauds in measurements	}	From Deputy Collector, No. 515, of 18th July 1871.
in draw-out godown.		To do. " 322, of 4th Aug. "
Illicit use of large number of unstamped trees by a Toddy Shopkeeper	}	From Deputy Collector, No. 367, of 10th November 1873.
		Board's Proceedings, No. 2581, of 12th December "
Frauds in the draw-out godown.	}	From Deputy Collector, No. 876, of 12th November 1873.
		To do. " 670, of 14th do. "
Colombo Arrack godown; losses once in 1871, again in 1873.	}	Board's Proceedings, No. 2201, of 31st May 1871.
		Do. Mis. No. 2660, of 21st April 1874.

11. If the excise system is introduced, the whole expense of the present Abkari Department will be saved, about Rupees 24,000. I do not bring this forward as a strong argument for introducing the excise system, but it is one which should be considered, as it involves an increase of net revenue.

12. If the Board consider that the present system is to be continued with alterations and improvements, it is utterly useless attempting to carry them out unless the Abkari Department is entirely reorganized on a completely different footing and rates of pay.

13. This subject has been frequently brought to the Board's notice in the last few years, but no orders have ever been passed thereon. If orders are passed that the Department is to be reorganized, proposals might then be sent in at the same time for altering the system of management; but I do not see how the management can be altered, unless the department is reorganized at the same time.

17th October 1870, No. 47, para 20.
6th March 1873, " 45, " 10.
18th Augt. " " 183, " 21.

ENCLOSURE No. 1.

TODDY SHOPS.

Inside Limits.

Class.	No. of Trees.	Daily Dowle or Rent.	Yearly Dowle.	No. of Class.	Total yearly Rent.	Remarks.
		RS. A. P.	RS. A. P.		RS. A. P.	
1st ...	330	3 4 0	1,186 4 0	55	65,243 12 0	6 ² / ₅ trees for 1 Anna.
2nd ...	247	2 8 0	912 8 0	47	42,887 8 0	6 ¹ / ₅ do.
3rd ...	165	1 8 0	547 8 0	198	1,08,405 0 0	6 ¹ / ₅ do.
Total..	742	7 4 0	2,646 4 0	300	2,16,536 4 0	4th-Class same rate.

Outside.

		RS. A. P.	RS. A. P.		RS. A. P.	
1st ...	330	3 4 0	1,186 4 0	2	2,372 8 0	The balance of the gross revenue is made up by rents from extra trees, bakery trees, extra Palmyra Toddy Shops in outer limits, and various small changes.
2nd ...		None.		38	20,805 0 0	
3rd ...	165	1 8 0	547 8 0	95	34,675 0 0	
4th ...	110	1 0 0	365 0 0			
Total	605	5 12 0	2,098 12 0	135	57,852 8 0	
Grand Total.					2,74,388 12 0	

(Signed) J. HUNTER-BLAIR,
Collector.

MADRAS,
9th May 1874.

From J. HUNTER-BLAIR, Esq., Collector of Madras, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 13th May 1874, No. 85.

I HAVE the honour to forward, for the consideration and orders of the Board, a letter from Mr. Pritchard, in which he proposes to take the Abkari contract of the town and suburbs of Madras, on the excise system, for three years, from July 1874.

2. COLOMBO ARRACK.—Mr. Pritchard proposes to supply 20,000 gallons of his home manufactured liquor for the first year, and will supply the same quantity, or more or less, in the following two years, according as the liquor is approved or not.

3. PUTTAI INSIDE.—He will pay the present excise rate of Rupees 3 per imperial gallon, and proposes to sell at 1 Anna and 6 Pies per dram, an increase of one

Pie, in order to re-pay himself the cost of establishment, charges, &c. I see no objection to this increased charge, as I do not think the consumption will be diminished thereby.

4. PUTTAI OUTSIDE.—Mr. Pritchard proposes to pay a much higher excise duty to Government on the outside Puttai, instead of Rupees 1-8-0, the present rate for the common gallon. He will give Rupees 2-5-2 per imperial gallon, an increase of Rupees 0-8-4. The price will then be a medium one between inside Puttai limits and Chingleput, a much better arrangement than the present, which brings the low priced outside, next to the high priced inside limits.

5. Either Mr. Pritchard's offer should be accepted, or the outside Puttai transferred to Chingleput, if it is to remain at the same rate. It is practically under very little control, being rented out in one daily dowl of 132 gallons to a Contractor. Really it is already under the excise system, as the Contractor is bound to pay a certain minimum sum yearly.

6. There is no fear or chance of smuggling, as all the liquor would go from the distillery under the Deputy Collectors pass and the same regulations, as Puttai Arrack now goes to Chingleput under Mr. Pritchard's excise contract. Mr. Pritchard does not think the sales would decrease. I believe they would increase, though the price would be higher, as I think the Contractors pay a smaller rent than they ought to. I mean that illicitly distilled liquor is largely consumed. Mr. Pritchard would put a stop to such proceedings. I may mention here, that after the contract had been given last year, he told me he would have paid more for it, but did not know of the sale in time.

7. TODDY.—Mr. Pritchard repeats his former offer for Toddy of Rupees 3,00,000. The Board seem to have an impression that it is not advisable to give the contract for Toddy to the Arrack Renter. The results of Mr. Pritchard's management of the Chingleput District, detailed in his letter, show that he has worked Abkari matters in that district exactly in the mode the Board consider they should be done. He has largely increased the sales of Toddy, and I beg to call particular attention to his remarks in paragraph 11 on this point. In paragraph 7, he also explains that Rupees 4 for Arrack has not been charged throughout the whole district of Chingleput, and he has informed me that an exact statement of prices in all parts of the district has been sent to the Board.

8. PARAGRAPH 13.—Mr. Pritchard offers to rent the godowns from which Puttai is issued, and will employ such of the Abkari establishment as he may require and are deserving.

9. His proposals will cause an increase of Rupees 44,831 in amount of net revenue, and, as regards security of payment, he proposes to pay daily into the Deputy Collector's Treasury the collections from Arrack and Toddy, effectually preventing thereby any possible loss to Government, or he will make any arrangements regarding payment that Government may desire.

10. Mr. Pritchard will also submit an annual report and statement of accounts, will allow inspection of books, &c., and give any information required.

11. I now proceed to remark generally on Mr. Pritchard's proposal. Mr. Pritchard cannot any longer be considered an untried and unknown man. He has proved himself by his management of the distillery and the Chingleput District to be thoroughly acquainted with distilling and the excise system. The results of

his management of Chingleput have been most successful; he has very largely increased the expected revenue, and he has at the same time carried out the Board's wishes by raising the sales of Toddy, thereby showing that he considers the wishes and interests of the consumers, as well as his own, and those of Government. He has given information to many officers of Government concerning Abkari matters, which Government has vainly tried to obtain for years from its own subordinate officials. He has sent in full and correct accounts of his proceedings, introduced improvements in manufacture, and behaved throughout in the most straightforward manner in all matters connected with Abkari affairs. He promises now, if the Abkari of the town is given to him, to carry on the same system, to improve the management of the Arrack Shops and the Toddy renting, and to give the fullest information to Government as his lease goes on.

12. The advantages to Government in having a thoroughly honest and efficient Contractor on the excise system in Madras would be, I consider, very great. I believe numerous alterations and improvements in the management of shops and sale of liquor would be introduced, and that the result would be an increase of revenue in a few years of several lakhs of Rupees.

13. On this subject, I also beg to refer to the remarks in my letter on the Toddy system of the 9th instant, paragraphs 9 to 11.

14. I therefore am most strongly and decidedly of opinion that Mr. Pritchard's offer should be accepted.

ENCLOSURE No. 1.

From T. PRITCHARD, Esq., Distillery Contractor to Government, to the Hon. D. ARBUTHNOTT, Officiating Collector of Madras, dated Madras, 22nd February 1873, No. 329.

I wish the honour to bring to your notice, that I have had the management of the Abkari connected with the Chingleput District, on the excise system, for the past seven months, and will hold it for three years, provided the revenue does not fall under 1,25,000 Rupees per annum. I am happy to say that from 1st July to 31st December 1872, Rupees 75,000 have been realized, and it will be still more for the half-year ending 30th June 1873, when Palmyra Toddy will be sold. I am confident that if the same means for realizing the revenue were introduced into the town of Madras and its suburbs, it would be attended with greater advantage to Government than the present system affords.

2. The previous Contractors in the Chingleput District sold inferior liquor at 3 Rupees per imperial gallon. I commenced selling mine at 3½ Rupees the gallon, and finding the sales greater than in their time during the same number of months, I have, in order to increase the consumption of Toddy, just raised it to 4 Rupees a gallon, and do not fear any falling off in the revenue.

3. The following tables will show how the revenue has been increased since 1869-70, when my scheme was introduced into the town and suburbs of Madras:—

Colombo Arrack.

Years.	Revenue.
	RS.
1868-69 ...	5,48,815
1869-70 ...	6,04,598
1870-71 ...	5,04,113
1871-72 ...	5,30,521

4. This shows that in 1869-70, the revenue was raised by Rupees 55,783, compared with the previous year; but owing to the great reduction in the dowles in 1870-71, it was Rupees

44,702 less than in 1868-69. It is true that the dowles were high in 1869-70; but the reduction was too great in 1870-71, as is evident from an increase of Rupees 26,408 in 1871-72.

Puttai Arrack within the limits of Madras.

Years.	Revenue.
	RS.
1868-69 ...	1,86,106
1869-70 ...	2,26,482
1870-71 ...	2,27,718
1871-72 ...	2,62,221

5. This shows that the consumption of Puttai Arrack is steadily increasing. Last year Rupees 76,115 were realized in excess of the sales in 1868-69, and Rupees 35,121 a year more than what it was in 1869-70 and 1870-71, when in the hands of the previous Contractor, and I have every hope of its increasing still more in 1872-73.

6. The Board of Revenue, after a careful inquiry into the subject in 1869, ascertained that the Arrack under the management of the Deputy Collector of Madras cost 9 Annas a gallon; and that there was every prospect of its costing more. This I find to be really the case, and selling my liquor at 10 Annas a gallon leaves me little or no profit, as can be proved by my books. I had to pay more for jaggery last year than in 1871, and it is becoming dearer year by year, as large quantities are being shipped to England. Besides, the liquor issued before I took the contract was weaker, and consequently cost less to manufacture. The superior quality of mine accounts for the increased consumption, which has given Government an additional revenue of nearly Rupees 3,000 a-month; and in order that I may have some profit, I purpose raising the price of Puttai Arrack, sold within the town of Madras, by 1 Pie a dram (it is now sold at 1 Anna and 5 Pies), which will not affect the revenue in the least, whilst it will give me a profit of 4 Annas a gallon, which is little enough, considering the interest paid on the large capital required to purchase material to distil with, expensive stilts, large vats, casks, wastage of spirits, jaggery, bark, and wear and tear of plant. The stilts formerly used were nothing more than earthen pots, costing a few Annas each, whereas on mine I have spent thousands of Rupees. I keep a large stock of liquor on hand, and the loss from evaporation and wastage is very considerable; but I like to be prepared for any emergency, and have the satisfaction of knowing that by being kept, it has a pleasanter flavour, and is more wholesome than when drunk soon after being distilled, as used to be the case.

7. The attenuation of the wort being very uncertain, and not even under the control of experienced Distillers in Europe, is sometimes a source of great loss; and although I have its management under my own supervision, in June and during part of December, and January last, the liquor came off so badly, that it cost me more than 10 Annas a gallon as my books will show.

8. Mr. Minchin visited the distillery a few months ago, and was struck with the superiority of my liquor compared with what he had tasted in the late Contractor's time, and observed that he could not make it at 10 Annas a gallon, and it was impossible I could profit by it. Messrs. Parry and Co. and Corbett and Morrison are also of the same opinion.

Puttai Arrack without the limits of Madras.

Years.	Revenue.
	RS.
1868-69 ...	1,04,254
1869-70 ...	1,42,750
1870-71 ...	1,04,557
1871-72 ...	1,05,389

9. This shows an increase of Rupees 38,496 in 1869-70, compared with the previous year; but in 1870-71, the dowles having been reduced, it fell to nearly about what it was in 1868-69. In 1871-72, it was increased to about Rupees 1,000. From the 1st July 1872, when I got the

contract of the Chingleput District, the price was raised by 4 Annas a gallon; and presuming that the same number of gallons is sold in this, as in the previous year, the revenue will have been increased to about 10,000 Rupees.

10. With reference to paragraph 8 of my letter of the 21st November 1870, to the Collector of Madras, I am happy to say, the liquor I am distilling is quite equal, if not superior, to the Arrack manufactured in Ceylon, vide copies of letters from Messrs. Pharoah and Co., and Sabapathy Chetty and Co., Shopkeepers in Popham's Broadway, which are annexed, as well as a copy of a certificate from Dr. King who analysed it; and I feel certain that it will be as successful in the market as my Puttai Arrack is.

11. I beg you will be so good as to recommend for the favourable consideration of the Board of Revenue, that I may be entrusted with the management of the Abkari on the excise system, in the town and suburbs of Madras, for the term of two years, from 1st July 1873, during which time I hope to see my way towards increasing the revenue still more in the second year than I shall be able to do during the first; and as the collections will be considerable, I propose paying them into the Collector's Treasury every fortnight. I have no doubt the Deputy Collector will be glad to be relieved of its charge, as in a letter to the Collector of Madras in 1870 he stated, "I have always considered and still think that the system of vending liquor by Government, through its officers, is wrong in principle, and derogatory to its political position."

12. The superior spirits similar to Colombo Arrack, I will undertake to supply at the present rate, and if I am unable to manufacture the quantity required during the first year, I will make up the deficiency by importing it from Ceylon.

13. The revenue for Toddy during the last two years averaged Rupees 3,00,000, and is the highest that has ever been collected, showing an increase of about Rupees 40,000 a year since my scheme was introduced in 1869. I am of opinion that a greater revenue ought to be derived from this source, and I purpose raising it gradually. The Toddy is generally diluted with water, and a small quantity of *datura stramonium* (a vegetable narcotic) is sometimes mixed with it. Evils which I hope to avert by using instruments showing the specific gravity of Toddy in its pure state, and using tests to discover the presence of foreign substances.

14. In the town of Madras and its suburbs, the duty is levied on the number of trees allowed to each bazaarman, without respect to quantity. In the Chingleput District, duty is paid on the quantity sold. I will find out, within the first year, which is the most profitable system to be adopted, and introduce it during the second year.

15. The Abkari Izzaradars hitherto never allowed the consumption of Toddy a fair trial, and always kept down its sale in order to increase that of Arrack, fancying that the profits from the latter were greater, which is really not the case in districts where Palm, Cocconut, and Date Trees abound.

16. In portions of some districts Toddy is not allowed to be sold at all, and the people are obliged to resort to the use of spirits much against their desire. This is a great hardship, and should be remedied as soon as possible.

17. I will undertake the Toddy contract at Rupees 3,00,000 per annum clear to Government, which will save the keeping up of an expensive establishment, and should the Abkari contract for the town and suburbs of Madras be made over to me for two years, the increase of revenue for the first year will be as shown below, and it will at the same time enable me to issue all spirits by the imperial gallon, and so avoid the confusion and annoyance in the distillery caused by the use of the common gallon in Madras, and the imperial gallon in Chingleput.

	RS.	A.	P.
18. The present Abkari establishment costs about...	24,000	0	0
Interest saved at 5 per cent. per annum on 1,000 leaguers of Colombo Arrack	8,000	0	0
being stock for one year.	8,000	0	0
Wastage and cartage, &c., about...			

Interest saved on 1,54,000 Rupees at 5 per cent. per annum, being the price of 1,40,000 gallons of liquor purchased and sold during the year and recovered, say, by twelve equal instalments of Rupees 12,833, and wastage, &c., about...	6,000	0	0
Total increase of revenue, about Rupees	46,000	0	0

19. In conclusion, I beg you will be so good as to forward this letter to the Board of Revenue at your earliest convenience, as, should I succeed in obtaining the contract, the present Abkari Act will have to be altered, and I should like to have two or three months' time before me, in order to carry out my plan satisfactorily.

From SABAPATHY CHETTY AND Co., to T. PRITCHARD, Esq., dated Madras, 22nd January 1873.

We have the pleasure to inform you that the two sample bottles of Colombo Arrack, received some time ago from you, have been sent to some of our customers, and the same have been found far superior to the Bazaar Arrack and approved of by them; therefore, we shall be very willing to undertake the business of this article as your Agent, if you be pleased to obtain a license for the same.

From PHAROAH AND Co., to T. PRITCHARD, Esq., dated Madras, 22nd January 1873.

We beg to inform you, that the Arrack sent to us for trial has been pronounced by several of our customers as being first class, and really genuine, and contrasts favourably with the pernicious (as they expressed it) stuff sold in the bazaar. If you will kindly procure for us a license, we will be glad to sell the Arrack on your account.

From Surgeon HENRY KING, Chemical Examiner, to T. PRITCHARD, Esq., dated Madras, 30th May 1871.

According to your request, I have examined two samples of Colombo Arrack sent by you, one said to be distilled from Cocconut Toddy, and the other from Date.

Both are pure spirits, of strength 22.4 and 20.2 U. P., respectively. The amount of solid residue or complete evaporation is very small; the flavour of both is good, the Date being in my opinion superior in this respect.

ENCLOSURE No. 2.

From T. PRITCHARD, Esq., Distillery Contractor to Government, to J. HUNTER-BLAIR, Esq., Collector of Madras, dated 28th April 1874, No. 171.

ADVERTING to my letter, No. 329, of 22nd February 1873, to the Officiating Collector of Madras, I have the honour to renew my offer to undertake the Abkari contract of the town and suburbs of Madras on the excise system, with certain modifications, and beg you will recommend that I may have it for a term of three years from 1st July 1874.

2. The Abkari contract of the Chingleput District on this system was given to me from 1st July 1872 to 30th June 1875, on a fixed minimum revenue of Rupees 1,25,000 per annum. I paid into the Huzur Cutcherry, from 1st July 1872 to 30th June 1873, on account of

	RS.
Arrack ...	1,00,303
Toddy ...	80,253
Outstanding on account of Toddy on 30th June 1873	1,500
Total...	1,82,056

being 57,000 in excess of the sum contracted for. Rupees 822 have been collected up to 28th February last out of the Rupees 1,500 outstanding, still leaving a balance of Rupees 678.

3. COLOMBO ARRACK.—For the first year, I will supply 20,000 common gallons of my manufacture, and pay the duty now imposed on the imported liquor, *vide* my letter No. 74, of 25th February 1874.

4. If I can make this liquor and sell it to Government at a moderate profit, I will supply as much more as I can for each of the succeeding two years, if not, you will be pleased to obtain the full quantity required during that time from Ceylon.

5. PUTTAI INSIDE.—I will supply this on the terms proposed in paragraph 5 of my letter of 22nd February 1873, which will secure to Government the excise duty now obtained on it of $\frac{2}{3}$ per common gallon, and my profit of 3 Annas and 4 Pies, accruing from raising the price of a dram by one Pie, will enable me to keep up an establishment, pay cartage, &c., the expenses connected with which are now defrayed by Government.

6. PUTTAI OUTSIDE.—Previous to my getting the contract of the Chingleput District, the duty paid to Government on Puttai outside was $\frac{1}{4}$ per common gallon. It has since been raised to $\frac{1}{2}$ a gallon.

7. I will pay to Government a duty of Rupees 2-5-2 on each imperial gallon, which will increase the revenue by Rupees 20,831 per annum; the rates will then stand as follows:—

	RS.	A.	P.
Excise duty to Government	2	5	2
Cost of liquor	0	12	0
Cartage and bazaarmen as at present	0	14	10
Total... ..	4	0	0

When in my letter of 22nd February 1873, I said I had raised the price of liquor in Chingleput to 4 Rupees an imperial gallon, I spoke generally; this is the price ruling in large towns and from which bazaarmen's profits are deducted. It is also sold in small towns and villages at rates varying from $\frac{2}{3}$ to $\frac{1}{2}$ per imperial gallon.

8. The people residing at the out-godown stations are able to pay the same rates for their liquor as those in Chingleput do; and as there is no difference in its quality, if the prices are the same in both places, there will be no temptation to smuggle. As regards Chingleput and Madras, any attempt to sell liquor excised for the former at the latter place would be detected at once, as there is not a drop goes out of the distillery that is not covered with a pass from the Deputy Collector of Madras; the liquor for Chingleput is conveyed under an escort of peons from the Madras Collectorate, and the quantity sent on each occasion is inspected by Tahsildars, who see that it arrives with the seals on the casks intact.

9. I do not contemplate any falling off in the sale of Arrack beyond the limits of the town of Madras by its price being raised; and even if there should be, the revenue would still be higher than at present; and it is desirable no doubt, that good liquor should be sold at a fair rate and in less quantities than that a larger consumption of it should be encouraged at low prices.

10. With respect to Toddy. In my letter of 22nd February 1873, I stated as follows:—

13. "The net revenue for Toddy during the last two years averaged Rupees 3,00,000, and is the highest that has ever been collected. I am of opinion that a greater revenue ought to be derived from this source; and I purpose raising it gradually. The Toddy is generally diluted with water, and a small quantity of *datura stramonium* (a vegetable narcotic) is sometimes mixed with it. Evils which I hope to avert by using instruments showing the specific gravity of Toddy in its pure state, and using tests to discover the presence of foreign substances."

14. "In the town of Madras and its suburbs, the duty is levied on the number of trees allowed to each bazaarman, without respect to quantity produced or sold. In the Chingleput District duty is paid on the quantity sold. I will find out within the first year which is the most profitable system to be adopted; and introduce it during the second year."

15. "The Abkari renters hitherto never allowed the consumption of Toddy a fair trial, and always kept down its sale in order to increase that of Arrack, fancying that the profits from the latter were greater, which is really not the case in districts where Palm, Cocanut, and Date Trees abound."

16. "In portions of some districts, Toddy is not allowed to be sold at all, and the people are obliged to resort to the use of spirits, much against their desire. This is a great hardship, and should be remedied as soon as possible."

17. "I will undertake the Toddy contract at Rupees 3,00,000 per annum *clear* to Government, which will save the keeping up of an expensive establishment. The increased revenue I expect from Toddy will not be obtained by reducing indiscriminately the profits now enjoyed by the bazaarmen, which are not equally regulated, for whilst some are rolling in wealth, others are living from hand to mouth; but it will depend mainly on the change I will make in the supply and management of the liquor: and the system will be very different to the present one."

11. I am happy to say that my efforts to promote the sale of Toddy have been very successful from the 1st July 1872 to 30th June 1873, as already noticed. I paid into the Chingleput Treasury Rupees 81,000. During the present year, the revenue will be much higher, and will, I expect, exceed that of Arrack: a result hitherto unprecedented in this, or any other district in the Presidency. Although it will increase the revenue to Government, my profits will be less, yet it is satisfactory for me to know that the poorer classes of people have had fair play, and are able to drink at a very moderate cost their favourite and more wholesome beverage.

12. If the Board of Revenue will be pleased to give me the contract, there will be a saving of—

	RS.	A.	P.
Cost of Establishment	24,000	0	0
Increased duty on Puttai sold beyond the limits of the town of Madras	20,831	0	0
Total Rupees	44,831	0	0

13. AS they are centrally situated, I shall be glad to rent the godowns from which the Puttai Arrack is now issued. I will employ as many of the most deserving among the present Abkari servants as I may require, and hand over *daily*, as is now done, the collections from the sale of Arrack and Toddy into the Collector's Treasury which is on the spot, and thus effectually prevent the danger of any possible loss to Government. If this arrangement for payment is not approved, I will be glad to pay the revenue in whatever instalments the Government may direct.

14. I will submit annual statements to the Collector of Madras, similar to those I have sent in to the Collector of Chingleput, which will show receipts on account of Arrack and Toddy, cost of establishment, revenue paid to Government, as well as my own, and bazaarmen's profits, and he can call for my books and examine my accounts, whenever he may consider it desirable to do so.

From J. HUNTER-BLAIR, Esq., Collector of Madras, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 21st May 1874, No. 97.

I HAVE the honour to forward, for the consideration and orders of the Board, an application from Messrs. Arbuthnot & Co. to rent the Government Distillery, the Puttai inside, and outside, and the Toddy of Madras Town, on what is called by them the *sudder* system.

2. In paragraph 1 Messrs. Arbuthnot & Co. refer to the *sudder* system as the one in force in Chingleput, North Arcot, South Arcot, Ganjam, and Vizagapatam. I imagine therefore they mean the *excise* system.

3. I have already in my letter of May 13th 1874, No. 85, fully explained my reasons for considering the excise system the best, it therefore only remains to notice Messrs. Arbuthnot's proposals.

4. COLOMBO.—No offer is made about Colombo; part of the Abkari establishment would therefore have to be retained: there would be two systems working at the same time in the same city, which would lead to great confusion and difficulties, and I do not at present see how they could work together. This would, however, be a subject for future consideration.

5. PUTTAI INSIDE.—Messrs. Arbuthnot propose to rent the distillery for Rupees 135 monthly, manufacture Puttai, and sell it in the existing shops at Rupees 4-3-0 per imperial gallon, paying a duty of Rupees 3 to Government. This leaves 19 Annas to be divided between themselves, and the bazaarmen. At present rates, 20 Annas will be divided, twelve to Distiller, eight to bazaarman. Messrs. Arbuthnot do not state what division they propose to make.

6. PUTTAI OUTSIDE.—Their *minimum* selling price outside is to be Rupees 3, of which Rupees 1-12-0 duty would be paid to Government.

7. This proposal is less advantageous than Mr. Pritchard's, who offers to pay Government Rupees 2-5-2 duty per gallon, and to charge a minimum price of Rupees 4, thereby raising both duty and selling price, both undoubted advantages.

8. TODDY.—Messrs. Arbuthnot offer to pay the revenue thereof (I imagine this means the gross revenue of this fasli) less 25 per cent. to be retained by them for managing the business. This would give Government about Rupees 2,34,000 *net*.

9. As Messrs. Arbuthnot & Co's. offer is about 25 per cent. lower than three offers already made, I cannot recommend its acceptance, if the Board decide to rent out only the Toddy.

10. I do not think it necessary to make any further remarks, as the question of who is to be the renter requires little consideration, until it is settled whether the excise system is to be introduced, or not.

ENCLOSURE No. 1.

FROM MESSRS. ARBUTHNOT and Co., Madras, to J. HUNTER-BLAIR, Esq., Collector of Madras, dated 20th May 1874.

WE learn that you propose to introduce the sudder system in the management of the Madras Town Abkari, on which system the Abkari in Chingleput, South Arcot, North Arcot, and Ganjam is now conducted. If this is the case, we have the honour to state that we are willing to enter into an engagement to work the Madras Abkari on the following terms, viz:—

1st. That we are to have charge of the Government Distillery in Madras at a monthly rent of Rupees 135, and to manufacture Puttai Arrack, to make sales of the Arrack in the several Arrack Shops now existing, at a rate of Rupees 4-3-0 per imperial gallon, and to pay you a duty of Rupees 3-0-0 on each imperial gallon of 30° below proof removed from the distillery, as is the practice in the Chingleput District.

2nd. That we are also to effect sales of Puttai Arrack beyond the limits of Madras at a rate not less than Rupees 3 per imperial gallon, paying you a duty of Rupees 1-12 per imperial gallon. The selling rates include all charges.

3rd. That we are likewise to have the sale and management of the entire number of Toddy Shops in Madras, paying you the revenue thereof less 25 per cent. which we are to retain for managing this business, as is the practice in South Arcot, North Arcot, Chingleput, and Ganjam.

We are willing to carry out the above business on contract on the sudder system in the Madras Presidency on the terms herein specified, and on the conditions mentioned in the deeds of contract entered into by Messrs. Parry and Co. and others, and in the same way as the business is now conducted in the districts above specified.

With reference to G. O., 27th May 1874, No. 643, the Board cannot entertain the proposal that the Abkari of the town of Madras should be rented on the excise system.

2. If Mr Hunter-Blair needs the help of an assistant, or considers a reorganization of the Abkari Department on a different scale of pay necessary, he is at liberty to submit his views for the consideration of the Board.

3. The Board are of opinion that the time is come when (as Mr. Pritchard proposes to do in his letter) the Government price to shopkeepers and the shopkeepers minimum price for Puttai Arrack in the "outside limits" may be raised.

4. The Collector will report as soon as possible on this point.

(True Copies and Extract.)

J. G. G. G.
Secretary.

To the Collector of Madras.

Copy to the Acting Secretary to Government, Revenue Department.

Ed. W. H. French

P. O. 12/10/1874
27/10/1874 - 254-55

12/10/1874
27/10/1874

Revenue 1874. As per

Board of Revenue,
MADRAS.

PROCEEDINGS, 20TH MAY 1874, NO. 1,306.

Order 20/10/1874

Encl

Received

21/10/1874

MAY.
No. 1,306.

7/10/1874

Abkari—of town of Madras.—Proposal for
renting of — on excise system, negative
Collector may, if he thinks necessary, submit
proposals for reorganization of Abkari Depart-
ment. Report requested regarding increase to
be made in price of Putai Arrack in outside
limits.

12/10/1874
Received.
13/10/1874