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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. 1520 Press
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Dated 8 — 12 · 1874 ~~196~~ .

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Read the following :—

No. 96. Proceedings of the Board of Revenue, dated 3rd September 1874, No. 2,487 :—

Read the following letter from the Hon. R. A. DALYELL, Member of the Madras Board of Revenue and Additional Member of the Viceregal Council, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Calcutta, 22nd April 1874 :—

ABSTRACT.—Submitting a General Report upon the Abkari of the whole Madras Presidency, as well as of the North-Western Provinces, the Punjab, and Oude.

THIS Report on the Abkári system of the Madras Presidency will be submitted to Government, with reference to G. O., dated 21st January 1873, No. 81, Revenue Department.

2. The subject is one of great importance. The revenue realised from Abkári is 61 lakhs, but this is only a minor consideration. The administration is beset with unusual difficulties, and must be regulated with reference to the moral and physical welfare of the people. Hitherto moot questions have been dealt with in the dark, and some of the most important provisions of the law have been laid down in such a manner that they are of little are no effect. For instance, a minimum price is prescribed without reference to strength, so that if Government think it right to prescribe a minimum price of Rupees 2 a gallon, meaning that this price is to be the price of ordinary liquor, say 30° under proof, the renter may evade the order by issuing liquor of greater strength; the corresponding price for liquor at 40° over proof being double. It is not too much to say that Mr. Dalyell's well-considered and comprehensive report, with his valuable notes on the systems in force in other parts of India, supply for the first time the means of devising a settled policy, of determining the best system or systems which are possible under existing conditions, and of reducing to a minimum the evils which must attend traffic in intoxicating liquors, whatever system may be adopted.

Abkari Revenue for the Official year 1873-74.

	Rs.		Rs.
Ganjam	72,583	Tanjore	4,76,838
Vizagapatam ...	1,58,529	Trichinopoly	1,40 688
Godavery	2,43,497	Madura	1,84,796
Kistna	2,35,963	Tinnevelly	2,12,127
Nellore..... ...	87,163	Coimbatore	2,90,074
Cuddapah	2,33,715	Nilgiris	72,891
Bellary.....	7,01,803	Salem	3,86,052
Kurnool	3,24 033	South Canara	1,23,740
Madras	11,53,045	Malabar	2,87,090
Chingleput	1 86,958		
North Arcot ...	3,29,369	Total...	60,97,460
South Arcot ...	1,94,602		

3. It is generally admitted that the object of Abkári administration must be to get the maximum of revenue from the minimum of consumption, to gauge the amount of consumption, and to control the traffic. The consumption cannot be stopped altogether even if it were expedient to do so, because there is a point at which restriction brings illicit manufacture into existence, and the people are demoralized by law-breaking as well as drinking. It is obvious that long before this point is reached there is a difference between the cost at which liquor can be made and offered for sale (including profit) and the price which purchasers are willing to pay for it, and it scarcely needs argument to show that it is better, especially as it consists, with immemorial custom, that this difference should pass to the Government which has to watch, control, and regulate the traffic rather than to the manufacturers by whom a great portion of it would be employed to extend their dealings.

4. The systems of administration described by Mr. Dalyell are noticed at length and compared in a Memorandum submitted with these Proceedings, and for reasons there given the Board have come to the conclusion that where the experimental Excise system, now being tried in five districts of this Presidency, is possible it is the system, which most nearly attains the object of Abkári administration, and is capable of modifications which will secure the State revenue and combine most of the advantages of the Farming and Sadr Distillery systems. There are certain tracts of country which, being inaccessible and scantily populated, will never be fit for the Excise system, and others in which, because isolated stills are scattered over the country, or because trustworthy distillers cannot be found, or for other reasons, some preparation is needed before the Excise system can be introduced. In these parts of the country some other system must be enforced, at all events for a time, and the Board think that the Farming system should be continued in them. Though this system, as conducted now, is open to very grave objection it can be

easily modified so that its worst peculiarities will be destroyed, and the system will then be free from liability to condemnation on moral grounds, whilst it is certainly the most convenient of all the systems. With regard to the direct management in force in the town of Madras the Board are not prepared to suggest any alteration at present. The revenue involved is large, the Police considerations are numerous and complicated, and no change could be made without danger.

5. The Board are persuaded, however, that they cannot carry out the improvements which they are about to propose, or hold themselves responsible for the administration of the Abkári on any principles which may be laid down by Government without a special Abkári officer to inspect district after district, and to see that instructions regarding this much-neglected though important subject are understood and acted on. Mr. Dalyell's Abkári reports have been full of matter confirming this opinion, and it has been strengthened by observing the numerous mistakes, many unfavorable to the State, which have been made from time to time through ignorance, not negligence, in the districts where the experimental Excise system is being tried. The fact that Government officials who do not make Abkári a special study know very little about it and can never manage it efficiently must be admitted and faced. The craft of the manufacture of spirit, and the methods of testing strength and quality, are things that can easily be learnt at headquarters, but not in the districts, and caste rules make it most unlikely that the ordinary run of native officials will become familiar with them. The arrangements necessary to prevent the shops from becoming hot-beds of vice and fraud are known, and are laid down with tolerable completeness in the law and the orders of the Board of Revenue; but the shops are scattered and the subject is repulsive, and Revenue Officers have their time taken up with other things which are more important in a revenue point of view, so that many of the orders have been hitherto evaded, and it requires the pressure of a special officer continually engaged in inspection to see that the arrangements are enforced. The Board think a Covenanted Civilian should be appointed Superintendent of Excise under the Board of Revenue as in some of the Northern Provinces. His salary might be about Rupees 1,500 a month, with Rupees 300 as travelling allowance when away from Madras. The existing arrangements (farms, etc.,) come to an end on the 30th June 1875, and the Board would earnestly request that an officer be at once placed upon this special duty as a temporary arrangement, and pending the sanction of the appointment by the Home Government. This will enable the Board to settle the preliminaries of the new arrangements, and see that the many changes which must be ordered are really carried out instead of being, as they otherwise will be, mere paper changes.

6. The Board will now state what they think should be done when new arrangements are made, as they will be next year all over the Presidency.

7. In the first place they have considered the question whether arrack and toddy should be left under the control of the same monopolist or given to different monopolists, in order that arrack may not be forced into consumption to the exclusion of toddy. Attention was drawn to the subject by Mr. Dalyell's report on the Abkári of Salem, and reports have been called for and received from all Collectors. As will be seen from separate Proceedings the Board have arrived at the conclusion in which Mr. Dalyell, after the perusal of these reports, concurs, that arrack and toddy should not be separated. Separation would be impossible in districts where arrack is distilled from toddy, and would cause great trouble and inconvenience elsewhere, whilst the object which it is proposed to effect by the separation can be effected just as well by other means. Where the farming system is continued the proper supply of toddy must be provided for in the contract and licenses as proposed by Mr. Dalyell in paragraph 18 of his report. In districts managed on the Excise system the toddy sub-farms must be sold by tenders submitted to the Collector, and not left in the hands of the distiller or his agents, except as regards collecting rents.

8. The Board think that the system of direct Government management should be continued in the Town of Madras, and that the Excise system should be continued in the five districts where it is now being tried. In the case of these five districts the monopoly should be offered again to the present distillers on the condition that they accept the modifications which are shown to be desirable in the Memoranda submitted with these Proceedings. The Excise duty must be raised, a maximum as well as a minimum price prescribed, and a minimum revenue guaranteed

on the principles set out in Memorandum No. 2. Moreover, the arrangement about the toddy revenue must be changed, for the Board consider the allowance of 25 per cent. for mere cost of collection extravagant. The Collector, as already suggested, must sell the toddy sub-farms himself, and then hand them over to the monopolist. The monopolist must be allowed to exercise a reasonable discretion as to the tenders to be accepted and the security to be demanded, and he must then be bound to pay 90 per cent. *of the demand* to Government, the remaining 10 per cent. covering not only cost of collection but risk of failure.

9. The Board propose to introduce the same system into Nellore, Salem, Trichinopoly, and the Nilgiris. An advertisement, setting out the conditions under which the distiller will be bound and calling for tenders, guaranteed by a heavy deposit, should be issued not later than the 1st January, and published in the leading newspapers, the *Fort St. George Gazette* and the *District Gazettes*. The tenders should state the amount of revenue which the tenderers are prepared to guarantee, the security they proffer, the strengths of liquor they think should be sold, and the maximum and minimum price they propose, and the Excise duty per gallon which they are prepared to pay. The tenders should be submitted to the Collector by the 15th February and forwarded by him to the Board with his remarks by the 1st March. The final disposal of the tenders should rest with the Board, and should be announced by them, if possible, by the 1st April.

10. With regard to the other districts the Board propose to continue the farming system (with modifications) for the next three years, and they resolve, in anticipation of the orders of Government, to send Mr. Dalyell's report and these Proceedings to the Collectors, and call upon them to report on the following subjects by the 1st November. The inquiry being of a novel character in some respects will take more time than will be left in all probability when Government pass orders, and even if the Board's views are disallowed the reports will do no harm:—

(1.) Whether the farmers can be required to manage on the "Amani" system throughout all the taluqs of the district, *i. e.*, to distil, themselves, all the liquor sold by the shopkeepers and refuse to sub-let the right of distilling any portion of it, or whether there are any taluqs which must be excepted on the ground, for instance, that scattered stills have long been established in them and cannot be suppressed?

(2.) At what two strengths the renters should be allowed to sell? As a general rule the average strengths now in use seem to be 30° under proof and 60° under proof.

(3.) The maximum and minimum price which should be fixed for either of the strengths? (That for the other strength must be the corresponding price caculated according to well known rules.)

11. After the Board have received and considered these reports, and the orders of Government have been received, they will prepare advertisements which should, in their opinion, call for tenders (guaranteed by a heavy deposit), and should be published in the districts not later than the 1st January. If Government approve the Board's views the advertisement will be framed so as to show that the Amani system is to be introduced wherever it is feasible; that the liquor is to be sold at prescribed strengths; that there is to be a specified maximum and minimum price for each strength; that faithful accounts of receipts and disbursements and of issues of spirit are to be kept; that a sufficient supply of toddy is always to be available for toddy-drinkers; and that the irregularities noticed by Mr. Dalyell in paragraph 18 of his report as to measures, dilution, quality of spirit, etc., will be corrected. The tenders should be submitted to the Collectors with such deposit as will ensure genuine offers before the 1st April and opened by him in public on that day, and his decision should be given and reported to the Board for confirmation not later than the 1st May.

MEMORANDUM No. 1.

Systems of Abkári Administration.

The systems of Abkári Administration described by Mr. Dalyell may be classed as systems of direct management, systems of farming, and systems of excise.

2. Direct management seems to be now exercised only in the town of Madras, where Government get the spirit made for them by a contractor and supply it to shop-keepers who are bound to

sell a certain quantity at a certain price. The quantity is, or ought to be determined by competition, and this, as Mr. Dalyell points out in paragraph 36 of his report, tends to increase consumption, but the price is fixed by Government, and is always fixed as high as possible, so that this tendency to increased consumption is effectually checked. The quality of the liquor made and sold is more assured than it can be under any other system. The extent of country through which the system prevails is so limited, that it is practicable to employ a strong preventive force, and, as its efforts to repress illicit manufacture and smuggling are strongly supported by the shopkeepers who would be ruined if such practices prevailed, they are all but impossible. Government have the complete control over shops and shop-keepers which is essential for police purposes in a crowded city. The consumption of country spirit is accurately guaged. The chief disadvantage of the system is that Government seems to occupy an anomalous position when it supplies spirit to consumers. This feature is no doubt objectionable, though less so than it might appear at first sight, for Government must supply the spirit themselves, either directly as in this case, or through monopolists as their agents; but the chief objects of administration are approximately attained. The law might be improved in details as is shown in papers which have been before Government recently, but no change in the principle can be made without great danger, and it does not seem advisable to advocate any alteration at present, so far as regards the town of Madras. It is obvious that the system would be impracticable elsewhere.

3. The best farming system, and the only one that need be noticed in this Memorandum, is the farming of the exclusive right to manufacture and sell spirit through defined tracts of country, which is now in vogue through the greater part of the Presidency. The farms last for a term of years, and are sold by auction. The farmers are allowed either to distil all the liquor consumed themselves, which is called "Amani" management, or to sub-let the right to distil in particular shops or tracts of country as they choose. They either sub-let the shops, or work them by agents. The licenses held by the farmer, his sub-renters, and the shop-keepers bind them to observe certain police regulations, to keep the spirit free from deleterious ingredients, and not to sell it below a certain minimum price. The Board of Revenue have the power to insert in these licenses all the provisions which experience may show to be desirable.

4. The advantages of this system are that the competition amongst persons wishing to be farmers gives Government (in most cases) a fair share of the profits; that the farmers are generally men of means, and the revenue is collected from them without great difficulty; that the interest of the farmers in repressing illicit manufacture and smuggling is so great, that they are effectually repressed, and that the control of Government in fixing the number of shops and prescribing the regulations under which liquor shall be sold is very complete.

5. On the other hand the competition amongst would-be farmers at the periodical auctions is sometimes stopped by collusion, and sometimes becomes reckless, so that the rent is unduly high; the farmers are sooner or later ruined, and the revenue is often imperilled. The farmer pays the same tax, whatever quantity of liquor he sells, and has thus a great inducement to push into consumption all liquor he can sell at a profit, however small that profit may be. This tendency is only imperfectly checked by the very indefinite rule regarding minimum prices, which is referred to in the Proceedings. There are the further irregularities and defects pointed out by Mr. Dalyell in paragraph 18: the shops are often without the notice boards which are necessary to call the attention of the police to the shop and protect the customers from cheating; the regulation prescribing a minimum price is often evaded, and there is no rule as to the strength at which liquor must be sold; the measures used by the shop-keepers vary indefinitely; the spirit is often fraudulently diluted; the quality of the spirit is often bad; a maximum price must be prescribed in the interests of the consumers.

6. As regards the revenue, which, though a minor consideration, is still an important consideration which must be taken into account, there is good reason to believe that the farming system is not altogether satisfactory. The statements recorded by Mr. Dalyell show that in many cases Government do not get the amount of revenue which they ought to get. The results of the experimental excise system in North Arcot and Chingleput supply an additional proof. From what is known of the retail price charged in North Arcot, it may be safely said that during recent

years four and a half lakhs have been collected from the people annually in addition to the cost of the liquor consumed. The revenue of the district has never much exceeded three lakhs, and the cost of management cannot possibly have been more than half a lakh, so that the profits of the contractor must have been at least a lakh per annum. Similarly in Chingleput the revenue has only once been slightly in excess of two lakhs, and has usually been very much below that sum; yet Mr. Pritchard (the distiller on the experimental excise system) is paying Government very nearly two lakhs, and has shown by his accounts, which have been spontaneously submitted to the Board, that his own profits have been about Rupees 80,000. It is clear, therefore, that for a series of years Government have not realized their proper share of the excise taxation of those two districts, and that the renters, like the distillers of Mysore (Appendix G, No. 1, paragraph 26,) have diverted a considerable share of what should be State revenue to their own pockets.

7. The main objection to the farming system is that it tends more than other systems to increase consumption, but this objection has been fully discussed by Mr. Dalyell, and he has shown that this tendency is not a peculiarity which forms a necessary incident of farming; that it can be restricted as well under that system as under any other; and that the system has not, in practice, caused an increase in consumption. Altogether it would appear that the farming system need not be discontinued on account of moral considerations; and, though it is somewhat unsatisfactory in a revenue point of view, it must still be continued, for the present at all events, through the greater part of the Presidency, but numerous improvements must be introduced.

8. The farms should be sold by tender, not by auction. Both methods have been tried through lengthened periods, and the evils of collusion and reckless competition at auctions are so great that they must be remedied, whilst the danger that tenders will be made and then renounced may be provided against by requiring heavy deposits. The Amani system must be encouraged, so as to gradually do away with the unwatched stills which are scattered through many parts of the country, and prepare the way for the experimental excise system. The renters must be required to keep and produce, when required, faithful accounts of receipts and disbursements and their issues of spirit, and the experience lately gained shows that they can be induced to do so. The strength of the liquor sold, its quality, and its maximum and minimum price must be distinctly prescribed. The evils pointed out in paragraph 18 of Mr. Dalyell's report must be remedied. The nature of the farming system is such that no legislation is necessary to effect these objects. They can all be attained by changes in the forms of contract and licenses—a work on which Mr. Dalyell is engaged—and by the exertions of a special officer to see that the changes are carried into effect.

9. The Sadr distillery system demands careful examination, because its advocates claim for it the merit of exactly securing the maximum of revenue from the minimum of consumption and of abolishing at the same time the monopoly which is a part of all other systems and is an admitted evil. Mr. Dalyell's Report with its Appendices is full of information on this subject.

Appendix G, page LIII. The system is thus described: "The Oudh system of management, which was professedly adopted in Mysore, provides for the erection of a large enclosure styled a Sadr distillery at the headquarters of each district (and in other places if the consumption requires it) in which all country spirits consumed in the districts must be manufactured. Any person who chooses may erect a still at his own expense within the enclosure and distil as much liquor as he pleases, removing it himself, if a licensed vendor as well as distiller, or selling it to the other licensed vendors on the sole condition that before removal the excise-duty must be paid and the liquor reduced to the authorized strength, the officers of Government confining themselves to taking such precautions as will ensure no liquor being passed out of the distillery, except on these conditions, and 'having nothing to do with the manufacture or its costs, or the price at which the produce is sold.'"

Page LVIII. "Each Sadr distillery is enclosed within a wall of not less than ten feet high, and there is only one gate for ingress and egress. It is always closed at night, and, if parties desire to continue at work, they must consent to be locked in. All liquor is passed out at a certain fixed hour, if possible, in the presence of the Tahsildar." Obviously the erection of these distilleries must cost a large sum of money.

10. It was believed that in these Sadr distilleries there would be free trade in manufacturing spirit, every one distilling who wished to do so, and that Government by fixing the excise at a high rate could make the price high enough to restrict consumption to a minimum. Mr. Dalyell shows beyond a doubt that the system has been a failure, financially as well as morally. There is no free competition amongst the distillers. Only a limited number can be accommodated within the building used as a Sadr distillery, and they combine with each other and the Government officials supervising the distillery, so that there is not only a monopoly, but what is far worse an unrestricted and unregulated monopoly. The price being determined by an excise levied at the still-head is variable only within certain narrow limits, and the liquor cannot be carried to the outlying parts of the country where illicit manufacture can most easily evade discovery and sold there, so as to exclude illicit liquor. The manufacturers are thus induced either to charge high prices in populous neighbourhoods, so as to get a large profit by selling a small quantity, whilst the State revenue is far less than it ought to be, or to drug and dilute their liquor, and so push it as far as they can sell it with a profit, but no further. They have no sufficient inducement to aid in detecting illicit manufacture or smuggling; and all places where they cannot sell their liquor at a profit are surrendered to smugglers without an effort. Financially the system has been obviously a failure, and, though the consumption of *licit* spirit has decreased, that of *illicit* spirit has increased, where it prevails, and drunkenness is not less frequent.

11. On the other hand the Sadr distillery system enables Government to ascertain to a gallon the quantity of *licit* spirit that is consumed; it ensures the good quality of the spirit as it leaves the still; and the revenue which it leaves to Government is secured with great ease and punctuality.

12. The experimental excise system now in force in five districts of this Presidency gives a monopoly of manufacture and sale in a district to one person or firm who pays a fixed excise on each gallon of liquor leaving the distillery, and sells it under the regulations and restriction as to number of shops, minimum price, etc., of the farming system, with the further precaution that dilution is not allowed.

13. This system appears to be better than the farming system, because it gives Government the means of ascertaining the exact quantity of spirit consumed, and because the quantity consumed being taxed at so much a gallon, the inducement to fresh consumption is lessened. It is better than the Sadr distillery system, because it gives the distiller a sufficient inducement to aid in suppressing illicit manufacture and smuggling, and enables Government to maintain the complete control over the traffic, which is the best feature of the farming system. The only point in which it can be said to be inferior to the Sadr distillery system is on its being admitted to involve a monopoly, but Mr. Dalyell shows that the Sadr distillery system, though it professes to abolish all monopoly, always ends in an unrestricted monopoly. The fact is that the liquor trade is of such a nature that competition cannot be relied on to prevent a monopoly adverse to the interests of the State and the people, and the only course open to Government is to admit that there must be a monopoly and place the trade in the hands of a monopolist with restrictions which will prevent his benefiting himself unduly at the expense of the State and the people.

14. The experiment has hitherto been attended by some loss of revenue, as Mr. Dalyell shows, but the experience gained has been worth more than the loss, and the loss may be reduced, and is likely to disappear when the rates of excise are raised, and the arrangements are otherwise modified in the light of that experience. Even under the present system, returns which are now before the Board show that the revenue improved considerably in the second year of the experiment.

15. It is obvious that the system must labor under great disadvantages in districts where the farmers have been in the habit of sub-letting the right to distil, so that stills are scattered all over the country, and this accounts for the comparative ill-success of the experiment in Ganjam and Vizagapatam. The system is unsuited to parts of the country which are so thinly populated and inaccessible that liquor which has paid a reasonable excise at a distant distillery cannot be carried into them and sold at a remunerative rate. Trustworthy distillers must be found before the system can be introduced.

Proceedings of the Madras Government, Revenue Department,
8th December 1874.

16. Hence, though it may be confidently said that whenever and wherever the excise system is possible, it is the best that can be enforced under present conditions; it is evidently susceptible of the great improvements pointed out by Mr. Dalyell; it can only be introduced gradually throughout suitable parts of the Presidency, and there are some parts where, in all probability, it can never be introduced at all. Wherever it is in force the monopolist in return for the monopoly should be required to guarantee a minimum revenue, and not to raise his prices above a certain maximum. These conditions will give him a new inducement to exert energy in carrying his liquor to remote places, and in keeping the whole district thoroughly well supplied, and will force him to look for his profits from a fair consumption at reasonable prices instead of a limited consumption at high prices.

MEMORANDUM No. 2.

Arrangements to be made in renewing the Excise Contracts in Ganjam, Vizagapatam, Chingleput, North Arcot, and South Arcot.

THE present distillers have given the Board great satisfaction, and they merit some consideration as pioneers. Hence the Board would continue the contracts to them if they chose to accept them under the new conditions which will be set forth hereinunder. The term should be three years in the case of Ganjam, Vizagapatam, North Arcot, and South Arcot, but the Board think it should be made six years in the case of Chingleput, because the distiller has been the most successful of all, has supplied most information, and has dealt honorably with Government in the matter of toddy, though the agreement was so framed as to leave him an opening to make money at the expense of Government if he had chosen to do so.

2. Mr. Pritchard and Mr. Minchin have given full details officially of their expenses in Vizagapatam and Chingleput, and Mr. Dalyell has obtained from Messrs. Parry and Co. and Mr. Corbett an estimate of their expenses. The Ganjam expenses may be estimated by means of the Vizagapatam accounts. It seems from these figures that the cost of making and distributing arrack varies as noted in the margin. The main reasons why the cost in Chingleput is so low is because the distiller's establishment is divided between toddy (which he manages directly) and arrack, and because it includes nothing for the rent of the distillery in which the town-supplies are also distilled. Messrs. Parry and Co. allow one anna a gallon for the rent of their distilleries. In the Northern Districts it is obvious that the cost of distribution must be greater than in the Southern, and the proportion of the establishment to the quantity made and sold must be higher.

Spirits 30° under proof.	RS.	A.	P.	
Ganjam	1	3	2	per gallon.
Vizagapatam	1	5	2	„
Chingleput	0	13	2	„
South Arcot	1	1	3	„
Spirits 20° under proof.				
North Arcot	1	2	0½	„

3. It appears, therefore, that Rupees 1-4-0 per gallon in the Northern Districts and Rupees 1-2-0 per gallon in the Southern Districts—except North Arcot—is (excluding excise) the lowest rate at which it will pay the distiller to sell; and, allowing a minimum of two annas a gallon for the retail profits which go to the salesman, the minimum retail price to the public should be Rupees 1-6-0 in the Northern Districts, and Rupees 1-4-0 in the Southern Districts (except North Arcot, *plus* the excise. In North Arcot, where the liquor is 20° under proof, the minimum price might be fixed at Rupees 1-5-0, *plus* the excise.

4. In the Northern Districts the Board think the excise on liquor at 30° under proof should be Rupees 1-12-0 (it is now Rupees 1-8-0), and the minimum price should then be Rupees 3-2-0 a gallon, instead of Rupees 3, and the maximum price might be Rupees 3-12-0. In the Southern Districts the duty must vary, because the present selling price is very different in the three districts, and because spirit is usually sold at 20° under proof in North Arcot. In Chingleput the present rates are—

	RS.	A.	P.	
Excise-duty	1	12	0	Per gallon 30° under proof.
Highest price	4	0	0	
Average „	3	10	10	
Minimum „	2	4	0	

And it will be safe to adopt the following rates:—

Excise-duty	2	4	0	Per gallon 30° under proof.
Maximum price	4	4	0	
Minimum „	3	8	0	

In North Arcot the present rates are—

Excise-duty	2	0	0	Do. 20° do.
Highest price	5	0	0	
Average „	4	0	0	
Minimum „	2	4	0	

And the following rates may be adopted:—

Excise-duty	2	10	0	Do. 20° do.
Maximum price	4	12	0	
Minimum „	3	15	0	

In South Arcot the present rates are—

Excise-duty	1	12	0	Do. 30° do.
Highest price	3	5	0	
Average „	3	0	0	
Minimum „	2	4	0	

The following rates may be adopted:—

Excise-duty	2	0	0
Maximum price...	4	0	0
Minimum „	3	4	0

The minimum revenue which the renters should be required to guarantee is—

	Rs.
Ganjam	75,000
Vizagapatam (not including Jeypore,)	1,25,000
South Arcot	2,00,000
North Arcot	3,00,000
Chingleput	1,75,000

and they should be required to deposit one-fourth of these sums as security.

No. 97. Proceedings of the Board of Revenue, dated 23rd September 1874, No. 2,734.

Read again the following replies of Collectors to Board's Proceedings, dated 15th January 1873, No. 50, regarding discouragement of sales of toddy by Abkári Renters:—

From Collector of Ganjam,	dated 5th August	1873,	No.	1,779.
„ „ of Vizagapatam,	„ 26th March	„	„	459.
„ „ of Godavery,	„ 8th May	„	„	
„ „ of Kistna,	„ 8th do.	„	„	730.
„ „ of Nellore,	„ 30th April	„	„	955.
„ „ of Bellary,	„ 21st do.	„	„	119.
„ „ of Cuddapah,	„ 24th March	„	„	28.
„ „ of Kurnool,	„ 1st do.	„	„	65.
„ „ of Madras,	„ 23rd January	„	„	13.
„ „ of Chingleput,	„ 25th April	„	„	167.
„ „ of North Arcot,	„ 31st January	„	„	71.
„ „ of South Arcot,	„ 22nd do.	„	„	15.
„ „ of Tanjore,	„ 15th March	„	„	87.
„ „ of Trichinopoly,	„ 4th July	„	„	142.
„ „ of Madura,	„ 27th May	„	„	155.
„ „ of Tinnevelly,	„ 1st February	„	„	42.
„ „ of Coimbatore,	„ 10th May	„	„	82.
„ „ of Nilgiris,	„ 1st February	„	„	8.
„ „ of South Canara,	„ 28th April	„	„	563.
„ „ of Malabar,	„ 28th do.	„	„	104.

Read also the following replies to Board's Proceedings, dated 7th June 1873, No. 958, regarding separation of arrack and toddy rents.

From Collector of Ganjam,	dated 28th November	1873,	No.	2,927.
„ „ of Vizagapatam,	„ 15th July	„	„	1,045.
„ „ of Godavery,	„ 19th November	„	„	377.
„ „ of Kistna,	„ 9th September	„	„	1,369.
„ „ of Nellore,	„ 10th do.	„	„	2,072.
„ „ of Bellary,	„ 18th February	1874	„	29.
„ „ of Cuddapah,	„ 25th July	1873	„	118.
„ „ of Kurnool,	„ 19th October	„	„	335.
„ „ of Madras,	„ 31st do.	„	„	240.
„ „ of Chingleput,	„ 12th November	„	„	526.
„ „ of North Arcot,	„ 6th August	„	„	471.
„ „ of South Arcot,	„ 22nd July	„	„	1,356.
„ „ of South Arcot,	„ 7th October	„	„	375.
„ „ of Tanjore,	„ 7th July	„	„	241.
„ „ of Trichinopoly,	„ 27th October	„	„	246.
„ „ of Madura,	„ 25th August	„	„	267.
„ „ of Tinnevelly,	„ 8th July	„	„	362.
„ „ of Coimbatore,	„ 1st do.	„	„	135.
„ „ of Nilgiris,	„ 26th June	„	„	59.
„ „ of Salem,	„ 8th October	„	„	293.
„ „ of South Canara,	„ 18th do.	„	„	1,756.
„ „ of Malabar,	„ 6th do.	„	„	226.

Read also Official Memorandum from Government, dated 4th May 1874, No. 69, Revenue Department, requesting submission of Collectors' replies on the question of separating arrack and toddy rents.

In their Proceedings of the 7th June 1873, the Board expressed a strong opinion that the consumption of toddy is repressed in order that the consumption of arrack may be increased, and that the toddy and arrack rents must be separated in order to put an end to this state of things.

2. After perusing these reports and Mr. Dalyell's report on the Abkári of the Madras Presidency, the Board see reason to reconsider this opinion.

3. It is clear that in practice the consumption of toddy has not been repressed by Abkári renters, and that any inducement they may have to do so can be neutralized most conveniently and completely by introducing a new provision into the Abkári contracts.

4. The separation would be simply impossible in the districts or parts of districts in which arrack is distilled from toddy, and it would be troublesome and open to easy evasion elsewhere.

5. The Board resolve accordingly to relinquish the project of separating the toddy and arrack rents. Due provision for securing a proper supply of toddy will in future be made in the Abkári contracts and licenses.

6. These Proceedings will be submitted to Government with reference to G.O., 5th July 1873, No. 695.

(A true Copy and Extract.)

(Signed) J. GROSE,
Secretary.

No. 98. Proceedings of the Board of Revenue, dated 10th October 1874, No. 2,954.

Read the following letter from A. WEDDERBURN, Esq., Collector of Coimbatore, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 25th September 1874, No. 224 :—

I have the honor to reply to the Proceedings, Board of Revenue, dated 3rd September 1874, No. 2,487, requesting information regarding certain proposed modifications of the present Abkári system, which are—

(1.) Whether the farmers can be required to manage on the Amani system in all the taluqs, that is, themselves to distil all the liquor, and not to have any small sub-stills; which involves the question as to the existence of scattered small stills.

(2.) At what two strengths the renters should sell.

(3.) The maximum and minimum price for either of the strengths.

2. The word or expression "Amani," or management, has, in every part of the country I have served in, been applied to Government direct management, and so far is a misnomer when applied to a taluq head-distillery under the present system when managed by a renter or contractor; but passing by this, and the fact that taluqs in their entirety are rented to one contractor, I can only point out the renter as the best judge as to whether he can supply distant parts with spirits, or allow stills in such parts. All this has been provided for, and is the result of years of experience, and is settled by the Collector who is the best judge of such matters.

3. I hardly need detail an example; but, *e.g.*, suppose villages above ghaut, where roads do not exist or are unsafe, say from wild beasts, no uncommon occurrence, the renter is the best judge as to whether he will risk sending liquor such distances or not. I would, therefore, deprecate any change in the local management for whatever well-meant object.

4. The next point is at what strengths the renters should sell. I think that point should be left to the inevitable care of free trade and to the customer. I have gauged liquor from the still in various taluqs and found it was generally 23° by Cartier's Alcoholmeter on issuing from the still. It is watered down somewhat when barrelled off, but 19° was then the gauge (a cask of Colombo being 20°); when it gets to the retail shopkeeper, it is further reduced in strength, but not having had a gauge when tasting the liquor in out-of-the-way shops, back-streets, and at fairs, I cannot say what the exact strength would be; it was not very much reduced, though certainly somewhat.

5. I fancied it part of my duty as a Government officer to make these sanitary investigations in my extensive tours in this district, and I can give a direct contradiction to the supposition of deleterious compounds being mixed with arrack. The Abkári contractor has too many enemies and rivals to allow of that, and as a matter of fact, he has difficulty enough in realizing his dues from the sub-contractors, who, like other debtors, dislike parting with money; and the adulteration in this quiet and agricultural country does not resemble that in vogue among home retailers, whether in the metropolis of London or in the remote Highlands of Scotland. In fact a Celtic gamekeeper informed me "it was not the whisky that did the harm, but the stuff that the dealers put into it;" inebriety being rather a common occurrence and not unpopular, or considered socially degrading among many of the lower classes in North Britain.

6. So far as my wide and long experience of laws and their results in districts have gone, I am in favor of the fewest restrictions being placed on the liberty of the subject that the ingenuity of man can allow.

7. To tell a man not to adulterate is simple nonsense, and so is a rule to that effect; the practical plan is, if there be any possible excuse for so doing, to take him up and prosecute him by the wide-ranging Penal Code for selling an article "deleterious to health."

8. And if the adulteration be with "Aqua pura," it is not prejudicial but beneficial to health, to abate the effect of alcohol applied to the internal organs of the human subject.

9. *Over-watering; its limits.*—When watering is carried to too great an extent, free trade comes in, and the spirit-drinker declines to pay the price for imaginary alcohol, which is half (or as the case may be) water; but suppose you have a maximum or minimum price (how can it be enforced by rules? as a matter of fact, self-interest, custom, and trade) no arrack is sold under 8 Annas a quart, and it is dear at the price, but probably could not be profitably sold for less.

10. Having advocated the policy of letting well alone, I beg to offer some observations on the general system which I beg may be submitted to Government.

11. *Alleged evils of the present system; reckless bidding and losses.*—I have sold the Abkári contract in several districts, during my Collectorates, for the last fourteen-and-a-half-years, and I never had reckless bidding nor suffered any losses.

12. In two districts of which I was Collector, Bellary and Coimbatore, the contracts were on two occasions sold, one in 1866 by my subordinate before

my arrival, one in 1869 by my successor in Coimbatore after my departure, without sufficient deposits or inquiry; and there were heavy losses not in reality, but in name only; for what I subsequently realized, though under the contract bidding, was fairly in excess of previous triennial contracts.

13. The mode I adopted was heavy deposits and previous inquiry as to character, that is, a former defaulter or a man of straw would be excluded from bidding.

14. And I would strongly recommend Government to adhere to the system of open bidding rather than to the proposal of sealed tenders, which, after all, are to be finally decided on, or confirmed, by the Board of Revenue, who, I imagine, will have a good deal of mofussil correspondence from the unsuccessful bidders.

15. *Open bidding and tenders considered.*—The Collector, presiding at an open auction, knocks down the contract, but a sealed tender has to be remitted to Tahsildars to report on; and, I need not go further, unless human nature has changed of late years, accusations of partiality, which no one dare make against the Collector acting at an open sale, will flow in, when departmental inquiries are made as to the propriety of taking one, or rejecting another offer.

16. The history of the Bellary cantonment contract, decided by a Presidency Board or Head of the Commissariat, for some twenty years, and which to any one fond of curious reading will be found in the voluminous "Abraham case" decided finally in the Privy Council, is a comment on the "tender system." Sir Henry Pottinger, twenty years ago, at once put a stop to it, and the revenue was doubled next year by an open auction sale, without the contract changing hands.

17. As regards shop-boards and such petty details of administration, they can hardly have a place in the discussion; a good police, and ordinarily active revenue officers who go into villages, soon remedy any defect regarding shop-boards which might, indeed, occur under any system, Sadr, Amani, or contract.

18. *Future Administration—Sale of beer and arrack and toddy.*—As regards future administration, I admit if the people are to be allowed to be drugged by the sour and heady Nilgiri, so-called beer, which I, or my predecessors, allowed to be sold in two shops only, in this Collectorate, the sale of arrack, a less deleterious liquor, will be decreased, and another system of excise must be introduced, and even the wholesome toddy will be abandoned for a quart or 2 Annas' worth of beer, which has the desired effect of inducing stupefaction and sleep, a favorite pastime of the lower orders. But I trust the Government revenue and the people's health will be considered before allowing an increased sale of this compound excised at 1 Anna per gallon.

19. And in conclusion, I strongly recommend that arrack and toddy contracts be sold separately. A contractor (therefore monopolist) gets more by arrack than by toddy, and therefore it does not require demonstration to conclude, that, rules notwithstanding, the sale of the latter will be made subordinate to that of the former. Of course, the same man might buy both contracts, but he would have more competitors, to the advantage of the revenue, the avowed object of the contractor being to make money.

20. Toddy, though it cannot help fermenting, and so is called a fermented liquor, is really a wholesome drink to those who like it, and has not that effect on the nervous system which alcohol entails.

SUBMITTED to Government with reference to Board's Proceedings, dated 3rd September 1874, No. 2,487.

2. The Collector of Coimbatore was asked whether the Abkári farmers of his district should be required to manage on the Amani system so as to get rid of scattered stills.

3. He replies that the word Amani is a misnomer, and that the farmer himself is the best judge whether he should allow scattered stills or not.

4. This is no answer to the question. The Board wish scattered stills to be stopped so far as possible so as to make the introduction of the excise system easier. If the renters are the best judges, as no doubt they are, the Collector should have made inquiries from them.

5. He was next asked what the strength and maximum and minimum price of liquor should be.

6. He replies that all this should be left to free trade and not interfered with, and that no rules on the subject could be enforced.

7. This reply is opposed to the existing law which requires a minimum price to be fixed, as well as to the Board's views that a maximum price should be fixed to protect consumers as well as the State revenue. It is needless to recite the Board's arguments as Mr. Wedderburn gives none.

8. Mr. Wedderburn says the liquor is never adulterated with noxious ingredients, that watering is a good and not a bad thing, and that shop-boards and such petty details of administration can hardly have a place in the discussion.

9. The framers of the existing law considered it necessary to provide against adulteration, and the fact that noxious ingredients are sometimes used to make intoxicating liquor more intoxicating is notorious. If liquor is watered, the consumer is cheated, and Government, as the monopolist, is bound to protect the consumer from being cheated if it can do so. Shop-boards and other "petty details of administration" are necessary to attract the attention of the Police, to let consumers know what they ought to get, and to confine the seller to one locality.

10. Mr. Wedderburn gives his views as regards future administration and wishes them to be submitted to Government. They are, that the present system of letting farms by auction should be continued, that the arrack and toddy contracts should be sold separately, and that the sale of Nilgiri beer should be checked or not extended.

11. The Board have laid their views with regard to the auction system and separating arrack and toddy contracts before Government. Mr. Wedderburn's views are opposed to theirs, but he brings forward nothing new and no remarks seem called for.

12. With regard to beer, the Board, as at present constituted, are disposed to agree with Mr. Wedderburn, and to think that great caution should be exercised before allowing the manufacture and sale to be extended. The opinion of the most experienced officers seems to be that country beer in the state in which it is drunk by the people is a most unwholesome liquor, and that it displaces toddy which is a better liquor in itself and affords a greater revenue to Government. It has been argued that the manufacture of beer should be encouraged as affording

ployment to the people, but much beer cannot be sold amongst toddy-con-
ning populations without depriving toddy-drawers of their livelihood.

(A true Copy and Extract)

(Signed) J. GROSE,
Secretary.

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98 A. Minute by the Hon. J. D. SIM, C.S.I.

I HAVE carefully perused the various reports of Mr. Dalyell and the Board's able critique on
m, and concur, except in two respects, in the conclusions at which they and Mr. Dalyell himself
e finally arrived.

2. I believe that in the system called by them the experimental excise system we have
at, with such improvements as experience will prompt, will prove the best general system of
kari administration, and I would, therefore, aim at its general introduction. Under it the
of spirits is completely under control, good liquor can be ensured, and consumption is known.
ese are great objects which it is well worth even some temporary sacrifice of revenue to secure.
ere are, of course, parts of the country into which, as the Board remark, the system cannot be
oduced, but these are comparatively unimportant tracts. And while the sale and consumption
ent spirits are thus under regulation, the supply of Toddy is not interfered with beyond what
is necessary in the interests of the people themselves. I would, therefore, inform the Board
t the Government accept this system as the one which should be adopted wherever practicable;
I deprecate precipitate action; its success will depend so materially on the means and character
hose to whom the business is entrusted at the outset that I am reluctant to call for tenders,
would rather trust to the knowledge of our approval eliciting good offers. I know that
firms of repute are desirous of embarking in this undertaking, and others are sure to come for-
d. Once the system is understood and brought into working order, we may resort to competi-
, but the introduction of a new system necessitates careful selection of agency.

3. I concur with the Board that Toddy should not be separated, and in this view Mr. Dalyell
self now agrees. As the Board remark every object desired can be as well attained with the
dy and Arrack farms united as with them separated and some grave difficulties escaped.
separation must also entail some additional expenditure in consequence of double establish-
nts being necessitated. I differ from the Board, however, as to the amount of remuneration
posed. The present rate of 25 per cent. is certainly too high, but 10 per cent. seems to me
uly low for collection and risk. As security is to be taken from the sub-renters, bad debts
uld be small; but it must be remembered that the contractor is subject to losses in the interval
ween the failure of one and the provision of another sub-renter. The profit, if any, will be so
ial that the Toddy business will receive but little attention from the contractor whose far larger
s from Arrack will incite him to do all he can to stimulate the consumption of his profitable
ack rather than of his unprofitable Toddy. The profit on these liquors cannot be equalised, but
the difference should not be so great as to enlist all the self-interest of the contractor in the
of the most injurious. I would, therefore, request the Board to reconsider this part of their
mmendation. I think also that it is undesirable to tie ourselves down to the sub-renting sys-
which has little beyond convenience to recommend it. It is a great object to get the Abkari
the hands of respectable and responsible contractors, but the sub-renting system places all
ower in the hands of petty agents. I would, therefore, like to leave an opening for the adop-
of any better system of management that a contractor can propose to the satisfaction of the
ctor and Board. I do not at all like the tender system; it merely means in this country
ination among the bidders, the bribery of those open to it, and complaints and disputes. The
n of an open auction with a suitable deposit, clear conditions of
mination to enforce them is, in my

4. I concur with the Board in considering that the system in force in the Town of Madras should continue undisturbed.

5. I agree in the proposals made by the Board in Appendix 2. By raising the guaranteed minima—enhancing the Excise-duty on Arrack—and reducing the remuneration for the sale of Toddy, the Board have, in my opinion, properly guarded the interests of Government and secured a fair share of future profits.

6. I differ from the Board in their proposal to have a special officer as Superintendent of Excise. Experience, the best guide in such matters, has taught us that the interpolation of a special officer in the local administration has no other effect than reducing the responsibility and lessening the interest of the Collector in his work and losing the benefit of his influence. Moreover, no single officer could really do much in so enormous a tract of country, and it is simply absurd to expect it; his inspection would be practically useless, and the idea of subjecting experienced Collectors to the supervision of an officer of the grade of a Sub-Collector or Head Assistant seems to me preposterous; nor can I see anything to necessitate such a measure; there is nothing so peculiar or difficult in Abkari management that Collectors and their subordinates cannot acquire it; and the Board can issue all requisite instructions and in their periodical tours satisfy themselves of the efficiency of the administration. Moreover, this new officer has himself to learn everything of the system he is to inaugurate; for the only officer who can be said to have made "Abkari" a study is Mr. Dalyell who cannot be had for Rupees 1,500, and would be rather wasted, running about the country on such an errand. I am confident that the appointment of such an officer as the Board desire interposed between them and the Collector and between the Collector and his subordinates and contractors would prove a useless expense, would disgust every Collector in the country, and lead to endless and fruitless controversies. The general supervision of every branch of the revenue rests with the Board, and should so remain.

7. I think Mr. Dalyell should receive the cordial thanks of Government for the attention he has given to the subject and the valuable information he has collected. The question of his honorarium should now be settled.

23d October 1874. (Signed) J. D. SIM.

No. 98B. MINUTE BY HIS EXCELLENCY THE GOVERNOR.

I THINK that the information now before us justifies the conclusion that it is desirable gradually to introduce the "Experimental Excise" system, with a view to its adoption throughout the Presidency; and I agree generally in the course proposed to be taken by the Board of Revenue in their Proceedings of 23rd September 1874.

2. I am disposed, however, to concur with Mr. Sim in the opinion that it will be better to proceed, in the first instance at least, by way of selection rather than of tender. Competition, such as that proposed by the Board, does not seem to work well in this country. I would also (as Mr. Sim proposes) maintain the allowance for collection of Toddy revenue at 25 per cent.

3. The question as to the separation or union of the monopolies of Arrack and Toddy is very important; and I am not altogether satisfied with the conclusion at which the Board has arrived. I presume that though a maximum price for Toddy be fixed as well as for Arrack, it will still be so much to the interest of the monopolist to sell Arrack rather than Toddy, that he will contrive to restrict the consumption of the latter in favor of the former. The Board says that "due provision" can be made against any such result; but does not explain what the provision is, or how it will be effectual. Probably, it would be desirable, if the union is to be maintained, to require in the contract a minimum revenue from Toddy as well as from spirit. But several of the Collectors consulted are in favor of separation; and the Board said not long ago (though they have now changed their opinion) that "they had no manner of doubt" that it was desirable.

No. 98C. MINUTE BY THE HON. W. ROBINSON, C.S.I.

I HAVE carefully perused these papers with the Board's comments, dated 3rd September.

2. I concur with the Board in considering that the time has fully come when the entire energy and attention of a special officer should be given to this important and difficult branch of the public revenue. I would accept their proposals as they stand, and seek the sanction of the Government of India.

3. The backward condition of the Abkari revenue and administration in many districts and our ignorance of its circumstances are due, in the main, to the Abkari being a kind of no-man's-land in our Revenue administration. A periodical auction has, as a rule, relieved the Collector of all need to observe closely and study the question even in his own district, and all has been, and still is, in most districts in darkness. The Board know very little about it, and the only attempt yet made to look into the Abkari administration and sources of revenue (Mr. Dalyell's) clearly indicates the need of special departmental attention at least for a time.

4. I entirely disagree with the Board on the subject of the non-separation of the Toddy farm and Arrack distillery.

5. The two things have nothing in common, and cannot be fairly managed together, least of all by European capitalists who are now entering largely on the manufacturing interest which is involved in distillation. The grave evils which arise out of the amalgamation can be controlled in no way whatever but by entire separation. It is obvious that two wholly independent sources of revenue must prove together more lucrative when each is thoroughly worked to the best advantage by more or less rival monopolists than when both are in the hands of the same individual who plays the one off against the other; reducing the sale of Toddy to increase that of Arrack and so on, as suits his convenience or speculative disposition. There is, therefore, no danger to the revenue. It is needless to add how great a gainer the public must be by the relief, within reasonable bounds, which this arrangement affords under the bonds of one of the sorest forms of monopoly.

6. On the Board's reasons for change of mind, I would remark that Malabar, Canara, and Godavery are the only districts in which Arrack is distilled from Toddy, and nothing would be easier than to secure the needful supply to the distillers in all of these districts when letting the Toddy farm. There can be no "trouble and inconvenience" to the State from the reasonable separation proposed, which is at all commensurate with the evils to the public of keeping up the amalgamation. It is, I am satisfied, impossible to control the necessary consequences of self-interest by administrative orders of the Board, and futile to hold out hopes of doing so.

7. Further, the advantage and reality of the amalgamation and its *quasi-separate* administration (as it is apparently proposed to work it) are far from obvious to my mind. The distiller-monopolist is to have the Toddy farm of his district, but he is to sub-let to another—his own creature of course—and to interfere no further with it, save to collect the rents which he has himself settled—with safety no doubt to himself and little advantage to the State—and pay himself a heavy percentage for such collection. Almost inevitable fraud, collusion, and heavy loss to the State underlie, as it seems to me, the arrangement—about which our European gentlemen-monopolists are naturally so anxious—at every turn. The fair and proper method clearly is to let the Collector sell the Toddy farm himself to the highest eligible bidder—respectable persons known to him and the public—and to collect the revenues without charge, through the farmer or the existing Revenue Establishment. I would order the separation everywhere, except in one or two backward districts on public and fiscal grounds.

8. If, however, the amalgamation is to be continued and the Arrack distiller is to hold the Toddy farm also—in a great measure for the benefit of his manufacture—I agree with the Board that the utterly extravagant per-centage which is now allowed for collecting Toddy rents which he settles must be reduced or abolished in the interest of the public revenues.

9. I would accept the Board's recommendation to extend the so-called experimental excise system, as respects *distilled liquors only*, to as many districts as are prepared to accept it, and for

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which fair offers can be got. There is, however, nothing "experimental" in the thing as regards those districts into which it was introduced three years ago. The distiller-monopolists have been at work in each for periods ranging from three years to quarter of a century. They know what their several districts are worth and must be required to give a fair share of the profits to the State without partiality or incidental consideration. I would treat the Board's sentimental arguments about "pioneering" and the like as wholly out of place and unreasonable in dealing with the large State and Public interests like those now before us, for they are wholly baseless considering the advantages already enjoyed. There has been something "experimental" on the part of the State during the last three years; and some experience has been very dearly bought by the fisc. It should now be firmly used to prevent undue diversion of State claims into the pockets of monopolist-distillers. There can be no difficulty about this, for the large profits which have notoriously been shared by the present monopolists have drawn attention to this profitable industry, and several reliable European firms are prepared to embark capital and energy in these distillery contracts. It only remains to encourage competition and take advantage of our experience; for the system we are entering upon is fraught with danger to the revenue, whose interests are passing into the keeping of this great distillers in a degree which I contemplate with great misgiving.

10. The Board should be directed to invite tenders for the monopoly of distilling Arrack for most of our districts for the next three years, those now under the so-called experimental excise system included.

11. I entirely dissent from the recommendations of the Board contained in Memorandum No. 2, in which they propose to withdraw from competition the contracts for Chingleput, North and South Arcot, Vizagapatam, and Ganjam, and to confirm them to the present European monopolist for a further period, with slight modification. I most earnestly recommend that all be thrown open again to competition in the usual manner, as the only way of really doing fairly by the public (commercial and other) and the State. It is sufficiently notorious that existing contracts have been unduly unfavorable to Government even during the past three years. But, as it appears to me, the Board's proposal not only continues this unsatisfactory and losing condition, but involves more or less the further sacrifice of the ordinary progressive increase of the next three or six (in the case of Chingleput) years into the bargain, for wholly inadequate and unsound reasons. This may be best illustrated by considering the case of the Madras Town and Chingleput District. Mr. Veterinary Surgeon Pritchard obtained the Town distillery from Government on most profitable terms to himself three years ago, and a recent Government order has continued the lease of the distilleries to him for one year at 10 Annas a gallon, when a thoroughly reliable offer to manufacture at 9 Annas a gallon had been made. This was conceded on the express understanding in Council that both the Town distilleries and Chingleput District should be put up to open competition at the time now under consideration. A heavy loss to the State has been incurred in Madras, and an unearned gratuity has practically passed into Mr. Pritchard's pocket. The Board propose, as it appears to me, to multiply this unsound condition by six or more, and to deprive the State of their right. Again the profits of the Chingleput Farm, under-stated as I believe, which is also held by Mr. Veterinary Surgeon Pritchard, obviously far exceed a reasonable profit to the monopolist, and yet the Board propose to continue—with but slight modification—this state of things for six years longer to the most serious detriment of the State revenue, in recognition, they say, of what appears to me a wholly fanciful service.

N B.—The Budget-estimate for the year which is the first of a new lease (when a spring of the revenue always occurs) is for an absolutely stationary condition of the Abkari revenue. The change seems to be financially unpropitious.

12. I would direct the Board to invite tenders for the districts which they propose to exempt, as well as for the others named by them for the three years commencing with 1875 as the only means of raising a fair revenue and of securing equitable arrangements. A three-year farm is given with the express view of affording reasonable profit to the contractor, and it fulfils

that object most completely. No further claim on consideration whatever should be permitted to defeat the public interests which are involved in inviting open competition after that period.

13. I agree with Mr. Sim that wherever districts are to be farmed out on the amalgamated principle in the manner which has hitherto obtained, the farm should be sold by public auction, and I would sell the Toddy farm by public auction when it is separated from the spirit farm, as I propose. But I would follow the Board's advice in regard to distilling-contracts if we can obtain really good tenders by large firms for a fair guaranteed revenue. It is desired to introduce European methods of distilling, and place this manufacture in the hands of large capitalists. In respect to this source of Abkari revenue and administration, I would, therefore, call for tenders. Of course if the objectionable amalgamation is to be maintained in any district I would sell the whole farm of that district as hitherto by public auction. Natives must have fair opportunities held out to them; and I am most anxious to keep the Toddy administration in native hands. Europeans and their hangers-on are persons whom I would keep out from amongst native producers and consumers of an ordinary agricultural product of the country.

14. I agree with Mr. Sim that the thanks of Government are due to Mr. Dalyell; but I see no sort of claim for an honorarium. I entirely disapprove of Civil officers claiming honoraria for work which falls fully within the legitimate scope of their ordinary duties.

3rd November 1874. (Signed) W. ROBINSON.

No. 98D. MINUTE BY THE HON. J. D. SIM, C.S.I.

I DISSENT from paragraph 6 of the Order of Government directing the separation of the Toddy from the Arrack farm, being of opinion that is unnecessary and inexpedient.

2. The only justification of the measure would, I conceive, be to ensure the people a sufficiency of Toddy at a fair price, or to obtain a larger revenue for the State.

3. As to the first point, it appears that in January 1873 the Board of Revenue asked all Collectors whether the contractors of the united farms discouraged the sale of Toddy either by enhancing prices or reducing the number of licenses. Excepting the Collector of Salem (whose reply is not on the record) and the Collector of Coimbatore, every other Collector replied in the *negative*. Mr. Wedderburn reported that the price of Toddy had been considerably raised within the last few years, and thence he concluded that the contractor discouraged the sale of Toddy in order to stimulate the purchase of Arrack. Mr. Wedderburn does not state whether the price of Arrack has remained unaltered or not; but it seems a man can get drunk for eight Pies on Toddy, whereas an outlay of two Annas is necessary to attain the same result with Arrack. But even conceding that as the renter gets a larger profit on Arrack than on Toddy, his self-interest prompts him to encourage consumption of the former by lessening consumption of the latter, an effectual remedy can be applied by simply reserving power to the Collector to require the opening of as many Toddy shops as he deems necessary, and putting a maximum price on Toddy. The first will ensure an ample supply, the last a reasonable price. I hold, therefore, that the separation is unnecessary in the interests of Toddy drinkers.

4. As regards the revenue, we have no ground to expect that the separation will enhance the revenue in any material degree, unless, of course, drinking becomes very much more general, which is hardly to be desired. In June 1873, the Board circulated to Collectors rules having the separation of the farms in view, and asked opinions as to the practicability of giving effect to them, and the probable effect on the revenue. Six Collectors were adverse to the rules and four favorable. The others merely dealt with the questions set by the Board. The opinion of the majority was that the change would cause loss instead of gain, at least temporarily, and this is easily understood when the difference in price between the two liquors is borne in mind. In Ganjam it is stated that a man can get three bottles of fermented Toddy for the price of a

wine-glass full of Arrack, 30° under proof. It is obvious, therefore, that the consumption of Toddy must increase very largely before it can make good the duty on the Arrack it displaces.

Arrack is about 15 times dearer than Toddy.

It is a mistake to suppose Toddy a harmless beverage like Ginger-beer or Lemonade. *Sweet* Toddy is, but fermented Toddy is intoxicating, and though the effect on the constitution of the drinker may be less pernicious than the effects of Arrack in excess, drunkenness remains drunkenness all the same. I beg especial attention to what Mr. Minchin says in his letter to the Collector of Ganjam on the subject of Toddy-drinking. We had previous complaints of similar orgies in North Arcot, and the Toddy topes around Madras are notorious. The native is essentially a water-drinker, and it is a mistake to put Toddy, any more than Arrack, in his way.

5. The only certain result of the separation of the two farms will be that we shall have two men competing against each other to increase drunkenness over the land, and there will be a great opening for the illicit distillation of unconsumed Toddy into Arrack. It will be impossible to prevent this. In the "excise" districts, the case in favor of separation seems to me altogether untenable. In Ganjam Mr. Master says that the renter, Mr. Minchin, sells the farms distinct from the Arrack. Mr. Daniel reports that the same is the case in Vizagapatam, and he adds the system "has been working well as far as one can judge from the result of the sales in these ten years. The amounts which the farms have realised are as great as can be expected, and I do not think more would be realised by any other mode of renting them." The Collector of North Arcot does not think that "the present renters have in any way suppressed the sale of Toddy to effect an increase in the sale of Arrack; and it is a fact that the quality of the Toddy supplied by the present contractor to bakers, etc., is infinitely worse than that sold by Messrs. Corbett and Morison." Mr. Sullivan, the Acting Collector of South Arcot, says: "the Toddy farm is sub-let to a native by Messrs. Parry and Co. at a rental of Rs. 84,000 per annum, and he does not think the present system could be improved on; anything that might be gained by a change being counterbalanced by less effective security. In Chingleput we know, as a fact, that the contractor has paid especial attention to the development of the Toddy business, which he has managed himself, instead of merely sub-renting. In the year ending 30th June 1873, he paid us Rs. 1,80,556 for the entire farm, being Rs. 55,556 in excess of the minimum prescribed in his contract, and Rs. 30,340 in excess of the average rental paid for the district during the previous ten years. Of the Rs. 1,80,556, Arrack yielded Rs. 1,00,303, and Toddy Rs. 80,253, adding to the latter the renter's profit of 25 per cent., the receipts from both source were about equal; the best proof that Toddy was not sacrificed to Arrack. In 1873-74 the results were still better so far as Toddy goes. The revenue from Arrack was Rs. 88,515, while that from Toddy was Rs. 1,08,525,—an increase over the previous year of Rs. 26,737. The gross revenue of the year was Rs. 1,97,040, or nearly Rs. 15,000 more than in the previous year, and Rs. 55,000 above the average of the preceding decade! The charge of managing the Toddy branch was reduced from 9½ to 7 per cent. Finally, we have the Board—originally of a different opinion—and Mr. Dalyell, who certainly has paid more attention to the subject than any one else adverse to the separation.

G. O., 17th July 1874.

6. Under such circumstances, I cannot assent to paragraph 6 of the draft.

7. With reference to the Hon. Mr. Robinson's remarks regarding Mr. Pritchard's contracts, I beg to say that I voted in favor of accepting his tender of ten Annas per gallon for Madras Arrack, because I concurred with the Board in considering that a fair and just price, and because I considered it the most beneficial arrangement for the State. I hold both opinions still.

8. As to Chingleput, it is an undeniable fact that if Mr Pritchard had chosen he might, without any violation of his contract, have increased his own profit by some Rs. 50,000 and reduced his payment to Government by a lakh by simply repressing the sales of Toddy and increasing the price of Arrack. Whereas, as the Board have reported, he in 1873 paid Government Rs. 50,000

more than his minimum and Rs. 30,000 more than the average of the preceding ten years. Such conduct and such results merit recognition.

14th November 1874. (Signed) J. D. SIM.

No. 99. ORDER THEREON, 8th December 1874, No. 1,520.

Separate Revenue, No. 4.
Abkári.

HIS EXCELLENCY the Governor in Council concurs with the Board as to the value of the report upon which the first Proceedings recorded above are based. Mr. Dalyell is entitled to the cordial thanks of Government for the attention which he has given to the subject and the valuable information which he has collected.

2. The Board have come to the conclusion that the experimental excise system, where it is possible, is the best that can be devised. The Governor in Council considers that the information now furnished justifies this opinion. Under this system the sale of spirits is completely under control, good liquor can be ensured, and consumption is known. These are objects which it is well worthwhile to secure even at some temporary sacrifice of revenue.

3. There are, of course, parts of the country in which, as the Board remark, the system cannot be introduced, but these are comparatively unimportant tracts.

4. The Governor in Council now proceeds to pass orders on the various points which call for notice in the Proceedings recorded above.

5. APPOINTMENT OF SUPERINTENDENT OF EXCISE.—On this point the decision of Government is adverse to the Board's proposal. Experience, the best guide in such matters, shows that the interpolation of a special officer in the local administration has the effect of reducing the responsibility and lessening the interest of the Collector in his work and depriving the department concerned of the benefit of his influence. It is undesirable to subject experienced Collectors to the supervision of an officer of the grade of a Sub-Collector or Head Assistant. Nor does the Governor in Council see anything to necessitate such a measure as that proposed. There is nothing so peculiar or difficult in Abkári management that Collectors and their subordinates cannot acquire it. The Board can issue all requisite instructions, and in their periodical tours satisfy themselves of the efficiency of the administration. Under these considerations, the Governor in Council must refuse his assent to the suggested appointment.

6. SEPARATION OF TODDY AND ARRACK.—This subject is discussed in the second paper recorded above, and in paragraph 5 of the first. The Government differ from the Board's final conclusion on this matter. They consider that the separation should be enforced as a rule. The grave evils which arise out of the amalgamation can be effectually controlled in no other way. It is, besides, obvious that two independent sources of revenue must prove more lucrative when each is thoroughly worked to the best advantage by more or less rival monopolists than when both are in the hands of the same individual. This is more especially true in districts worked by European capitalists who are now entering so largely on the manufacturing interests involved in distillation.

7. In regard to the reasons which have influenced the Board in their change of mind it is observed that Malabar, Canara, and Godavery are the only districts in which

Proceedings of the Madras Government, Revenue Department,
8th December 1874.

arrack is distilled from toddy, and nothing would be easier than to secure the needful supply to the distillers in all these districts when letting the toddy farm. There can be no "trouble and inconvenience" to the State from the reasonable separation which is proposed, at all commensurate with the evils incidental to the amalgamation.

8. The advantages of the amalgamation in an administrative point of view are not apparent. The distiller-monopolist is to have the toddy farm of his district, but he is to sublet to another and (nominally) to interfere no further than to collect the rents, receiving a percentage from Government for his trouble. No valid reason is assigned for preferring this arrangement to a *bonâ fide* sale to the highest eligible bidder or other respectable person known to the Collector.

9. The Governor in Council, therefore, resolves to direct that arrangements be made for the separation of the arrack and toddy rents in all districts in which the "experimental excise" system is introduced. Where the farming system continues in operation the amalgamation will be allowed during the currency of the next lease. Under these circumstances, no allowance for cost of collection (Board's Proceedings, 3rd September 1874, paragraph 8) will be necessary.

10. ABKÁRI IN TOWN OF MADRAS.—The Government agree with the Board that the system of direct management must be continued in the town of Madras.

11. OLD EXCISE DISTRICTS.—As regards the five districts noted in Memorandum 2 (Appendix to Board's Proceedings, 3rd September 1874), the Governor in Council accepts the Board's proposals except that the new lease should be for three years in *every* case.

12. NEW EXCISE DISTRICTS.—The experimental excise system may be introduced, as the Board propose, in the four districts noted in paragraph 9. The final disposal of the tenders will rest with the Board.

13. REMAINING DISTRICTS.—The Board's views in paragraph 11 are approved in regard to the districts in which the farming system is to be continued.

14. MODE OF RENTING.—In the four new excise districts the system of selection by tender should be adopted. The toddy in these districts will be sold by auction under the rules proposed in Board's Proceedings, 7th June 1873, No. 958 (G. O., 5th July 1873, No. 695), except that the currency of the lease will be for three years instead of one year. The auction system will be followed in those districts where farming continues in force, and should be Taluqwar.

15. BEER.—With reference to the question discussed in the last paragraph of the Board's Proceedings, dated 10th October 1874, No. 2,954 (the third paper recorded above), the Government desire fuller information. On general grounds they are of opinion that the manufacture of beer from barley and hops should be encouraged. It has succeeded well in other parts of India, and there is no reason why it should not answer in this Presidency. Pending careful inquiry, the manufacture and sale of beer should be provided for in all Abkári contracts and leases.

(Signed) C. G. MASTER,
Acting Secretary to Government.

Exd. W. H. French.

V(Pol) 4. 60/75

No. 2,487.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 3rd September 1874.

Read the following letter from the Hon. R. A. DALYELL, Member of the Madras Revenue and Additional Member of the Vicoregal Council, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Calcutta, 22nd April 1874 :—

ABSTRACT.—Submitting a General Report upon the Abkári of the whole Madras Presidency, as well as of the North-Western Provinces, the Punjab, and Oude.

THIS Report on the Abkári system of the Madras Presidency will be submitted to Government with reference to G. O., dated 21st January 1873, No. 81, Revenue Department.

2. The subject is one of great importance. The revenue realised from Abkári is 61 lakhs, but this is only a minor consideration. The administration is beset with unusual difficulties, and must be regulated with reference to the moral and physical welfare of the people. Hitherto moot questions have been dealt with in the dark, and some of the most important provisions of the law have been laid down in such a manner that they are of little or no effect. For instance, a minimum price is prescribed without reference to strength, so that if Government think it right to prescribe a minimum price of Rupees 2 a gallon, meaning that this price is to be the price of ordinary liquor, say 30° under proof, the renter may evade the order by issuing liquor of greater strength ; the corresponding price for liquor at 40° over proof being double. It is not too much to say that Mr. Dalyell's well-considered and comprehensive report, with his valuable notes on the systems in force in other parts of India, supply for the first time the means of devising a settled policy, of determining the best system or systems which are possible under existing conditions, and of reducing to a minimum the evils which must attend traffic in intoxicating liquors, whatever system may be adopted.

Abkári Revenue for the official year 1873-74.

	Rs.		Rs.
Ganjam	72,588	Tanjore	4,76,838
Vizagapatam	1,58,539	Trichinopoly	1,40,583
Godavery	2,43,497	Madura	1,84,796
Kistna	2,35,968	Tinnevelly	2,12,127
Nellore	87,163	Coimbatore	2,90,074
Cuddapah	2,33,715	Nilgiris	72,891
Bellary	7,01,803	Salem	3,86,052
Kurnool	8,24,033	South Canara	1,23,740
Madras	11,52,045	Malabar	2,87,090
Chingleput	1,56,958		
North Arcot	3,29,369	Total...	60,97,460
South Arcot	1,94,602		

3. It is generally admitted that the object of Abkári administration must be to get the maximum of revenue from the minimum of consumption, to gauge the amount of consumption, and to control the traffic. The consumption cannot be stopped altogether even if it were expedient to do so, because there is a point at which restriction brings illicit manufacture into existence, and the people are demoralized by law-breaking as well as drinking. It is obvious that long before this point is reached there is a difference between the cost at which liquor can be made and offered for sale (including profit) and the price which purchasers are willing to pay for it, and it scarcely needs argument to show that it is better, especially as it consists with immemorial custom, that this difference should pass to the Government which has to watch, control, and regulate the traffic rather than to the manufacturers by whom a great portion of it would be employed to extend their dealings.

4. The systems of administration described by Mr. Dalyell are noticed at length and compared in a Memorandum submitted with these Proceedings, and for reasons there given the Board have come to the conclusion that where the experimental Excise system, now being tried in five districts of this Presidency, is possible it is the system which most nearly attains the object of Abkári administration, and is capable of modifications which will secure the State revenue and combine most of the advantages of the Farming and Sadr Distillery systems. There are certain

…h, being inaccessible and scantily populated, will never be fit for the … …n which, because isolated stills are scattered over the country, or because …ers cannot be found, or for other reasons, some preparation is needed before the …n be introduced. In these parts of the country some other system must be … events for a time, and the Board think that the Farming system should be conti… Though this system, as conducted now, is open to very grave objection it can be …ed so that its worst peculiarities will be destroyed, and the system will then be free from… …y to condemnation on moral grounds, whilst it is certainly the most convenient of all the sy… …ns. With regard to the direct management in force in the town of Madras the Board are not … …epared to suggest any alteration at present. The revenue involved is large, the Police considerations are numerous and complicated, and no change could be made without danger.

5. The Board are persuaded, however, that they cannot carry out the improvements which they are about to propose, or hold themselves responsible for the administration of the Abkári on any principles which may be laid down by Government without a special Abkári officer to inspect district after district, and to see that instructions regarding this much-neglected though important subject are understood and acted on. Mr. Dalyell's Abkári reports have been full of matter confirming this opinion, and it has been strengthened by observing the numerous mistakes, many unfavorable to the State, which have been made from time to time through ignorance, not negligence, in the districts where the experimental Excise system is being tried. The fact that Government officials who do not make Abkári a special study know very little about it and can never manage it efficiently must be admitted and faced. The craft of the manufacture of spirit, and the methods of testing strength and quality, are things that can easily be learnt at head quarters, but not in the districts, and caste rules make it most unlikely that the ordinary run of native officials will become familiar with them. The arrangements necessary to prevent the shops from becoming hot-beds of vice and fraud are known, and are laid down with tolerable completeness in the law and the orders of the Board of Revenue; but the shops are scattered and the subject is repulsive, and Revenue Officers have their time taken up with other things which are more important in a revenue point of view, so that many of the orders have been hitherto evaded, and it requires the pressure of a special officer continually engaged in inspection to see that the arrangements are enforced. The Board think a Covenanted Civilian should be appointed Superintendent of Excise under the Board of Revenue as in some of the Northern Provinces. His salary might be about Rupees 1,500 a month, with Rupees 300 as travelling allowance when away from Madras. The existing arrangements (farms, etc.,) come to an end on the 30th June 1875, and the Board would earnestly request that an officer be at once placed upon this special duty as a temporary arrangement, and pending the sanction of the appointment by the Home Government. This will enable the Board to settle the preliminaries of the new arrangements, and see that the many changes which must be ordered are really carried out instead of being, as they otherwise will be, mere paper changes.

6. The Board will now state what they think should be done when new arrangements are made, as they will be next year all over the Presidency.

7. In the first place they have considered the question whether arrack and toddy should be left under the control of the same monopolist or given to different monopolists, in order that arrack may not be forced into consumption to the exclusion of toddy. Attention was drawn to the subject by Mr. Dalyell's report on the Abkári of Salem, and reports have been called for and received from all Collectors. As will be seen from separate Proceedings the Board have arrived at the conclusion in which Mr. Dalyell, after the perusal of these reports, concurs, that arrack and toddy should not be separated. Separation would be impossible in districts where arrack is distilled from toddy, and would cause great trouble and inconvenience elsewhere, whilst the object which it is proposed to effect by the separation can be effected just as well by other means. Where the farming system is continued the proper supply of toddy must be provided for in the contract and licenses as proposed by Mr. Dalyell in paragraph 18 of his report. In districts managed on the Excise system the toddy sub-farms must be sold by tenders submitted to the Collector, and not left in the hands of the distiller or his agents, except as regards collecting rents.

8. The Board think that the system of direct Government management should be continued in the Town of Madras, and that the Excise system should be continued in the five districts where it is now being tried. In the case of these five districts the monopoly should be offered again to the present distillers on the condition that they accept the modifications which are shown to be desirable in the Memoranda submitted with these Proceedings. The Excise duty must be raised, a maximum as well as a minimum price prescribed, and a minimum revenue guaranteed on the principles set out in Memorandum No. 2. Moreover, the arrangement about the toddy revenue must be changed, for the Board consider the allowance of 25 per cent. for merely cost of collection extravagant. The Collector, as already suggested, must sell the toddy sub-farms himself, and then hand them over to the monopolist. The monopolist must be allowed to exercise a reasonable discretion as to the tenders to be accepted and the security to be demanded, and he must then be bound to pay 90 per cent. *of the demand* to Government, the remaining 10 per cent. covering not only cost of collection but risk of failure.

9. The Board propose to introduce the same system into Nellore, Salem, Trichinopoly, and the Nilgiris. An advertisement, setting out the conditions under which the distiller will be bound and calling for tenders, guaranteed by a heavy deposit, should be issued not later than the 1st January, and published in the leading newspapers, the *Fort St. George Gazette* and the *District Gazettes*. The tenders should state the amount of revenue which the tenderers are prepared to guarantee, the security they proffer, the strengths of liquor they think should be sold, and the maximum and minimum price they propose, and the Excise duty per gallon which they are prepared to pay. The tenders should be submitted to the Collector by the 15th February and forwarded by him to the Board with his remarks by the 1st March. The final disposal of the tenders should rest with the Board, and should be announced by them, if possible, by the 1st April.

10. With regard to the other districts the Board propose to continue the farming system (with modifications) for the next three years, and they resolve, in anticipation of the orders of Government, to send Mr. Dalyell's report and these Proceedings to the Collectors, and call upon them to report on the following subjects by the 1st November. The inquiry being of a novel character in some respects will take more time than will be left in all probability when Government pass orders, and even if the Board's views are disallowed the reports will do no harm:—

(1.) Whether the farmers can be required to manage on the "Amani" system throughout all the taluqs of the district, *i. e.*, to distil, themselves, all the liquor sold by the shopkeepers and refuse to sub-let the right of distilling any portion of it, or whether there are any taluqs which must be excepted on the ground, for instance, that scattered stills have long been established in them and cannot be suppressed?

(2.) At what two strengths the renters should be allowed to sell? As a general rule the average strengths now in use seem to be 30° under proof and 60° under proof.

(3.) The maximum and minimum price which should be fixed for either of the strengths? (That for the other strength must be the corresponding price calculated according to well known rules.)

11. After the Board have received and considered these reports, and the orders of Government have been received, they will prepare advertisements which should, in their opinion, call for tenders (guaranteed by a heavy deposit), and should be published in the districts not later than the 1st January. If Government approve the Board's views the advertisement will be framed so as to show that the Amani system is to be introduced wherever it is feasible; that the liquor is to be sold at prescribed strengths; that there is to be a specified maximum and minimum price for each strength; that faithful accounts of receipts and disbursements and of issues of spirit are to be kept; that a sufficient supply of toddy is always to be available for toddy-drinkers; and that the irregularities noticed by Mr. Dalyell in paragraph 18 of his report as to measures, dilution,

quality of spirit, etc., will be corrected. The tenders should be submitted to the Collectors with such deposit as will ensure genuine offers before the 1st April and opened by him in public on that day, and his decision should be given and reported to the Board for confirmation not later than the 1st May.

(A true Extract.)

(Signed) J. GROSE,
Secretary.

To the Acting Secretary to Government, Revenue Department,
with Mr. Dalyell's Report and two Memoranda.
,, all Collectors, with do. do.

Exd. J. Tulloch.

C. No. 3054. Dated 1874.

Board of Revenue.

MADRAS.

Proceedings, 3rd September 1874.

Received

No. 2,487.

SEPTEMBER 1874.

Abkári system—of Madras—Report of the Hon. R. A. Dalyell on some details of the Excise system in Provinces of India, submitted with remarks.

MEMORANDUM No. 1.

Systems of Abkári Administration.

The systems of Abkári Administration described by Mr. Dalyell may be classed as systems of direct management, systems of farming, and systems of excise.

2. Direct management seems to be now exercised only in the town of Madras, where Government get the spirit made for them by a contractor and supply it to shop-keepers who are bound to sell a certain quantity at a certain price. The quantity is, or ought to be determined by competition, and this, as Mr. Dalyell points out in paragraph 36 of his report, tends to increase consumption, but the price is fixed by Government, and is always fixed as high as possible, so that this tendency to increased consumption is effectually checked. The quality of the liquor made and sold is more assured than it can be under any other system. The extent of country through which the system prevails is so limited, that it is practicable to employ a strong preventive force, and, as its efforts to repress illicit manufacture and smuggling are strongly supported by the shop-keepers who would be ruined if such practices prevailed, they are all but impossible. Government have the complete control over shops and shop-keepers which is essential for police purposes in a crowded city. The consumption of country spirit is accurately guaged. The chief disadvantage of the system is that Government seems to occupy an anomalous position when it supplies spirit to consumers. This feature is no doubt objectionable, though less so than it might appear at first sight, for Government must supply the spirit themselves, either directly as in this case, or through monopolists as their agents; but the chief objects of administration are approximately attained. The law might be improved in details as is shown in papers which have been before Government recently, but no change in the principle can be made without great danger, and it does not seem advisable to advocate any alteration at present, so far as regards the town of Madras. It is obvious that the system would be impracticable elsewhere.

3. The best farming system, and the only one that need be noticed in this memorandum, is the farming of the exclusive right to manufacture and sell spirit through defined tracts of country, which is now in vogue through the greater part of the Presidency. The farms last for a term of years, and are sold by auction. The farmers are allowed either to distil all the liquor consumed themselves, which is called "Amani" management, or to sub-let the right to distil in particular shops or tracts of country as they choose. They either sub-let the shops, or work them by agents. The licenses held by the farmer, his sub-renters, and the shop-keepers bind them to observe certain police regulations, to keep the spirit free from deleterious ingredients, and not to sell it below a certain minimum price. The Board of Revenue have the power to insert in these licenses all the provisions which experience may show to be desirable.

4. The advantages of this system are that the competition amongst persons wishing to be farmers gives Government (in most cases) a fair share of the profits; that the farmers are generally men of means, and the revenue is collected from them without great difficulty; that the interest of the farmers in repressing illicit manufacture and smuggling is so great, that they are effectually repressed, and that the control of Government in fixing the number of shops and prescribing the regulations under which liquor shall be sold is very complete.

5. On the other hand the competition amongst would-be farmers at the periodical auctions is sometimes stopped by collusion, and sometimes becomes reckless, so that the rent is unduly high; the farmers are sooner or later ruined, and the revenue is often imperilled. The farmer pays the same tax, whatever quantity of liquor he sells, and has thus a great inducement to push into consumption all liquor be can sell at a profit, however small that profit may be. This tendency is only imperfectly checked by the very indefinite rule regarding minimum prices, which is referred to in the Proceedings. There are the further irregularities and defects pointed out by Mr. Dalyell in paragraph 18: the shops are often without the notice boards which are necessary to call the attention of the police to the shop and protect the customers from cheating; the regulation prescribing a minimum price is often evaded, and there is no rule as to the strength at

which liquor must be sold; the measures used by the shop-keepers vary indefinitely; the spirit is often fraudulently diluted; the quality of the spirit is often bad; a maximum price must be prescribed in the interests of the the consumers.

6. As regards the revenue, which, though a minor consideration, is still an important consideration which must be taken into account, there is good reason to believe that the farming system is not altogether satisfactory. The statements recorded by Mr. Dalyell show that in many cases Government do not get the amount of revenue which they ought to get. The results of the experimental excise system in North Arcot and Chingleput supply an additional proof. From what is known of the retail price charged in North Arcot, it may be safely said that during recent years four and a half lakhs have been collected from the people annually in addition to the cost of the liquor consumed. The revenue of the district has never much exceeded three lakhs, and the cost of management cannot possibly have been more than half a lakh, so that the profits of the contractor must have been at least a lakh per annum. Similarly in Chingleput the revenue has only once been slightly in excess of two lakhs, and has usually been very much below that sum; yet Mr. Pritchard (the distiller on the experimental excise system) is paying Government very nearly two lakhs, and has shown by his accounts, which have been spontaneously submitted to the Board, that his own profits have been about Rupees 80,000. It is clear, therefore, that for a series of years Government have not realized their proper share of the excise taxation of those two districts, and that the renters, like the distillers of Mysore (Appendix G., No. 1, paragraph 26,) have diverted a considerable share of what should be State revenue to their own pockets.

7. The main objection to the farming system is that it tends more than other systems to increase consumption, but this objection has been fully discussed by Mr. Dalyell, and he has shown that this tendency is not a peculiarity which forms a necessary incident of farming; that it can be restricted as well under that system as under any other; and that the system has not, in practice, caused an increase in consumption. Altogether it would appear that the farming system need not be discontinued on account of moral considerations; and, though it is somewhat unsatisfactory in a revenue point of view, it must still be continued, for the present at all events, through the greater part of the Presidency, but numerous improvements must be introduced.

8. The farms should be sold by tender, not by auction. Both methods have been tried through lengthened periods, and the evils of collusion and reckless competition at auctions are so great that they must be remedied, whilst the danger that tenders will be made and then renounced may be provided against by requiring heavy deposits. The Amani system must be encouraged, so as to gradually do away with the unwatched stills which are scattered through many parts of the country, and prepare the way for the experimental excise system. The renters must be required to keep and produce, when required, faithful accounts of receipts and disbursements and their issues of spirit, and the experience lately gained shows that they can be induced to do so. The strength of the liquor sold, its quality, and its maximum and minimum price must be distinctly prescribed. The evils pointed out in paragraph 18 of Mr. Dalyell's report must be remedied. The nature of the farming system is such that no legislation is necessary to effect these objects. They can all be attained by changes in the forms of contract and licenses—a work on which Mr. Dalyell is engaged—and by the exertions of a special officer to see that the changes are carried into effect.

9. The Sadr distillery system demands careful examination, because its advocates claim for it the merit of exactly securing the maximum of revenue from the minimum of consumption and of abolishing at the same time the monopoly which is a part of all other systems and is an admitted evil. Mr. Dalyell's Report with its Appendices is full of information on this subject. The system

Appendix G., page LIII.

is thus described: "The Oudh system of management, which was professedly adopted in Mysore, provides for the erection of a large enclosure styled a Sadr distillery at the head-quarters of each district (and in other places if the consumption requires it) in which all country spirits consumed in the districts must be manufactured. Any person who chooses may erect a still at his own expense within the enclosure and distil as much liquor as he pleases, removing it himself, if a licensed vendor as well as distiller, or selling it to the other licensed vendors on the sole condition that before removal the excise-duty must be paid and the liquor reduced to the authorized strength, the officers of Government confining themselves to taking such precautions as will ensure no liquor being passed out of the distillery, except on these conditions, and 'having nothing to do with the manufacture or its costs, or the price at which the produce is sold.'" "Each Sadr distillery is

Page LVIII.

enclosed within a wall of not less than ten feet high, and there is only one gate for ingress and egress. It is always closed at night, and, if parties desire to continue at work, they must consent to be locked in. All liquor is passed out at a certain fixed hour, if possible, in the presence of the Tahsildar." Obviously the erection of these distilleries must cost a large sum of money.

10. It was believed that in these Sadr distilleries there would be free trade in manufacturing spirit, every one distilling who wished to do so, and that Government by fixing the excise at a high rate could make the price high enough to restrict consumption to a minimum. Mr. Dalyell shows beyond a doubt that the system has been a failure, financially as well as morally. There is no free competition amongst the distillers. Only a limited number can be accommodated within the building used as a Sadr distillery, and they combine with each other and the Government officials supervising the distillery, so that there is not only a monopoly, but what is far worse an unrestricted and unregulated monopoly. The price being determined by an excise levied at the still-head is variable only within certain narrow limits, and the liquor cannot be carried to the outlying parts of the country where illicit manufacture can most easily evade discovery and sold there, so as to exclude illicit liquor. The manufacturers are thus induced either to charge high prices in populous neighbourhoods, so as to get a large profit by selling a small quantity, whilst the State revenue is far less than it ought to be, or to drug and dilute their liquor, and so push it as far as they can sell it with a profit, but no further. They have no sufficient inducement to aid in detecting illicit manufacture or smuggling; and all places where they cannot sell their liquor at a profit are surrendered to smugglers without an effort. Financially the system has been obviously a failure, and, though the consumption of *licit* spirit has decreased, that of *illicit* spirit has increased, where it prevails, and drunkenness is not less frequent.

11. On the other hand the Sadr distillery system enables Government to ascertain to a gallon the quantity of *licit* spirit that is consumed; it ensures the good quality of the spirit as it leaves the still; and the revenue which it leaves to Government is secured with great ease and punctuality.

12. The experimental excise system now in force in five districts of this Presidency gives a monopoly of manufacture and sale in a district to one person or firm who pays a fixed excise on each gallon of liquor leaving the distillery, and sells it under the regulations and restriction as to number of shops, minimum price, etc., of the farming system, with the further precaution that dilution is not allowed.

13. This system appears to be better than the farming system, because it gives Government the means of ascertaining the exact quantity of spirit consumed, and because the quantity consumed being taxed at so much a gallon, the inducement to fresh consumption is lessened. It is better than the Sadr distillery system, because it gives the distiller a sufficient inducement to aid in suppressing illicit manufacture and smuggling, and enables Government to maintain the complete control over the traffic, which is the best feature of the farming system. The only point in which it can be said to be inferior to the Sadr distillery system is on its being admitted to involve a monopoly, but Mr. Dalyell shows that the Sadr distillery system, though it professes to abolish all monopoly, always ends in an unrestricted monopoly. The fact is that the liquor trade is of such a nature that competition cannot be relied on to prevent a monopoly adverse to the interests of the State and the people, and the only course open to Government is to admit that there must be a monopoly and place the trade in the hands of a monopolist with restrictions which will prevent his benefiting himself unduly at the expense of the State and the people.

14. The experiment has hitherto been attended by some loss of revenue, as Mr. Dalyell shows, but the experience gained has been worth more than the loss, and the loss may be reduced, and is likely to disappear when the rates of excise are raised, and the arrangements are otherwise modified in the light of that experience. Even under the present system, returns which are now before the Board show that the revenue improved considerably in the second year of the experiment.

15. It is obvious that the system must labor under great disadvantages in districts where the farmers have been in the habit of sub-letting the right to distil, so that stills are scattered all over the country, and this accounts for the comparative ill-success of the experiment in Ganjam and Vizagapatam. The system is unsuited to parts of the country which are so thinly populated and inaccessible that liquor which has paid a reasonable excise at a distant distillery cannot be carried into them and sold at a remunerative rate. Trustworthy distillers must be found before the system can be introduced.

16. Hence, though it may be confidently said that whenever and wherever the excise system is possible, it is the best that can be enforced under present conditions; it is evidently susceptible of the great improvements pointed out by Mr. Dalyell; it can only be introduced gradually throughout suitable parts of the Presidency, and there are some parts where, in all probability, it can never be introduced at all. Wherever it is in force the monopolist in return for the monopoly should be required to guarantee a minimum revenue, and not to raise his prices above a certain maximum. These conditions will give him a new inducement to exert energy in carrying his liquor to remote places, and in keeping the whole district thoroughly well supplied, and will force him to look for his profits from a fair consumption at reasonable prices instead of a limited consumption at high prices.

(Signed) J. GROSE,
Secretary.

MEMORANDUM No. 2.

Arrangements to be made in renewing the Excise Contracts in Ganjam, Vizagapatam, Chingleput, North Arcot, and South Arcot.

THE present distillers have given the Board great satisfaction, and they merit some consideration as pioneers. Hence the Board would continue the contracts to them if they chose to accept them under the new conditions which will be set forth hereinunder. The term should be three years in the case of Ganjam, Vizagapatam, North Arcot, and South Arcot, but the Board think it should be made six years in the case of Chingleput, because the distiller has been the most successful of all, has supplied most information, and has dealt honorably with Government in the matter of toddy, though the agreement was so framed as to leave him an opening to make money at the expense of Government if he had chosen to do so.

2. Mr. Pritchard and Mr. Minchin have given full details officially of their expenses in Vizagapatam and Chingleput, and Mr. Dalyell has obtained from Messrs. Parry and Co. and Mr. Corbett an estimate of their expenses. The Ganjam expenses may be estimated by means of the Vizagapatam accounts. It seems from these figures that the cost of making and distributing arrack varies as noted in the margin. The main reasons why the cost in Chingleput is so low is because the distiller's establishment is divided between toddy (which he manages directly) and arrack, and because it includes nothing for the rent of the distillery in which the town-supplies are also distilled. Messrs. Parry and Co. allow one anna a gallon for the rent of their distilleries. In the Northern Districts it is obvious that the cost of distribution must be greater than in the Southern, and the proportion of the establishment to the quantity made and sold must be higher.

Spirit 30° under proof	Rs.	A.	P.	
Ganjam	1	3	2	per gallon.
Vizagapatam	1	5	2	,,
Chingleput	0	13	9	,,
South Arcot	1	1	3	,,
Spirits 20° under proof.				
North Arcot	1	2	0½	,,

3. It appears, therefore, that Rupees 1-4-0 per gallon in the Northern Districts and Rupees 1-2-0 per gallon in the Southern Districts—except North Arcot—is (excluding excise) the lowest rate at which it will pay the distiller to sell; and, allowing a minimum of two annas a gallon for the retail profits which go to the salesman, the minimum retail price to the public should be Rupees 1-6-0 in the Northern Districts, and Rupees 1-4-0 in the Southern Districts (except North Arcot), *plus* the excise. In North Arcot, where the liquor is 20° under proof, the minimum price might be fixed at Rupees 1-5-0, *plus* the excise.

4. In the Northern Districts the Board think the excise on liquor at 30° under proof should be Rupees 1-12-0 (it is now Rupees 1-8-0), and the minimum price should then be Rupees 3-2-0 a gallon, instead of Rupees 3, and the maximum price might be Rupees 3-12-0. In the Southern Districts the duty must vary, because the present selling price is very different in the three districts, and because spirit is usually sold at 20° under proof in North Arcot. In Chingleput the present rates are—

	Rs.	A.	P.	
Excise-duty	1	12	0	Per gallon 30° under proof.
Highest price	4	0	0	
Average ,,	3	10	10	
Minimum ,,	2	4	0	

And it will be safe to adopt the following rates:—

Excise-duty	2	4	0	Do. 30° do.
Maximum price	4	4	0	
Minimum ,,	3	8	0	

In North Arcot the present rates are—

Excise-duty	2	0	0	Do. 20° do.
Highest price	5	0	0	
Average ,,	4	0	0	
Minimum ,,	2	4	0	

And the following rates may be adopted :—

	Rs.	A.	P.	
Excise-duty	2	10	0	Per gallon 20° under proof.
Maximum price	4	12	0	
Minimum ,, ...	3	15	0	

In South Arcot the present rates are—

Excise-duty	1	12	0	Do. 30° do.
Highest price	3	5	0	
Average ,, ...	3	0	0	
Minimum ,, ...	2	4	0	

The following rates may be adopted :—

Excise-duty	2	0	0
Maximum price	4	0	0
Minimum ,, ...	3	4	0

The minimum revenue which the renters should be required to guarantee is—

	Rs.
Ganjam...	75,000
Vizagapatam (not including Jeypore)...	1,25,000
South Arcot...	2,00,000
North Arcot	3,00,000
Chingleput	1,75,000

and they should be required to deposit one-fourth of these sums as security.

(Signed) J. GROSE,
Secretary.

No. 2,734.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 23rd September 1874.

Read again the following replies of Collectors to Board's Proceedings, dated 15th January 1873, No. 50, regarding discouragement of sales of toddy by Abkári Renters :—

From Collector of Ganjam,		dated	5th August	1873, No.	1,779.
,, ,,	of Vizagapatam,	,,	26th March	,, ,,	459.
,, ,,	of Godavery,	,,	8th May	,, ,,	
,, ,,	of Kistna,	,,	8th do.	,, ,,	730.
,, ,,	of Nellore,	,,	30th April	,, ,,	955.
,, ,,	of Bellary,	,,	21st do.	,, ,,	119.
,, ,,	of Cuddapah,	,,	24th March	,, ,,	28.
,, ,,	of Kurnool,	,,	1st do.	,, ,,	65.
,, ,,	of Madras,	,,	23rd January	,, ,,	13.
,, ,,	of Chingleput,	,,	25th April	,, ,,	167.
,, ,,	of North Arcot,	,,	31st January	,, ,,	71.
,, ,,	of South Arcot,	,,	22nd do.	,, ,,	15.
,, ,,	of Tanjore,	,,	15th March	,, ,,	87.
,, ,,	of Trichinopoly,	,,	4th July	,, ,,	142.
,, ,,	of Madura,	,,	27th May	,, ,,	155.
,, ,,	of Tinnevelly,	,,	1st February	,, ,,	42.
,, ,,	of Coimbatore,	,,	10th May	,, ,,	82.
,, ,,	of Nilgiris,	,,	1st February	,, ,,	8.
,, ,,	of South Canara,	,,	28th April	,, ,,	563.
,, ,,	of Malabar,	,,	28th do.	,, ,,	104.

the following replies to Board's Proceedings, dated 7th June 1873, No. 958, regarding separation of arrack and toddy rents.

From Collector of Ganjam,		dated	28th November	1873, No.	2,927.
,, ,,	of Vizagapatam,	,,	15th July	,, ,,	1,015.
,, ,,	of Godavery,	,,	19th November	,, ,,	377.
,, ,,	of Kistna,	,,	9th September	,, ,,	1,369.
,, ,,	of Nellore,	,,	10th do.	,, ,,	2,072.
,, ,,	of Bellary,	,,	18th February	1874 ,,	29.
,, ,,	of Cuddapah,	,,	25th July	1873 ,,	118.
,, ,,	of Kurnool,	,,	19th October	,, ,,	335.
,, ,,	of Madras,	,,	31st do.	,, ,,	240.
,, ,,	of Chingleput,	,,	12th November	,, ,,	526.
,, ,,	of North Arcot,	,,	6th August	,, ,,	471.
,, ,,	of South Arcot,	,,	22nd July	,, ,,	1,356.
,, ,,	of South Arcot,	,,	7th October	,, ,,	375.
,, ,,	of Tanjore,	,,	7th July	,, ,,	241.
,, ,,	of Trichinopoly,	,,	27th October	,, ,,	246.
,, ,,	of Madura,	,,	25th August	,, ,,	267.
,, ,,	of Tinnevelly,	,,	8th July	,, ,,	362.
,, ,,	of Coimbatore,	,,	1[illegible] do.	,, ,,	135.
,, ,,	of Nilgiris,	,,	20t[illegible] une	,, ,,	59.
,, ,,	of Salem,	,,	8th [illegible]ctober	,, ,,	293.
,, ,,	of South Canara,	,,	18th do.	,, ,,	1,756.
,, ,,	of Malabar,	,,	6th do.	,, ,,	226.

Read also Official Memorandum from Gover[illegible]ment, dated 4th May 1874, No. 69, Revenue Department, requesting submission of C[illegible]tor's replies on the question of separating arrack and toddy rents.

In their Proceedings of the 7th June 1873 the Board expressed a strong opinion that the consumption of toddy is repressed in order that the consumption of arrack may be increased, and that the toddy and arrack rents must be separated in order to put an end to this state of things.

2. After perusing these reports and Mr. Dalyell's report on the Abkári of the Madras Presidency, the Board see reason to reconsider this opinion.

3. It is clear that in practice the consumption of toddy has not been repressed by Abkári Renters, and that any inducement they may have to do so can be neutralized most conveniently and completely by introducing a new provision into the Abkári Contracts.

4. The separation would be simply impossible in the districts or parts of districts in which arrack is distilled from toddy, and it would be troublesome and open to easy evasion elsewhere.

5. The Board resolve accordingly to relinquish the project of separating the toddy and arrack rents. Due provision for securing a proper supply of toddy will in future be made in the Abkári contracts and licenses.

6. These Proceedings will be submitted to Government with reference to G. O., 5th July 1873, No. 695.

(A true Copy and Extract.)

J. Grose
Secretary.

To the Acting Secretary to Government, Revenue Department,
with two printed files of Collectors' reports.

Copy to all Collectors.

Exd. T. O'Connor.

No. 3663.
Rec'd 15th Oct. 1874. Revenue Department.

Board of Revenue,
MADRAS.

PROCEEDINGS, 23RD SEPTEMBER 1874, No. 2,734.

Duplicate Ch. 1/74 Encl. 2

Secretary to Govt. Rev. Dept.

1874.

SEPTEMBER.
No. 2,734.

Abkári.—Reports from Collectors regarding discouragement of sales of toddy by Abkári Renters, and separation of toddy and arrack rents, submitted to Government with remark that Board resolve to relinquish project of separation of rents, and that due provision will be made in future in Abkári contracts and licenses for securing a proper supply of toddy.

No. 2,954.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 10th October 1874.

Read the following letter from A. WEDDERBURN, Esq., Collector of Coimbatore, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 25th September 1874, No. 224 :—

I HAVE the honor to reply to the Proceedings, Board of Revenue, dated 3rd September 1874, No. 2,487, requesting information regarding certain proposed modifications of the present Abkári system, which are—

(1.) Whether the farmers can be required to manage on the Amani system in all the taluqs, that is, themselves to distill all the liquor, and not to have any small sub-stills; which involves the question as to the existence of scattered small stills.

(2.) At what two strengths the renters should sell.

(3.) The maximum and minimum price for either of the strengths.

2. The word or expression "Amani," or management, has, in every part of the country I have served in, been applied to Government direct management, and so far is a misnomer when applied to a taluq head-distillery under the present system when managed by a renter or contractor; but passing by this, and the fact that taluqs in their entirety are rented to one contractor, I can only point out the renter as the best judge as to whether he can supply distant parts with spirits, or allow stills in such parts. All this has been provided for, and is the result of years of experience, and is settled by the Collector who is the best judge of such matters.

3. I hardly need detail an example; but, *e g.*, suppose villages above ghaut, where roads do not exist or are unsafe, say from wild beasts, no uncommon occurrence, the renter is the best judge as to whether he will risk sending liquor such distances or not. I would, therefore, deprecate any change in the local management for whatever well-meant object.

4. The next point is at what strengths the renters should sell. I think that point should be left to the inevitable care of free trade and to the customer. I have gauged liquor from the still in various taluqs and found it was generally 23° by Cartier's Alcoholmeter on issuing from the still. It is watered down somewhat when barrelled off, but 19° was then the gauge (a cask of Colombo being 20°); when it gets to the retail shopkeeper, it is further reduced in strength, but not having had a gauge when tasting the liquor in out-of-the-way shops, back-streets, and at fairs, I cannot say what the exact strength would be; it was not very much reduced, though certainly somewhat.

5. I fancied it part of my duty as a Government officer to make these sanitary investigations in my extensive tours in this district, and I can give a direct contradiction to the supposition of deleterious compounds being mixed with arrack. The Abkári contractor has too many enemies and rivals to allow of that, and as a matter of fact, he has difficulty enough in realizing his dues from the sub-contractors, who, like other debtors, dislike parting with money; and the adulteration in this quiet and agricultural country does not resemble that in vogue among home retailers, whether in the metropolis of London or in the remote Highlands of Scotland. In fact a Celtic gamekeeper informed me "it was not the whisky that did the harm, but the stuff that the dealers put into it;" inebriety being rather

a common occurrence and not unpopular, or considered socially degrading among many of the lower classes in North Britain.

6. So far as my wide and long experience of laws and their results in districts have gone, I am in favor of the fewest restrictions being placed on the liberty of the subject that the ingenuity of man can allow.

7. To tell a man not to adulterate is simple nonsense, and so is a rule to that effect; the practical plan is, if there be any possible excuse for so doing, to take him up and prosecute him by the wide-ranging Penal Code for selling an article "deleterious to health."

8. And if the adulteration be with "Aqua pura," it is not prejudicial but beneficial to health, to abate the effect of alcohol applied to the internal organs of the human subject.

9. *Over-watering; its limits.*—When watering is carried to too great an extent, free trade comes in, and the spirit-drinker declines to pay the price for imaginary alcohol, which is half (or as the case may be) water; but suppose you have a maximum or minimum price (how can it be enforced by rules? as a matter of fact, self-interest, custom, and trade) no arrack is sold under 8 Annas a quart, and it is dear at the price, but probably could not be profitably sold for less.

10. Having advocated the policy of letting well alone, I beg to offer some observations on the general system which I beg may be submitted to Government.

11. *Alleged evils of the present system; reckless bidding and losses.*—I have sold the Abkári contract in several districts, during my Collectorates, for the last fourteen-and-a-half-years, and I never had reckless bidding nor suffered any losses.

12. In two districts of which I was Collector, Bellary and Coimbatore, the contracts were on two occasions sold, one in 1866 by my subordinate before my arrival, one in 1869 by my successor in Coimbatore after my departure, without sufficient deposits or inquiry; and there were heavy losses not in reality, but in name only; for what I subsequently realized, though under the contract bidding, was fairly in excess of previous triennial contracts.

13. The mode I adopted was heavy deposits and previous inquiry as to character, that is, a former defaulter or a man of straw would be excluded from bidding.

14. And I would strongly recommend Government to adhere to the system of open bidding rather than to the proposal of sealed tenders, which, after all, are to be finally decided on, or confirmed, by the Board of Revenue, who, I imagine, will have a good deal of mofussil correspondence from the unsuccessful bidders.

15. *Open bidding and tenders considered.*—The Collector, presiding at an open auction, knocks down the contract, but a sealed tender has to be remitted to Tahsildars to report on; and, I need not go further, unless human nature has changed of late years, accusations of partiality, which no one dare make against the Collector acting at an open sale, will flow in, when departmental inquiries are made as to the pr opriety of taking one, or rejecting another offer.

16. The history of the Bellary cantonment contract, decided by a Presidency Board or Head of the Commissariat, for some twenty years, and which to any one fond of curious reading will be found in the voluminous "Abraham case" decided finally in the Privy Council, is a comment on the "tender system." Sir Henry Pottinger, twenty years ago, at once put a stop to it, and the revenue was doubled next year by an open auction sale, without the contract changing hands.

17. As regards shop-boards and such petty details of administration, they can hardly have a place in the discussion; a good police, and ordinarily active revenue officers who go into villages, soon remedy any defect regarding shop-boards which might, indeed, occur under any system, Sadr, Amani, or contract.

18. *Future Administration—Sale of beer and arrack and toddy.*—As regards future administration, I admit if the people are to be allowed to be drugged by the sour and heady Nilgiri, so-called beer, which I, or my predecessors, allowed to be sold in two shops only, in this Collectorate, the sale of arrack, a less deleterious liquor, will be decreased, and another system of excise must be introduced, and even the wholesome toddy will be abandoned for a quart or 2 Annas' worth of beer, which has the desired effect of inducing stupefaction and sleep, a favorite pastime of the lower orders. But I trust the Government revenue and the people's health will be considered before allowing an increased sale of this compound excised at 1 Anna per gallon.

19. And in conclusion, I strongly recommend that arrack and toddy contracts be sold separately. A contractor (therefore monopolist) gets more by arrack than by toddy, and therefore it does not require demonstration to conclude, that, rules notwithstanding, the sale of the latter will be made subordinate to that of the former. Of course, the same man might buy both contracts, but he would have more competitors, to the advantage of the revenue, the avowed object of the contractor being to make money.

20. Toddy, though it cannot help fermenting, and so is called a fermented [illegible], is really a wholesome drink to those who like it, and has not that effect on the nervous system which alcohol entails.

SUBMITTED to Government with reference to Board's Proceedings, dated 3rd September 1874, No. 2,487.

2. The Collector of Coimbatore was asked whether the Abkári farmers of his district should be required to manage on the Amani system so as to get rid of scattered stills.

3. He replies that the word Amani is a misnomer, and that the farmer himself is the best judge whether he should allow scattered stills or not.

4. This is no answer to the question. The Board wish scattered stills to be stopped so far as possible so as to make the introduction of the excise system easier. If the renters are the best judges, as no doubt they are, the Collector should have made inquiries from them.

5. He was next asked what the strength and maximum and minimum price of liquor should be.

6. He replies that all this should be left to free trade and not interfered with, and that no rules on the subject could be enforced.

7. This reply is opposed to the existing law which requires a minimum price to be fixed, as well as to the Board's views that a maximum price should be fixed to protect consumers as well as the State revenue. It is needless to recite the Board's arguments as Mr. Wedderburn gives none.

8. Mr. Wedderburn says the liquor is never adulterated with noxious ingredients, that watering is a good and not a bad thing, and that shop-boards and such petty details of administration can hardly have a place in the discussion.

9. The framers of the existing law considered it necessary to provide against adulteration, and the fact that noxious ingredients are sometimes used to make intoxicating liquor more intoxicating is notorious. If liquor is watered, the consumer is cheated, and Government, as the monopolist, is bound to protect the consumer from being cheated if it can do so. Shop-boards and other "petty details of administration" are necessary to attract the attention of the Police, to let consumers know what they ought to get, and to confine the seller to one locality.

10. Mr. Wedderburn gives his views as regards future administration and wishes them to be submitted to Government. They are, that the present system of letting farms by auction should be continued, that the arrack and toddy contracts should be sold separately, and that the sale of Nilgiri beer be checked or not extended.

11. The Board have laid their views with regard to the auction system and separating arrack and toddy contracts before Government. Mr. Wedderburn's views are opposed to theirs, but he brings forward nothing new and no remarks seem called for.

12. With regard to beer, the Board, as at present constituted, are disposed to agree with Mr. Wedderburn, and to think that great caution should be exercised before allowing the manufacture and sale to be extended. The opinion of the most experienced officers seems to be that country beer in the state in which it is drunk by the people is a most unwholesome liquor, and that it displaces toddy which is a better liquor in itself and affords a greater revenue to Government. It has been argued that the manufacture of beer should be encouraged as affording employment to the people, but much beer cannot be sold amongst toddy-consuming populations without depriving toddy-drawers of their livelihood.

(A true Copy and Extract.)

J Grose

Secretary.

To the Acting Secretary to Government, Revenue Department.

Copy to the Collector of Coimbatore.

Exd. W. H. French.

But Kurs Ket Kurs is much to the point and Mr W. is strongly practical & common sense in his remarks

3/4 RH

Received 17 Oct 1873

PROCEEDINGS, 10TH OCTOBER 1873, No. 1

MADRAS GOVERNMENT

Abkári.—Remarks of the Collector of Coimbatore on the Board's report called for regarding certain suggestions in present system of Government.

OCTOBER 1873.

No. 1.

REVENUE DEPARTMENT.

Minute by the Hon. J. D. SIM, C.S.I.

I HAVE carefully perused the various reports of Mr. Dalyell and the Board's able critique on them, and concur, except in two respects, in the conclusions at which they and Mr. Dalyell himself have finally arrived.

2. I believe that in the system called by them the experimental excise system we have what, with such improvements as experience will prompt, will prove the best general system of Abkari administration, and I would, therefore, aim at its general introduction. Under it the sale of spirits is completely under control, good liquor can be ensured, and consumption is known. These are great objects which it is well worth even some temporary sacrifice of revenue to secure. There are, of course, parts of the country into which, as the Board remark, the system cannot be introduced, but these are comparatively unimportant tracts. And while the sale and consumption ardent spirits are thus under regulation, the supply of Toddy is not interfered with beyond what of is necessary in the interests of the people themselves. I would, therefore, inform the Board that the Government accept this system as the one which should be adopted wherever practicable; but I deprecate precipitate action; its success will depend so materially on the means and character of those to whom the business is entrusted at the outset that I am reluctant to call for tenders, and would rather trust to the knowledge of our approval eliciting good offers. I know that two firms of repute are desirous of embarking in this undertaking, and others are sure to come forward. Once the system is understood and brought into working order, we may resort to competition, but the introduction of a new system necessitates careful selection of agency.

3. I concur with the Board that Toddy should not be separated, and in this view Mr. Dalyell himself now agrees. As the Board remark every object desired can be as well attained with the Toddy and Arrack farms united as with them separated and some grave difficulties escaped. The separation must also entail some additional expenditure in consequence of double establishments being necessitated. I differ from the Board, however, as to the amount of remuneration proposed. The present rate of 25 per cent. is certainly too high, but 10 per cent. seems to me unduly low for collection and risk. As security is to be taken from the sub-renters, bad debts should be small; but it must be remembered that the contractor is subject to losses in the interval between the failure of one and the provision of another sub-renter. The profit, if any, will be so trivial that the Toddy business will receive but little attention from the contractor whose far larger gains from Arrack will incite him to do all he can to stimulate the consumption of his profitable Arrack rather than of his unprofitable Toddy. The profit on these liquors cannot be equalised, but still the difference should not be so great as to enlist all the self-interest of the contractor in the sale of the most injurious. I would, therefore, request the Board to reconsider this part of their recommendation. I think also that it is undesirable to tie ourselves down to the sub-renting system which has little beyond convenience to recommend it. It is a great object to get the Abkari into the hands of respectable and responsible contractors, but the sub-renting system places all real power in the hands of petty agents. I would, therefore, like to leave an opening for the adoption of any better system of management that a contractor can propose to the satisfaction of the Collector and Board. I do not at all like the tender system; it merely means in this country combination among the bidders, the bribery of those open to it, and complaints and disputes. The system of an open auction with a suitable deposit, clear conditions of a sale, and an avowed determination to enforce them is, in my opinion, far better and fairer to all parties.

4. I concur with the Board in considering that the system in force in the Town of Madras should continue undisturbed.

5. I agree in the proposals made by the Board in Appendix 2. By raising the guaranteed minima—enhancing the Excise-duty on Arrack—and reducing the remuneration for the sale of Toddy, the Board have, in my opinion, properly guarded the interests of Government and secured a fair share of future profits.

6. I differ from the Board in their proposal to have a special officer as Superintendent of Excise. Experience, the best guide in such matters, has taught us that the interpolation of a special officer in the local administration has no other effect than reducing the responsibility and lessening the interest of the Collector in his work and losing the benefit of his influence. Moreover, no single officer could really do much in so enormous a tract of country, and it is simply absurd to expect it; his inspection would be practically useless, and the idea of subjecting experienced Collectors to the supervision of an officer of the grade of a Sub-Collector or Head Assistant seems to me preposterous; nor can I see anything to necessitate such a measure; there is nothing so peculiar or difficult in Abkari management that Collectors and their subordinates cannot acquire it; and the Board can issue all requisite instructions and in their periodical tours satisfy themselves of the efficiency of the administration. Moreover, this new officer has himself to learn everything of the system he is to inaugurate; for the only officer who can be said to have made "Abkari" a study is Mr. Dalyell who cannot be had for Rupees 1,500, and would be rather wasted, running about the country on such an errand. I am confident that the appointment of such an officer as the Board desire interposed between them and the Collector and between the Collector and his subordinates and contractors would prove a useless expense, would disgust every Collector in the country, and lead to endless and fruitless controversies. The general supervision of every branch of the revenue rests with the Board, and should so remain.

7. I think Mr. Dalyell should receive the cordial thanks of Government for the attention he has given to the subject and the valuable information he has collected. The question of his honorarium should now be settled.

23*d October* 1874. (Signed) J. D. SIM.

MINUTE BY HIS EXCELLENCY THE GOVERNOR.

I THINK that the information now before us justifies the conclusion that it is desirable gradually to introduce the "Experimental Excise" system, with a view to its adoption throughout the Presidency; and I agree generally in the course proposed to be taken by the Board of Revenue in their Proceedings of 23rd September 1874.

2. I am disposed, however, to concur with Mr. Sim in the opinion that it will be better to proceed, in the first instance at least, by way of selection rather than of tender. Competition, such as that proposed by the Board, does not seem to work well in this country. I would also (as Mr. Sim proposes) maintain the allowance for collection of Toddy revenue at 25 per cent.

3. The question as to the separation or union of the monopolies of Arrack and Toddy is very important; and I am not altogether satisfied with the conclusion at which the Board has arrived. I presume that though a maximum price for Toddy be fixed as well as for Arrack, it will still be so much to the interest of the monopolist to sell Arrack rather than Toddy, that he will contrive to restrict the consumption of the latter in favor of the former. The Board says that "due provision" can be made against any such result; but does not explain what the provision is, or how it will be effectual. Probably, it would be desirable, if the union is to be maintained, to require in the contract a minimum revenue from Toddy as well as from spirit. But several of the Collectors consulted are in favor of separation; and the Board said not long ago (though they have now changed their opinion) that "they had no manner of doubt" that it was desirable.

28*th October* 1874. (Signed) HOBART.

REVENUE DEPARTMENT.

MINUTE BY THE HON. W. ROBINSON, C.S.I.

I HAVE carefully perused these papers with the Board's comments, dated 3rd September.

2. I concur with the Board in considering that the time has fully come when the entire energy and attention of a special officer should be given to this important and difficult branch of the public revenue. I would accept their proposals as they stand, and seek the sanction of the Government of India.

3. The backward condition of the Abkari revenue and administration in many districts and our ignorance of its circumstances are due, in the main, to the Abkari being a kind of no-man's-land in our Revenue administration. A periodical auction has, as a rule, relieved the Collector of all need to observe closely and study the question even in his own district, and all has been, and still is, in most districts in darkness. The Board know very little about it, and the only attempt yet made to look into the Abkari administration and sources of revenue (Mr. Dalyell's) clearly indicates the need of special departmental attention at least for a time.

4. I entirely disagree with the Board on the subject of the non-separation of the Toddy farm and Arrack distillery.

5. The two things have nothing in common, and cannot be fairly managed together, least of all by European capitalists who are now entering largely on the manufacturing interest which is involved in distillation. The grave evils which arise out of the amalgamation can be controlled in no way whatever but by entire separation. It is obvious that two wholly independent sources of revenue must prove together more lucrative when each is thoroughly worked to the best advantage by more or less rival monopolists than when both are in the hands of the same individual who plays the one off against the other; reducing the sale of Toddy to increase that of Arrack and so on, as suits his convenience or speculative disposition. There is, therefore, no danger to the revenue. It is needless to add how great a gainer the public must be by the relief, within reasonable bounds, which this arrangement affords under the bonds of one of the sorest forms of monopoly.

6. On the Board's reasons for change of mind, I would remark that Malabar, Canara, and Godavery are the only districts in which Arrack is distilled from Toddy, and nothing would be easier than to secure the needful supply to the distillers in all of these districts when letting the Toddy farm. There can be no "trouble and inconvenience" to the State from the reasonable separation proposed, which is at all commensurate with the evils to the public of keeping up the amalgamation. It is, I am satisfied, impossible to control the necessary consequences of self-interest by administrative orders of the Board, and futile to hold out hopes of doing so.

7. Further, the advantage and reality of the amalgamation and its *quasi-separate* administration (as it is apparently proposed to work it) are far from obvious to my mind. The distiller-monopolist is to have the Toddy farm of his district, but he is to sub-let to another—his own creature of course—and to interfere no further with it, save to collect the rents which he has himself settled—with safety no doubt to himself and little advantage to the State—and pay himself a heavy percentage for such collection. Almost inevitable fraud, collusion, and heavy loss to the State underlie, as it seems to me, the arrangement—about which our European gentlemen-monopolists are naturally so anxious—at every turn. The fair and proper method clearly is to let the Collector sell the Toddy farm himself to the highest eligible bidder—respectable persons known to him and the public—and to collect the revenues without charge, through the farmer or the existing Revenue Establishment. I would order the separation everywhere, except in one on two backward districts on public and fiscal grounds.

8. If, however, the amalgamation is to be continued and the Arrack distiller is to hold the Toddy farm also—in a great measure for the benefit of his manufacture—I agree with the Board that the utterly extravagant per-centage which is now allowed for collecting Toddy rents which he settles must be reduced or abolished in the interest of the public revenues.

9. I would accept the Board's recommendation to extend the so-called experimental excise system, as respects *distilled liquors only*, to as many districts as are prepared to accept it, and for

which fair offers can be got. There is, however, nothing "experimental" in the thing as regards those districts into which it was introduced three years ago. The distiller-monopolists have been at work in each for periods ranging from three years to quarter of a century. They know what their several districts are worth and must be required to give a fair share of the profits to the State without partiality or incidental consideration. I would treat the Board's sentimental arguments about "pioneering" and the like as wholly out of place and unreasonable in dealing with the large State and Public interests like those now before us, for they are wholly baseless considering the advantages already enjoyed. There has been something "experimental" on the part of the State during the last three years; and some experience has been very dearly bought by the fisc. It should now be firmly used to prevent undue diversion of State claims into the pockets of monopolist-distillers. There can be no difficulty about this, for the large profits which have notoriously been shared by the present monopolists have drawn attention to this profitable industry, and several reliable European firms are prepared to embark capital and energy in these distillery contracts. It only remains to encourage competition and take advantage of our experience; for the system we are entering upon is fraught with danger to the revenue, whose interests are passing into the keeping of this great distillers in a degree which I contemplate with great misgiving.

10. The Board should be directed to invite tenders for the monopoly of distilling Arrack for most of our districts for the next three years, those now under the so-called experimental excise system included.

11. I entirely dissent from the recommendations of the Board contained in Memorandum No. 2, in which they propose to withdraw from competition the contracts for Chingleput, North and South Arcot, Vizagapatam, and Ganjam, and to confirm them to the present European monopolist for a further period, with slight modification. I most earnestly recommend that all be thrown open again to competition in the usual manner, as the only way of really doing fairly by the public (commercial and other) and the State. It is sufficiently notorious that existing contracts have been unduly unfavorable to Government even during the past three years. But, as it appears to me, the Board's proposal not only continues this unsatisfactory and losing condition, but involves more or less the further sacrifice of the ordinary progressive increase of the next three or six (in the case of Chingleput) years into the bargain, for wholly inadequate and unsound reasons. This may be best illustrated by considering the case of the Madras Town and Chingleput District. Mr. Veterinary Surgeon Pritchard obtained the Town distillery from Government on most profitable terms to himself three years ago, and a recent Government order has continued the lease of the distilleries to him for one year at 10 Annas a gallon, when a thoroughly reliable offer to manufacture at 9 Annas a gallon had been made. This was conceded on the express understanding in Council that both the Town distilleries and Chingleput District should be put up to open competition at the time now under consideration. A heavy loss to the State has been incurred in Madras, and an unearned gratuity has practically passed into Mr. Pritchard's pocket. The Board propose, as it appears to me, to multiply this unsound condition by six or more, and to deprive the State of their right. Again the profits of the Chingleput Farm, under-stated as I believe, which is also held by Mr. Veterinary Surgeon Pritchard, obviously far exceed a reasonable profit to the monopolist, and yet the Board propose to continue—with but slight modification—this state of things for six years longer to the most serious detriment of the State revenue, in recognition, they say, of what appears to me a wholly fanciful service.

N B.—The Budget-estimate for the year which is the first of a new lease (when a spring of the revenue always occurs) is for an absolutely stationary condition of the Abkari revenue. The change seems to be financially unpropitious.

12. I would direct the Board to invite tenders for the districts which they propose to exempt, as well as for the others named by them for the three years commencing with 1875 as the only means of raising a fair revenue and of securing equitable arrangements. A three-year farm is given with the express view of affording reasonable profit to the contractor, and it fulfils that object most completely. No further claim on consideration whatever should be permitted to defeat the public interests which are involved in inviting open competition after that period.

13. I agree with Mr. Sim that wherever districts are to be farmed out on the amalgamated principle in the manner which has hitherto obtained, the farm should be sold by public auction, and I would sell the Toddy farm by public auction when it is separated from the spirit farm, as I propose. But I would follow the Board's advice with regard to distilling-contracts if we can obtain really good tenders by large firms for a fair guaranteed revenue. It is desired to introduce European methods of distilling, and place this manufacture in the hands of large capitalists. In respect to this source of Abkari revenue and administration, I would, therefore, call for tenders. Of course if the objectionable amalgamation is to be maintained in any district I would sell the whole farm of that district as hitherto by public auction. Natives must have fair opportunities held out to them; and I am most anxious to keep the Toddy administration in native hands. Europeans and their hangers-on are persons whom I would keep out from amongst native producers and consumers of an ordinary agricultural product of the country.

14. I agree with Mr. Sim that the thanks of Government are due to Mr. Dalyell; but I see no sort of claim for an honorarium. I entirely disapprove of Civil officers claiming honoraria for work which falls fully within the legitimate scope of their ordinary duties.

3rd November 1874. (Signed) W. ROBINSON.

MINUTE BY THE HON. J. D. SIM, C.S.I.

I DISSENT from paragraph 6 of the Order of Government directing the separation of the Toddy from the Arrack farm, being of opinion that is unnecessary and inexpedient.

2. The only justification of the measure would, I conceive, be to ensure the people a sufficiency of Toddy at a fair price, or to obtain a larger revenue for the State.

3. As to the first point, it appears that in January 1873 the Board of Revenue asked all Collectors whether the contractors of the united farms discouraged the sale of Toddy either by enhancing prices or reducing the number of licenses. Excepting the Collector of Salem (whose reply is not on the record) and the Collector of Coimbatore, every other Collector replied in the *negative*. Mr. Wedderburn reported that the price of Toddy had been considerably raised within the last few years, and thence he concluded that the contractor discouraged the sale of Toddy in order to stimulate the purchase of Arrack. Mr. Wedderburn does not state whether the price of Arrack has remained unaltered or not; but it seems a man can get drunk for eight Pies on Toddy, whereas an outlay of two Annas is necessary to attain the same result with Arrack. But even conceding that as the renter gets a larger profit on Arrack than on Toddy, his self-interest prompts him to encourage consumption of the former by lessening consumption of the latter, an effectual remedy can be applied by simply reserving power to the Collector to require the opening of as many Toddy shops as he deems necessary, and putting a maximum price on Toddy. The first will ensure an ample supply, the last a reasonable price. I hold, therefore, that the separation is unnecessary in the interests of Toddy drinkers.

4. As regards the revenue, we have no ground to expect that the separation will enhance the revenue in any material degree, unless, of course, drinking becomes very much more general, which is hardly to be desired. In June 1873, the Board circulated to Collectors rules having the separation of the farms in view, and asked opinions as to the practicability of giving effect to them, and the probable effect on the revenue. Six Collectors were adverse to the rules and four favorable. The others merely dealt with the questions set by the Board. The opinion of the majority was that the change would cause loss instead of gain, at least temporarily, and this is easily understood when the difference in price between the two liquors is borne in mind. In Ganjam it is stated that a man can get three bottles of fermented Toddy for the price of a wine-glass full of Arrack, 30° under proof. It is obvious, therefore, that the consumption of Toddy must increase very largely before it can make good the duty on the Arrack it displaces.

Arrack is about 15 times dearer than Toddy.

It is a mistake to suppose Toddy a harmless beverage like Ginger-beer or Lemonade. *Sweet* Toddy is, but fermented Toddy is intoxicating, and though the effect on the constitution of the drinker may be less pernicious than the effects of Arrack in excess, drunkenness remains drunkenness all the same. I beg especial attention to what Mr. Minchin says in his letter to the Collector of Ganjam on the subject of Toddy-drinking. We had previous complaints of similar orgies in North Arcot, and the Toddy topes around Madras are notorious. The native is essentially a water-drinker, and it is a mistake to put Toddy, any more than Arrack, in his way.

5. The only certain result of the separation of the two farms will be that we shall have two men competing against each other to increase drunkenness over the land, and there will be a great opening for the illicit distillation of unconsumed Toddy into Arrack. It will be impossible to prevent this. In the "excise" districts, the case in favor of separation seems to me altogether untenable. In Ganjam Mr. Master says that the renter, Mr. Minchin, sells the farms distinct from the Arrack. Mr. Daniel reports that the same is the case in Vizagapatam, and he adds the system "has been working well as far as one can judge from the result of the sales in these ten years. The amounts which the farms have realised are as great as can be expected, and I do not think more would be realised by any other mode of renting them." The Collector of North Arcot

does not think that "the present renters have in any way suppressed the sale of Toddy to effect an increase in the sale of Arrack; and it is a fact that the quality of the Toddy supplied by the present contractor to bakers, etc., is infinitely worse than that sold by Messrs. Corbett and Morison." Mr. Sullivan, the Acting Collector of South Arcot, says: "the Toddy farm is sub-let to a native by Messrs. Parry and Co. at a rental of Rs. 84,000 per annum, and he does not think the present system could be improved on; anything that might be gained by a change being counterbalanced by less effective security. In Chingleput we know, as a fact, that the contractor has paid especial attention to the development of the Toddy business, which he has managed himself, instead of merely sub-renting. In the year ending 30th June 1873, he paid us Rs. 1,80,556 for the entire farm, being Rs. 55,556 in excess of the minimum prescribed in his contract, and Rs. 30,340 in excess of the average rental paid for the district during the previous ten years. Of the Rs. 1,80,556, Arrack yielded Rs. 1,00,303, and Toddy Rs. 80,253, adding to the latter the renter's profit of 25 per cent., the receipts from both source were about equal; the best proof that Toddy was not sacrificed to Arrack. In 1873-74 the results were still better so far as Toddy goes. The revenue from Arrack was Rs. 88,515, while that from Toddy was Rs. 1,08,525,—an increase over the previous year of Rs. 26,737. The gross revenue of the year was Rs. 1,97,040, or nearly Rs. 15,000 more than in the previous year, and Rs. 55,000 above the average of the preceding decade! The charge of managing the Toddy branch was reduced from 9½ to 7 per cent. Finally, we have the Board—originally of a different opinion—and Mr. Dalyell, who certainly has paid more attention to the subject than any one else adverse to the separation.

G. O., 17th July 1874.

6. Under such circumstances, I cannot assent to paragraph 6 of the draft.

7. With reference to the Hon. Mr. Robinson's remarks regarding Mr. Pritchard's contracts, I beg to say that I voted in favor of accepting his tender of ten Annas per gallon for Madras Arrack, because I concurred with the Board in considering that a fair and just price, and because I considered it the most beneficial arrangement for the State. I hold both opinions still.

8. As to Chingleput, it is an undeniable fact that if Mr Pritchard had chosen he might, without any violation of his contract, have increased his own profit by some Rs. 50,000 and reduced his payment to Government by a lakh by simply repressing the sales of Toddy and increasing the price of Arrack. Whereas, as the Board have reported, he in 1873 paid Government Rs. 50,000 more than his minimum and Rs. 30,000 more than the average of the preceding ten years. Such conduct and such results merit recognition.

14th November 1874. (Signed) J. D. SIM.

From C. G. MASTER, Esq., Collector of Ganjam, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Chetterpore, 5th August 1873, No. 1,779.

In reply to the Acting Sub-Secretary Mr. Stoke's letter, No. 50, dated 15th January last, I have the honor to state that I do not see reason for supposing that the Abkári Renter of this district is discouraging the sale of toddy either by high prices or by reducing the number of licenses for the sale of that liquor in order to stimulate the sale of rum.

2. Toddy is now sold in the district at 3 Annas per gallon, or 6 Pies per bottle. This is the minimum price fixed in Mr. Minchin's agreement, and has been in force not only since that gentleman obtained the Abkári Farm but some time before that.—*Vide* Board's Proceedings, dated 5th April 1869, No. 2,270, paragraph 1, and Mr. Ellis' letter, No. 256, dated 21st idem, recorded in Board's Proceedings, dated 10th May 1869, No. 3,190.

3. The number of licenses issued for the sale of toddy during the last Fasli 1282 was 201 against 182 in each of the three preceding years of Mr. Minchin's lease, viz., 1279, 1280 and 1281, and against 178 in Fasli 1278, the year immediately preceding his first lease. The increase during the last Fasli 1282 is of course due to the prohibition of the home manufacture of fermented liquor; but the circumstances, as above set forth, are enough to show that there is no intention of discouraging the sale of toddy.

From R. J. MELVILLE, Esq., Acting-Collector of Vizagapatam, to J. GROSE, Esq, Secretary to the Board of Revenue, dated Vizagapatam, 26th March 1873, No. 459.

Referring to your Acting Sub-Secretary's letter, No. 50, dated 15th January last, I have the honor to inform you that the number of toddy shops remains the same as they were when previously rented out, that toddy is sold at prices fixed by the Collector and notified in the Supplement to the District Gazette, dated 22nd June 1872.

2. You will therefore observe that the Abkári Renters are not in a position to discourage the sale of toddy either by high prices, or by reducing the number of licenses.

From G. D. LEMAN, Esq., Acting-Collector of the Kistna District, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Masulipatam, 8th May 1873, No. 730.

With reference to the Board's Sub-Secretary's letter, No. 50, dated 15th January last, I have the honor to report that the Abkári Renters in this district are not in the habit of discouraging the sale of toddy. Separate licenses for the sale of it are not issued, but joint ones for arrack and toddy are in all cases taken out.

From J. G. HORSFALL, Esq., Acting-Collector of Nellore, to J. GROSE, Esq, Secretary to the Board of Revenue, dated Nellore, 30th April 1873, No. 955.

In reply to the Acting Sub-Secretary's letter, No. 50 of the 15th January 1873, I have the honor to report that the Abkári Renters of this district are not in the habit of discouraging the sale of toddy by high prices, or of reducing the number of licenses issued for the sale of that liquor in order to stimulate the sale of arrack.

2. The Divisional and Taluq Officers are unanimous in their reports on the subject.

From J. H. MASTER, Esq., Collector of Bellary, to J. GROSE, Esq, Secretary to the Board of Revenue, dated Ramandrug, 21st April 1873, No. 119.

With reference to the Sub-Secretary's letter, No. 50, dated the 15th January last, I have the honor to state that from inquiries made from the Tahsildars through the Divisional Officers, and by myself, I find that Abkári Renters in this district are not in the habit of discouraging the sale of toddy by high prices, or of reducing the number of licenses issued for the sale of that liquor, in order to stimulate the sale of arrack.

From W. D. HORSLEY, Esq., Collector of Cuddapah, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Codoor, 24th March 1873, No. 28.

With reference to your letter, No. 50, dated 15th January 1873, I have the honor to inform you that separate licenses are not granted for the exclusive sale of toddy, as its production is limited. One license covers the sale of arrack and toddy.

2. I am not aware that the sale of toddy is in any way discouraged. It is now sold from 2 to 3 Pies a bottle. Palmyra toddy is seldom if ever drawn.

From T. A. N. CHASE, Esq., Collector of Kurnool, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Kurnool, 1st March 1873, No. 65.

In reply to Board's letter, No. 50, dated 15th January 1873, I have the honor to inform you that the Abkári Renters of this district are not in the habit of discouraging the sale of toddy by high prices, etc, in order to stimulate the sale of arrack.

From the Honorable D. ARBUTHNOTT, Officiating Collector of Madras, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 23rd January 1873, No. 13.

In reply to your Circular letter No. 50 of 15th instant, I have the honor to state that the renting system is not in force in Madras. I beg, however, to annex for your information the revenue derived from arrack and toddy during the last three faslies:

Fasli.	Puttai and Colombo Arrack.	Toddy.
	Rs.	Rs.
1279	8,71,286	3,08,904
1280	7,46,551	2,95,298
1281	8,00,675	3,08,645

From O. B. IRVINE, Esq., Acting Collector of the Chingleput District, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Sydapet, 25th April 1873, No. 167.

Adverting to the Acting Sub-Secretary's letter, dated the 15th January last, No. 50, I have the honor to state that the price of toddy has been raised 6 Pies per Imperial measure since Mr. Pritchard took the contract, but that no reduction has been made in the number of licenses.

2. The price of arrack has been also raised by Mr. Pritchard, so the effect of raising the price of toddy has not been to discourage its sale in order to stimulate the sale of arrack.

From W. S. WHITESIDE, Esq., Acting-Collector of North Arcot, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Chendragherry, 31st January 1873, No. 71.

Adverting to the Proceedings of the Board, dated 15th instant. No. 50, I have the honor to state that so far as this district is concerned, I have no reason for suspecting that the practice referred to by the Board is resorted to by the renters in order to stimulate the sale of arrack. I have, when calling for reports on the working of the new system, invariably strongly impressed on all my Divisional subordinates the importance of maintaining a vigilant supervision over the Contractors and their Agents, and to bring promptly to my notice any irregularity that they might discover. By none of them, however, have any remarks been made that would indicate a suspicion that the Renters were attempting to swell their own profits on the sale of arrack by discouraging the consumption of toddy. If I had had the slightest reason to believe that such was really the case, I should not have failed to report it at once for the information of the Board of Revenue.

From H. E. SULLIVAN, Esq., Acting Collector of South Arcot, to H. E. STOKES, Esq., Sub-Secretary to the Board of Revenue, dated Tindevanum, 22nd January 1873, No. 15.

In reply to your letter, dated 15th instant, No. 50, I have the honor to state that the Abkári Contractors of this district have leased out the entire toddy farm at an annual rental of Rupees 84,000, so that it is manifestly the interest of the toddy renter to compete with the arrack sellers.

From W. M. CADELL, Esq., Officiating Collector of Tanjore, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 15th March 1873, No. 87.

With reference to Mr. Sub-Secretary Stoke's letter of the 15th January 1873, No. 50, I have the honor to state that the Abkári Renters of this district are not in the habit of discouraging the sale of toddy by raising its price or reducing the number of shops for the sale of that liquor.

2. This is the last thing they would attempt in Tanjore, where by far the larger portion of Abkári profits is realized from the sale of toddy, and where therefore any interference, with an article of such extensive consumption and which is almost a necessary of life to the bulk of the population, would lead to heavy loss to the renters.

From J. B. PENNINGTON, Esq., Acting Collector of Trichinopoly, to J. GROSE, Esq, Secretary to the Board of Revenue, dated Pettaivaitalai, 4th July 1873, No. 142.

With reference to Board's Proceedings, dated 15th January last, No. 50, I have the honor to submit the following report.

	Number fixed.	Number of Shops for which Licenses are taken.
Trichinopoly Taluq...	32	32
Do. Cantonment... ...	15	15
Musiri...	12	12
Kulitalai	58	58
Perambalur	8	0
Udoiyarpalaiyam	8	2
Total...	133	119

2. The total number of toddy shops fixed for the whole district is 133, and licenses have been taken out by the Abkári Renters for all of them except in the Perambalur and Udeiyarpalaiyam Taluqs as shown in the margin.

3. The Renters of the Perambalur and Udeiyarpalaiyam Taluq farms are allowed eight shops each, of which only two have been opened in Udeiyarpalaiyam and none in Perambalur. The Tahsildars and the Deputy-Collector in charge of these taluqs attribute this simply to the absence of cocoa and palmyrah trees, and to the reluctance of the owners of the few trees there are in those taluqs to rent them for toddy, as they realize a larger profit from the fruit, which is scarce in that part of the district. The few palmyrah trees in both the farms are used more for their unfermented sweet juice and fruit* (which are much prized by the people in the hot weather) than for their toddy.

(* Nungu.)

4. In the Trichinopoly, Musiri, and Kulitalai farms licenses are taken out for all the toddy shops allowed for them, while those for some of the arrack shops have not as yet been applied for.

5. The toddy is sold at a rate not at all excessive, viz., 1 Anna per bottle in the Cantonment, and 9 Pies in the taluq farms; so there is nothing, I think, either in the price charged or in the number of licenses taken out for toddy shops to show that the renters discourage the sale of toddy in view to secure an increased sale of arrack.

From W. McQUHAE, Esq., Collector of Madura, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Pereakulam, 27th May 1873, No. 155.

In reply to the Proceedings of the Board of Revenue, dated 15th January last, No. 50, I have the honor to report that the Abkári Renters of this district do not appear to be in the habit of discouraging the sale of toddy by high prices, or of reducing the number of licenses issued for the sale of that liquor in order to stimulate the sale of arrack.

From R. K. PUCKLE, Esq., Collector of Tinnevelly, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Tinnevelly, 1st February 1873, No. 42.

In reply to your letter, No. 50, dated 15th January 1873, I have the honor to inform you that toddy is hardly sold here, as the juice of the palmyra is either drunk fresh or boiled down for jaggery. The sale of toddy is in no way influenced by the Abkári Renters.

From A. WEDDERBURN, Esq, Collector of Coimbatore, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Coimbatore, 10th May 1873, No. 82.

With reference to letter No. 50 of 15th January, I have the honor to state that the Tahsildars as well as three of my Division Officers have, after inquiry, reported that it does not appear that the prices of toddy were raised, or reduction of toddy licenses effected by design to stimulate the sale of arrack in this district. Mr. Buick, however, believed (and with perfect justice,) that there was reason to fear that the Abkári Renters do discourage the sale of toddy in order to stimulate the sale of arrack. I append a copy of his letter in which he gives an instance from which he has drawn his conclusion.

1 Copy of Mr. Buick's letter, No. 39, of 10th February 1873.

2. I find that in the Coimbatore Taluq the price of toddy was 2 Annas per gallon in Fasli 1275, and 5 Annas up to Fasli 1281. It is 6 Annas in Fasli 1282. In Perindoray Taluq the price of toddy in 1278 has nearly doubled in Fasli 1282, when it is 3 Annas per gallon ; so also in Bhowany Taluq ; in Caroor Taluq the price was 4 Annas 6 Pies in Fasli 1275 ; it is now 6 Annas per gallon.

3. As regards my own observation I find that the Contractor of Coimbatore Taluq objects to the baker's getting fresh toddy, except through his agency, alleging that they sell the surplus, and that such proceedings interfere with his profits. Toddy, a wholesome drink when not too long kept, has been declared by Judicial authority a fermented liquor under the Act, and no domestic consumption thereof, as was formerly the case, is now allowed, without a license. The raising of its price by the monopolist contractors, who are now masters of the situation, seems to me to indicate an attempt to stimulate the sale of arrack, as well as to make a greater profit out of the sale of toddy, the free domestic supply of which is now stopped.

Enclosure No. 1.

From D. BUICK, Esq., Acting Sub-Collector of Coimbatore, to A. WEDDERBURN, Esq., Collector of Coimbatore, dated Konghiem, 10th February 1873, No. 39.

As requested in your note of the 22nd ultimo, on copy of Circular letter, No. 50, dated 15th January from the Acting Sub-Secretary to the Board of Revenue, I have the honor to inform you that there is, I believe, reason to fear that Abkári Renters do discourage the sale of toddy in order to stimulate that of arrack.

2. In a case which lately came before me Magisterially in which the Abkári Renter of Darapurum Taluq prosecuted certain toddy drawers for a riot brought about by his endeavouring to search their houses for toddy illegally retained, it transpired that the renter demands from the toddy drawers of Cusbah Darapurum, Rupees 700 a year for the privilege of drawing and vending toddy—a privilege they secured under the last Renter for Rupees 302 per annum. At present it is impossible to procure toddy in Cusbah Darapurum, and I have had during the last few days when encamped there to send seven miles for a little toddy to make bread with.

3. When the Abkàri Renter was before me I took the opportunity of questioning him as to whether he preferred to sell arrack or toddy. He replied that it was much more profitable to sell arrack. So far as I can recollect his words he said that "for two dubs (eight pies) a man could get as much toddy as would fill his stomach and intoxicate him, while he would require 2 Annas "worth of arrack to produce the same amount of intoxication." This answer though inelegant is to the point.

(True Copy.)

(Signed) A. WEDDERBURN,
Collector.

From H. B. GRIGG, Esq., Officiating Commissioner of the Nilgiris, to the Acting Sub-Secretary to the Board of Revenue, dated Ootacamund, 1st February 1873, No. 8.

With reference to your No. 50 of 15th ultimo, I have the honor to report that toddy has hitherto not been sold by the Abkári Renters of the Nilgiri District.

From H. S. THOMAS, Esq., Collector of South Canara, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Mangalore, 28th April 1873, No. 563.

With reference to a letter from the Acting Sub-Secretary to the Board of Revenue, dated 15th January 1873, I have the honor to report that in this district the sale of toddy is not discouraged by the Renters by high prices. In the Mangalore Taluq, which yields the largest Abkári Revenue in the district, the price of toddy is 6 Pies a bottle on the coast and 5 Pies in the interior, and this price has not risen for many years. The Abkári Contractor of this taluq says that the quantity of arrack sold is on the increase owing to the low prices.

2. It is not usual in this district to issue separate licenses for the sale of toddy exclusively. The licenses issued are for the sale of both, hence the number of licenses throw no light on the present question.

From W. LOGAN, Esq., Acting Collector of Malabar, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Calicut, 28th April 1873, No. 104.

With reference to the Board's Sub-Secretary's letter of the 15th January last, No. 50, I have the honor to state that I learn from the Division Officers as well as from inquiries made by myself, that the Abkári Renters of this district are not in the habit of discouraging the sale of toddy by high prices, or of reducing the number of licenses issued for the sale of that liquor, in order to stimulate the sale of arrack.

From C. G. MASTER, Esq., Collector of Ganjam, to the Secretary to the Board of Revenue, dated Ramgiri, 28th November 1873, No. 2,927.

I HAVE the honour to reply to paragraph 5 of the Board's Proceedings, dated 7th June 1873, No. 958, on the subject of the separation of Arrack and Toddy Farms.

2. I do not see any difficulty in the way of working the rules proposed by the Board. Since Mr. Minchin obtained the abkâri farm on the Excise system, which was in Fasli 1279, the toddy farms have been sold by Mr. Minchin distinct from the arrack farm and generally taluq by taluq, the term of such toddy sub-rents varying from one to three years. The working of the Board's proposal will, therefore, be no more than a continuation of the existing system under the direct and sole agency of Government officers, and with a modification as to the term of the leases. I do not, however, understand why the toddy rents should, as the Board propose, be restricted to one year, which restriction will probably somewhat affect the revenue, inasmuch as the renter cannot expect to make up losses which he may sustain in one year by the profits of another year.

3. As to the effect of the separation of the toddy farm on the abkâri revenue I expect that there will be some falling off, though I cannot exactly say to what extent. As under the proposed change toddy shops will spring up in larger numbers, the arrack renters may find a diminution in their sales, and where the arrack farms are sold by auction for a lump sum (which system has ceased here on the introduction of the present Excise system) the renters will naturally hesitate to bid so freely as they have hitherto done.

4. I do not, however, anticipate heavy loss on this account for the following reasons:—

(1.) Those addicted to drinking prefer arrack to toddy on account of its stronger intoxicating qualities. It is only the poorer classes who cannot afford to pay for the stronger and dearer liquor, arrack, who will resort to toddy in preference.

(2.) We now receive from Mr. Minchin three-fourths of the amount of toddy rents, leaving him the remaining one-fourth. If the proposed innovation comes into operation this one-fourth will also go to the Government exchequer, and will, to some extent at least, compensate for the loss which may accrue by the diminution in the sale of arrack.

(3.) Toddy trees exist in large numbers only in the Chicacole Taluq, and in some other parts of the Sub-Division. In the remaining portions of the district there are very few of them. Any material variations consequent on the proposed change will therefore occur only in the Sub-Division.

5. Mr. Grahame, the Acting Principal Assistant Collector, says that the abkâri revenue will be affected by the proposed separation of the toddy farm, but cannot say to what extent. He appreciates the proposed change. Captain Smith, the Special Assistant Agent, and also the Tahsildar of Goomsur, think that the proposed rules will work without loss to the abkâri revenue in the Goomsur range. I gather from what is said by Mr. Overbury (who does not himself give any decided opinion) that the Tahsildar of Berhampore too is of the same opinion. I have also obtained Mr. Minchin's views on the subject, which are as follow:—

"The toddy trees in this district are very few in number, and are confined chiefly to the Sub-Division. In comparing the toddy kists received during my administration of the abkâri you will find that I have steadily increased the kists from Rupees 8,724-15-6 in Fasli 1279 to Rupees 10,020-5-4 in Fasli 1281; in Fasli 1282 there was a slight decrease to Rupees 9,851-15-0 owing to the Chicacole contractor having failed, and no one agreeing to take the toddy of that taluq at the previous figure. Now that home manufacture has been declared illegal I shall be able in future years to show better results as fresh applications for licenses will come in, so that I have in this district increased and not repressed the consumption of toddy. The toddy shops and arrack shops I keep quite distinct, and in no way interfere with the legitimate sale of the former.

"I am decidedly of opinion, however, that if the monopolies are divided Government may get an increase of revenue from toddy, but they will have to sustain a much heavier fall off in the revenue from arrack, because arrack renters knowing that toddy shops will be set up anywhere and everywhere will be unable to bid as high as formerly, for the simple reason that the

minimum rate for sale of toddy as compared with arrack is out of proportion to its intoxicating effect; for instance eight bottles of sour or fermented toddy are sold at the same price as one bottle of the weakest spirit sold in this district, and sixteen bottles of toddy at the same price as one bottle of the strongest spirit, i.e., a man for the money he has to pay for one dram of Pongoo, (30° under proof), equal to a wine-glass of half brandy and half water, can buy three bottles of fermented toddy.

"It is not unusual to hear toddy spoken of as a 'harmless but refreshing beverage in a slight degree more intoxicating than ginger beer,' but the experience of those who have formed this opinion is confined to the fresh toddy just drawn from the tree, but let any one witness the daily scenes in any licensed tope where this fermented liquor is sold and he will very soon change his opinion as to the ginger beer qualities of toddy; for there is little doubt, notwithstanding all that has been said of the hardship and oppression of prohibiting the drawing of toddy without a license, that the people can get drunk even now cheaper on this liquor than on arrack.

"The revenue to Government from toddy in Ganjam is just 10 percent. of the revenue derived from arrack sales, but in districts where the proportion of the toddy to the arrack is much greater the experiment proposed will, I fear, prove most dangerous to the revenue, because the Government revenue represents a much larger share of the arrack than of the toddy sales; arrack, as shown above, being sold at so much a higher price than toddy.

"The remarks of the Board in paragraph 2 on the gain of the renter apply with equal force to the Government revenue, especially under the Excise system; for every gallon of arrack he sells Government get a large and definite share, for sale of indefinite quantities of toddy Government is equally paid indefinitely sums, which are very small compared with their share in arrack sales."

From J. R. DANIEL, Esq, Acting Collector of Vizagapatam, to the Secretary to the Board of Revenue, dated 15th July 1873, No. 1,045.*

I HAVE the honour to report upon the rules regarding the separation of the toddy and abkári rents as required in Board's Proceedings, dated 7th June 1873, No. 958.-

1. During the last two years that the abkári farm has been rented to Messrs. Minchin and Co. the toddy farms have been sold taluq by taluq for one year only, and they have been sold in the same way for the present year.

This rule has been working well as far as one can judge from the result of the sales in these two years. The amounts which the farms have realized are as great as can be expected, and I do not think that more would be realized by any other mode of renting them.

2. By the agreement entered into with Messrs Minchin and Co. they have the sub-letting of the toddy farms, paying Government seventy-five per cent. on the amount from which they may be sold. At these auctions many of the purchasers have hitherto been men who have, I believe, some interest in the firm of Minchin and Co., or, at least, closely connected with those who have. Before such men are prohibited from having anything to do with the toddy rents I think it would be necessary to consult Messrs. Minchin and Co. on the subject, and, if the Board desire it, I will obtain their opinion.

3. I do not think that, as far as the revenue is concerned, the exclusion of such men would affect it to any great extent, as there are others who would be willing to purchase the farms; still, as these men have paid more than the others are able, or willing, to pay, as the result of the sales proves, there might be a slight decrease in the amount of the toddy leases.

4. In these cases it would be difficult to say whether the interest in the arrack farm was sufficiently great to make it advantageous to restrict the sale of toddy in order to promote the sale of arrack.

5. In order, however, to carry out the Board's wishes in regard to the entire separation of arrack and toddy it would be necessary to enter into a fresh arrangement with Minchin and Co. by which the sale of the toddy rents shall be taken from them and managed directly by Government.

6. For this at present I see no necessity; all that is required now is that more toddy-shops should be opened, and, if this can be arranged with Messrs. Minchin and Co., the present system might well be continued.

From W. D. HORSLEY, Esq., Collector of Cuddapah, to the Secretary to the Board of Revenue, dated Wottimadgu, 25th July 1873, No. 118.

WITH reference to Board's Proceedings, No. 958, dated 7th June 1873, I have the honour to state that the rules suggested by the Board for renting out the monopoly of toddy will not work in this district.

2. Palmyra toddy is not known here. There is a dense natural forest of these trees, covering about 500 acres of ground, in the neighbourhood of Vempalle, in the Pulivendla Taluq, but not a single tree is tapped. Elsewhere there are very few trees of this description.

3. Date trees are not very numerous, but they are tapped. This toddy is almost entirely taken up for the manufacture of arrack. A very small quantity is kept for sale as a drink because there is little or no demand for it. No doubt more would be kept for that purpose if the people appreciated it sufficiently. They prefer arrack, so most of the toddy is turned into arrack.

4. A toddy farm is of no use to any one but the arrack renter. On the first introduction of the proposed rules there will be a falling off in the arrack rents to an amount exceeding the rents from the toddy farms. What will be the amount of loss it is impossible for me to say; but the loss will not continue when it is understood, which it will be in a very short time, that Rule 2 cannot be put into force. No one will ever be able to say that the arrack farmer and toddy-farmer are one and the same person when the business, however nominally, is carried on in the names of two different persons. Rule 2 is quite useless.

5. As toddy has no value with the people generally the rules are not necessary. They cannot be introduced here till the 1st July 1875, when the existing abkári contracts, which include the right to draw toddy expire.

From the Hon. D. ARBUTHNOTT, Collector of Tanjore, to the Secretary to the Board of Revenue, dated Agastiampalli, 7th July 1873, No. 241.

With reference to the Board's Proceedings, dated 7th June 1873, No. 958, I have the honour to state that I do not suppose there will be any difficulty in working the rules therein proposed. I am afraid, however, that a change of the present long-established and, on the whole, well-working system may possibly affect the abkári revenue injuriously, although I cannot say to what extent.

2. I would, however, venture to add that in Tanjore the necessity for separating toddy from arrack is by no means apparent. As reported by Mr. Cadell in his letter of the 15th March 1873, No. 87, by far the larger portion of the abkári renters' profits is drawn from toddy, which is the only drink within the means of the poorer classes, who constitute the bulk of the population (a dram of arrack is usually purchased and drunk at a time at Madras; it is about the one-eighth part of a bottle and costs about 1 Anna and 2 Pies). That the consumption of arrack in this district is comparatively limited may be fairly presumed from the fact that while the number of shops kept up for the sale of toddy in this district is 2,177 that of arrack shops is only 213; obviously, therefore, the renters would be injuring their own interests if they did anything towards repressing the consumption of toddy. Further, the profits from arrack, such as they are, are gradually decreasing in consequence of its being largely displaced by inferior brandy and other cheap European liquors in the larger towns.

3. As to abkári renters oppressing toddy-drawers it is a thing unknown in Tanjore. The payments which the latter have to make to the former are mere matters of mutual contract between the two, and, if the terms demanded by the renters are exorbitant, the toddy-drawers have simply to refuse and there will be an end of the farm. Toddy-drawers have agriculture and other callings to fall back on, and could manage to live without abkári renters, but abkári renters cannot do without them; they are, in fact, more dependent upon toddy-drawers than the toddy-drawers are upon them.

From R. K. PUCKLE, Esq., Collector of Tinnevelly, to the Secretary to the Board of Revenue, dated Courtallam, 8th July 1873, No. 362.

In reply to Board's Proceedings, No. 958, dated 7th ultimo, I have the honour to inform you that I can see no objection to the rules proposed. The manufacture of toddy, however, is very limited here, and the interests connected with it are proportionately small.

2. I trust that the arrack farms of the several taluqs may never be leased out again, but that the sudr distillery and excise system now working in some other districts may be introduced here in 1875.

From A. WEDDERBURN, Esq., Collector of Coimbatore, to the Secretary to the Board of Revenue, dated 1st July 1873, No. 135.

In reply to Proceedings of the Board of Revenue, dated 7th June 1873, No. 958, I have the honour to note that the arrack and toddy contracts for the current three years have, as usual, been sold together, so they cannot be separated till the next lease; then they might be sold separately to the highest bidder.

2. I don't see how an arrack contractor can be prevented from bidding for the toddy contract; he, in fact, may require toddy to distil into arrack; if he wants to secure the contract he can get it in another's name. The fewer rules and restrictions, the better. Even if the toddy contract were held by a man not an arrack contractor he would try to get as much as he could out of the toddy-drawers and consumers.

3. If there is any mistake in the matter, it is in treating a wholesome liquor like fresh toddy, which necessarily sours by keeping (*vide* my letter, No. 40, dated 23rd March 1872), as an intentionally-fermented beverage.

The people are taxed on a formerly (when grown on their own lands) free and wholesome drink, so they must either pay higher for it or take to arrack. This might be obviated by a provision in the abkári law that toddy when fresh drawn is not a fermented liquor within the meaning of the Act.

4. So far as revenue is concerned, owing to increasing population and wealth, there will always be an increasing sale for arrack, even though not a single new shop is opened and objectionable ones shut. (*Vide* also my letter above quoted, paragraph 2).

5. If people sell toddy in any but licensed shops they can be prosecuted, but now a man may not himself enjoy the produce of his own palm tree.

From J. R. COCKERELL, Esq., Commissioner of the Nilgiris, to the Secretary to the Board of Revenue, dated Ootacamund, 26th June 1873, No. 59.

With reference to paragraph 5 of Board's Proceedings, No. 958, of the 7th instant, requesting Collectors to report whether, firstly, the rules for renting out the monopoly of toddy will work, and, secondly, whether the abkári revenue is likely to be affected by the separation, and, if so, to what extent, I have the honour to report that the rules in question do not apply to the Nilgiri District.

Exd. A. S. Rodgers.

From W. S. FOSTER, Esq., Acting Collector of the Godavery District, to the Secretary to the Board of Revenue, dated Cocanada, 19th November 1873, No. 377.

I HAVE the honour to submit the report called for in Board's Proceedings, No. 958, dated 7th June 1873, on the question of the separation of the arrack and toddy farms.

2. I think it is clear that there is a repression of toddy drinking, and an encouragement of arrack drinking going on, and that this is unavoidable under the present system; but I am not sanguine as to any substantial benefit being derived by the proposed separation. The two interests are so closely connected that the arrack farm renter will try to make it worth the toddy farm renter's while to sell toddy to him instead of to the public. This will, I think, occasion a slight rise in the price of arrack, and no diminution in the price of toddy.

3. I think, however, that the proposed rules might be adopted as an experiment with an addition to Rule 2, that "similarly no toddy renter can have or hold any interest in an arrack farm."

4. I do not think there will be any appreciable difference in the Abkári revenue, but if there is any it will be against the Government.

From G. D. LEMAN, Esq., Collector of the Kistna District, to the Acting Secretary to the Board of Revenue, dated Guntoor, 9th September 1873, No. 1,369.

I HAVE the honour to reply to Board's Proceedings, No. 958, dated 7th June 1873, that I am not aware that this district should be included in the category in the Board's paragraph 4.

2. I do not think that the toddy-drawer is worse off than the agricultural cooly. The owners of trees, who cannot agree with the abkári renters, can always make use of their trees for the purposes of making jaggery, and do so in this district, they are not therefore entirely in the renters' hands; while the toddy-drawers, who tap the trees that are in Government waste, are for the most part paid a monthly wage of Rupees 6 by the renters.

3. Unless the toddy renter is restricted to the sale of toddy "to be drunk on the premises" I fail to see how the separation of the two rents will have the effect the Board desire; for the abkári renter can always outbid the consumer, and the toddy renter will no doubt sell his toddy at the best market.

4. If that restriction is placed on the toddy renter he has no sale for the toddy that remains unconsumed at the end of the day, or that has become undrinkable from over-fermentation during it.

5. The division of the two rents must, I believe, cause a loss to Government if it produce the result desired by the Board; for if the sale of toddy is now suppressed because it pays better to sell arrack, from the simple fact that toddy will then be common, the sale of arrack must be diminished, and the abkári renter having to purchase in future what toddy he requires for distillation must allow for that in the bid for the farm.

6. To sum up. If the sale of toddy be not restricted to persons drinking it on the premises the Board's object will not be attained.

7. If it be so restricted there will be a great waste of toddy; the cost of making arrack will be increased, and there will be a considerable loss of revenue to Government.

8. I should not anticipate difficulty in working the rules, but no doubt great care would be necessary to prevent collusion between the renters if the sale of toddy to the abkári renter is forbidden.

From J. H. MASTER, Esq., Collector of Bellary, to the Secretary to the Board of Revenue, dated Madaksira, 18th February 1874, No. 29.

I REGRET that the Proceedings of the Board, No. 958 of the 7th June 1873, should have remained so long unanswered. I was waiting for the reply from the Sub-Collector, whose opinion had been asked on the subject. As, however, it has not arrived, I have the honour to submit copies of those received from the other divisional officers.

2. The unanimous opinion is that the rules will work, and that the Abkari revenue may be temporarily, but only temporarily, slightly affected.

3. It is quite true that toddy is a much wholesomer drink than arrack, and therefore I think that, even at the risk of a temporary decrease in the revenue, it ought to be brought within the means of the poorest classes.

4. The Head Assistant Collector suggests that the toddy rent, as being a more risky speculation than the arrack contract, should be given for three years, instead of one year.

5. Copy of a letter from the Tahsildar of Bellary, Mr. Firth, is also enclosed.

ENCLOSURE No. 1.

From J. A. DAVIES, Esq., Head Assistant Collector of Bellary, to the Collector of Bellary, dated 14th August 1873, No. 167.

IN reply to your foot-note on Board's Proceedings, No. 958 of 7th June last, I have the honour to report as follows.

2. As regards the proposed rules, I would suggest that the rent of the toddy farm be sold for three years instead of only one. Shopkeepers find by experience that the demand for these liquors varies according to the state of the weather and other causes, and as toddy, if not soon drunk, becomes unfit for use, while arrack can be kept for an indefinite time, the former would, for this reason alone, be a more risky farm than the latter, so that if a larger margin were given in order that bad years might be taken with good, I think the toddy rent would fetch a higher price at the time of sale than if let for one year only.

3. The effect of the proposed separation of the two farms will be that more toddy will be sold, as the contractor will, of course, see that a due supply is forthcoming. Now, on the other hand, there is often a forced demand for arrack by the retail dealers not keeping enough toddy in store. As arrack gives a larger rate of profit than toddy, it follows that any decrease in the sale of the former, would be fully compensated only by a much greater proportional increase in the sale of the latter, which there is no reason to expect. Therefore as the total of profits will be less, I think that the Abkari revenue will suffer somewhat by the change, though not by any material amount, as there will unfortunately still remain, under any circumstances, an almost equal demand for arrack.

From V. VENKATACHELLUM PUNTULU, Deputy Collector, to the Collector of Bellary, dated Harpanhully, 30th June 1873, No. 190.

WITH reference to your Memorandum on the Proceedings of the Board of Revenue, dated 7th instant, No. 958, I beg to report that the rules proposed by the Board to separate the farm of toddy from that of arrack appears to me to be sufficient.

2. The rules will work, and, I think, the Abkari revenue will suffer by one-eighth for the 1st and 2nd years, and afterwards the revenue will depend upon the profit or loss of the renter.

From J. G. FIRTH, Esq., Tahsildar, to the Collector of Bellary, dated 17th July 1873.

WITH reference to partly Circular No. 94, dated 24th June 1873, I beg to state that, in my opinion, it is impossible to say beforehand whether the renting out of toddy as a separate farm

would or would not have an injurious effect upon the Abkari revenue. Various elements not now operating will neccssarily influence the relative sales of arrack and toddy when sold by two different farmers. I think it may be fairly assumed that these drinks are chiefly used for the amount of so-called exhilarating (in reality intoxicating) effects they produce; and if this be the case, the inference seems irresistible that no person will give up arrack for toddy unless he expects to realize a greater amount of gratification for the same sum of money: and this view is confirmed by a fact which is within my own knowledge that toddy in a state of high fermentation is greatly preferred by regular toddy-drinkers to the sweet toddy, in which fermentation has only just commenced, though this is more palatable. It is clear that the amount of gratification derivable from a given quantity of toddy is limited, and depends chiefly upon the quantity of alcohol it contains. Whereas arrack may be made to vary from five or six to fifty or sixty per cent. of alcohol, and as it will be to the interest of the arrack farmer to render his commodity more attractive than the toddy, he will gradually increase the strength of his arrack up to the point when it begins to lessen his profits, beyond which, of course, he will not go. How high this point may be and to what extent arrack may prove more seductive than its rival toddy, time and experiment can alone determine.

2. There are no data available whereby I can estimate to what extent arrack interferes with the sale of toddy *at present*. In the absence of reliable information there are no means of ascertaining which is more profitable to the contractor, the sale of arrack or that of toddy. It is also evident that while the cost of manufacturing arrack must be pretty much the same throughout a district, that of extracting toddy and bringing it into the market must vary considerably in different places according to the number of trees and their distance from the place of sale. In some places too high prices are paid for the privilege of drawing toddy from trees on private ground. In Bellary, for instance, I have seen a lease in which the contractor, about two years ago, rented the trees in an Inamdar's land at 7,000 Rupees for six years. But it would be still more difficult to predict what the result would be *hereafter*, when the two liquors are sold by separate and antagonistic parties, each of whom would do his best to push the other party's liquor out of the market. During the ten years that I have been in my present office no circumstances have come to my notice which would lead me to suppose that "the consumption of toddy is repressed in order that the consumption of arrack may be increased."

3. In conclusion, I beg to state that from the above considerations, I am of opinion that toddy would not, in this taluq, to any appreciable extent, displace arrack under the proposed alteration, and that the result would probably be, that arrack of greater strength would be sold and the temptation to adulterate toddy with intoxicating drugs be greatly increased: and thus, in the struggle between the two kinds of liquor, I think the poorer classes would suffer by the greater facilities afforded for excessive drinking.

(True Copy.)

(Signed) J. H. MASTER,
Collector.

From J. HOPE, Esq., Acting Collector of Kurnool, to the Secretary to the Board of Revenue, dated 17th October 1873, No. 335.

I HAVE the honour to submit the report called for in Board's Proceedings, No. 958, dated 7th June last, on the proposed rules for renting out the monopoly of toddy.

2. The production of toddy varies very greatly in the different taluqs of this district. In Markapur and Cumbum so little toddy is drawn and used that the Head Assistant considers it would be almost useless to separate the two contracts; but in the Ramalkota Taluq a very considerable quantity of toddy is drawn, sufficient to supply not only a large consumption among the poorer classes, but also to form an important ingredient in the manufacture of arrack.

3. Throughout the district toddy is very cheap, and there is no reason to believe from any information I can gather that either its production or its use is repressed. No one finds any difficulty in procuring it, at least in Kurnool proper, and it constitutes the staple drink of the cooly class.

4. The first question put by the Board, as to whether the rules will work, I am inclined to answer in the negative. The separation of the arrack and toddy contracts appears to me impracticable. Arrack is to a very large extent manufactured from toddy after it is fermented. If the rents were separated the toddy renter would find no purchaser for his toddy after it had begun to ferment, except the arrack renter, to whom he would be obliged to sell the liquor on his own terms, or else to throw it away. The result would be probably an arrangement entered into between the two, in fact practically a partnership, which would to a large extent nullify any beneficia effect the rules might have.

5. But further, and bearing in mind the strong interest the arrack renter must have in toddy as shown in the preceding sentences, it would be very difficult if not impossible to carry out the second rule in its integrity. We cannot depend on arrack renters having any nice scruples of conscience so that we could bind them down by a form of words in their license. They would evade the rule if they could, and I do not think they would find much difficulty in doing so.

6. From the reports I have received from the divisional officers and Tahsildars I do not see that any particular benefit is likely to accrue from the separation of the two rents. Toddy is not likely to be cheapened in the slightest degree. The Deputy Collector, Timmapah Puntulul says that "the sub-renters are drawing toddy from almost every tree capable of producing it, and bring it to the market and sell it freely to every person who requires it;" and although toddy is not drawn in any great quantity in Cumbum and Markapur, this is owing chiefly to the paucity of trees, and the fact that the people there do not care for toddy, but much prefer arrack distilled from jaggery, which the Head Assistant reports to be very cheap and to contain very little alcohol.

7. There does not seem reason to believe that the revenue would be much affected by the separation of the two rents. Most of the officers I have consulted are of opinion there would be a slight falling off at first. This the Peapally Deputy Collector puts roughly at 10 per cent. The Head Assistant thinks that the probable decrease in the arrack farm is not likely to be compensated for by the separate toddy rent. There are no reliable data on which to form an estimate of the effect the separation will have on the revenue, but there is no likelihood of its being anything very serious.

From J. HUNTER-BLAIR, Esq., Collector of Madras, to the Secretary to the Board of Revenue, dated 31st October 1873, No. 240.

I HAVE the honour to acknowledge receipt of the Proceedings of the Board of June 7th, 1873, No. 958, requesting me to report whether the rules for renting out the monopoly of toddy will work, and whether the abkári revenue will be affected by the separation of toddy from arrack, and if so to what extent.

2. As there is no abkári renter in the town of Madras I had not intended reporting, but as the Circular is addressed to all Collectors, and I am decidedly of opinion that the proposed alteration would be not only very disadvantageous to Government, but is even unnecessary to submit a report on the subject. I think the second question is the one to be considered first, for if answered in the negative there will be little need to consider whether the proposed rules will work.

There is, however, a previous question to be considered whether the toddy-drawers are oppressed by the abkári renters, and if so what means can be used to prevent oppression without proceeding to the extreme measure of separating the toddy and arrack farms.

3. I do not understand what the Sub-Collector of Kistna means by saying toddy-drawers are at the mercy of the abkári renter, who can extort from them whatever he pleases. Toddy-drawers are the paid servants of abkári renters, engaged by him to perform the special work of drawing toddy from the trees, and are paid regular wages like other servants. How then can an abkári renter extract from them exorbitant sums, and screw profits out of the toddy-drawers' business, which is *nil*.

4. However for the sake of argument, admitting there is oppression, and that it is the interest of the arrack renter to repress the sale of toddy, which is really the case, I think the remedy I propose will effectually prevent any such repression.

5. Collectors should be instructed by the Board of Revenue, at the next auction or sales of contracts in districts, to enter in the agreement with the abkári renter that there shall be no restriction on the number of toddy shops; and a notice in the District Gazette, and in the different villages to that effect would instruct persons whose applications for shops were referred by the abkári renter to appeal to the Collector.

6. Persons will not apply for shops unless they can make a profit out of them, and though abkári renters may object and say they must lose by the arrangement nothing of the kind need occur.

7. Each applicant for a shop must pay a deposit to the abkári renter equivalent to the amount which would be received for a fortnight sales of toddy. The abkári renter will collect his rents weekly, and if the shopkeeper fails to pay for two consecutive weeks the shop will be closed, and the deposit retained by the abkári renter.

8. By this system no repression of toddy sales or shops can occur, nor can the abkári renter be a loser.

9. I think I have clearly shown above that even if there is oppression and repression both can be put a stop to by the arrangements I have proposed.

10. The next question to be answered is whether the separation of the arrack and toddy rents would affect the revenue, and if so to what extent.

11. In the first place I submit it would be almost impossible to separate the rents at all. If one contractor had the arrack, and another the toddy, the result would be as follows.

12. The toddy contractor, instead of preventing toddy being sold under the minimum fixed by the Board, would use every means to sell as much as possible. Supposing a shop was licensed to sell twelve measures daily for one Rupee the contractor would say pay 1½ Rupees and sell eighteen measures at any price you like, the shopkeepers would of course agree and sell as many measures as he could for half the minimum price, as it would be no one's interest to prevent him. Under the present system it is the interest of the abkári renter to prevent sales of toddy under the minimum price. If the rents were separate enormous quantities of toddy would be sold at half rates, less arrack would be sold, and the revenue thence must consequently fall, though the toddy revenue would not rise.

13. At present abkári renters and contractors know what profits can be made out of districts, and Collectors and the Board are by degrees learning that Government ought to have derived a much larger revenue from abkári in former years.

14. If the system is changed, and arrack and toddy separated, I do not believe any renter, and I am quite certain no Collector, could make even a guess at what would be a fair upset price for the taluqs or district over which he presides.

15. The result would be that the bidders would have everything in their favour, would make private arrangements as before, and all the experience and benefits therefrom of the past ten years would be thrown away, and have to be gained again some eight or ten years hence.

16. The profits from abkári, instead of being as now pretty fairly divided between Government and the renters, would mostly go into the pockets of the latter, and the loss of revenue would be very great indeed.

17. If the alteration is decided upon I think the rules will work, but for some years private arrangements would undoubtedly be made between contractors and renters, which would not easily be discovered or prevented.

From R. W. BARLOW, Esq., Acting Collector of the Chingleput District, to the Secretary to the Board of Revenue, dated Sydapet, 12th November 1873, No. 526.

I HAVE the honour to reply to the queries contained at paragraph 5 of the Proceedings of the Board, No. 958, dated 7th June last. I consider generally (1) that the rules will work, and (2) if the Abkári revenue is affected at all it will increase and not decrease owing to the separation. I cannot state exactly, however, what the increase will be, though I feel confident that increase will be the tendency, owing to the distiller and the toddy farmer working, as it were, in opposition to one another.

2. It seems desirable both in the interests of Government and of the lower orders, who chiefly consume toddy, that toddy and arrack rents should be held by different individuals. There must always be a tendency, as observed by the Board, to repress the consumption of toddy in view to increase that of arrack, while the same individual sells both; for the management of the toddy farm is more troublesome and less remunerative than the manufacture of arrack.

3. As regards No. 1 of the proposed rules for the toddy monopoly I think it is very desirable that the farm should be sold, taluq by taluq, to stimulate competition; but would suggest that the period be three years, or at all events two years, as one, in my opinion, is not long enough to enable the renter to remunerate himself sufficiently for the expenses attendant on the preliminary arrangements; and I have always noticed that the shopkeepers give a good deal of trouble, and withhold payments during the last few months of a lease, thereby necessitating coercive process being resorted to by the renter. Rule No. 2 is absolutely necessary, and requires no comment. "In spirit," as well as "in letter," must be insisted upon.

4. I wish to add here that I consider Mr. Pritchard has worked arrack and toddy together very fairly, and that my remarks above merely refer, generally, to what must be the inevitable tendency where the arrack and toddy farms are held by one and the same individual.

Exd. J. Tulloch.

From W. S. WHITESIDE, Esq., Collector of North Arcot, to the Secretary to the Board of Revenue, dated Chittoor, 6th August 1873, No 471.

ADVERTING to the Proceedings of the Board of Revenue, dated 7th June 1873, No 958, I have the honour to submit the reports as per margin received from my Divisional Officers on the subject of the separation of the Arrack and Toddy farms.

Sub-Collector, 31st July 1873, No. 646.
Head-Assistant Collector, 10th July 1873, No. 370.
Assistant Collector Mr. Cox, 22nd July 1873, No. 323.
General Deputy-Collector, 11th July 1873, No. 272.

2. All the officers except the Head-Assistant are of opinion that the Rules circulated with the above Proceedings will work well, and that Rule 1 should provide for the sale of Toddy farms for three years, and not for one year, as the latter arrangement will throw obstacles in the way of the Renter settling his accounts with his Sub-Renters, etc., after the expiration of his lease.

3. The Sub-Collector considers that the Abkari Revenue will not suffer by the separation of the two farms while the General Deputy-Collector is of opinion that the loss to the Abkari Revenue will be about one-fourth of the present Beriz, but that it will be more than compensated by the increased sale of toddy which, under the proposed regime, will be largely consumed by the poorer classes. Mr. Wilkinson differs, and states that there is no ground to suppose that the sale of toddy is suppressed by the Renters when they had the monopoly of both liquors in their hands, and that the altered state of things now proposed will only have the effect of subjecting the Toddy drawers to greater hardship at the hands of unprincipled Renters, whose sole object will be to extort as much profit as possible within the limited time of their lease.

4. On a careful consideration of the subject, I think that the separation proposed will be advantageous to the Toddy-drinking population, and that by this arrangement the Abkari Revenue will not suffer to a very serious extent. It is rather difficult to estimate what the loss will be, but, as observed by the Deputy-Collector, it is possible that the loss, if any, will be compensated by increased sales of toddy.

5. I do not think that the present Renters of Arrack have in any way suppressed the sale of toddy to effect an increase in the sale of Arrack, and it is a fact that the quality of the toddy supplied by the present contractors to bakers, etc., is infinitely worse than that sold by Messrs. Corbett and Morison, and loud complaints on this score have been made to me.

6. When both Farms are held by the same person, there is no doubt an inducement to get a larger profit from the sale of Arrack at the expense of toddy, the profits from this being smaller and more uncertain than from Arrack.

7. I am therefore on the whole in favour of the change proposed, and am of opinion that the Rules will work well, provided the term of lease is extended to two years.

8. The sale of toddy farm, taluq by taluq, will no doubt encourage men of no substance to compete. Instead therefore of dealing with a host of such men, we might as well sell the whole farm by public auction to a single person, who should be called upon to deposit sufficient security to prevent any loss of Revenue to Government

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ENCLOSURE No. 1.

From F. WILKINSON, Esq, Head-Assistant Collector, to the Collector of North Arcot, dated 10th July 1873, No. 370.

WITH reference to your docket No. 1,214, dated 1st July 1873, I have the honour to report that in my opinion the separation of Abkari and Toddy in this district is totally uncalled for, and that both the Abkari and the Toddy revenue is likely to be seriously affected by the separation.

In Fasli 1276 the number of gallons of arrack sold in the towns of Arcot, Wallajapett and Ranipett was 7,917. During the same time 64,842 gallons of toddy were sold.

In Fasli 1277 the amounts were 6,249 gallons of arrack against 61,995 gallons of toddy, and in Fasli 1278, 5,491 gallons of arrack against 59,843 gallons of toddy. These figures which have been furnished to me by the Abkari renters show, that the sales of toddy did not suffer in those Faslies when the Abkari and toddy were in the same hands.

In most cases the taluqs were given out to Sub-renters without dividing the toddy from the Abkari, in which cases it would be rather difficult to make good the charge against the renters of suppressing the sale of toddy.

The sale of the toddy farms, taluq by taluq, will lead to mere reckless speculation. Men of straw, like the late Abkari renters of the Sub-division will be encouraged to bid in the hopes of making a profit, and the woes of the toddy-drawers will be increased ten-fold, by men who will have no hesitation in extorting exorbitant sums from them.

Surely it is self-evident that Ramasami Mudali (say) who has paid Rupees 6,000 for the toddy rent of a taluq for one year, and who has little or no chance of getting it next year, and must therefore make 10,000 out of the taluq during his year's tenure is likely to be far more severe on the toddy-drawers than a firm like Corbett and Morrison, to whom one taluq is a mere drop in the bucket.

(True Copy.)

(Signed) W. S. WHITESIDE,
Collector.

ENCLOSURE No. 2.

From P. IYALU NAIDOO, Deputy-Collector on General Duties, to the Collector of North Arcot, dated Arnee, 11th July 1873, No. 272.

WITH reference to your docket, dated 1st instant, No. 1,214, calling for my opinion on the Rules contained in the Proceedings of the Board of Revenue, dated 7th June, No. 958, for the separation of Toddy and Arrack farms, I have the honour to state that the Rules can, I think, work well and produce beneficial results.

2. In my opinion, it is very necessary to separate toddy and arrack rents. If not separated, the sale of toddy would diminish to the great disadvantage of the population. In this hot country, toddy is more wholesome than arrack, and is moreover cheaper.

3. The separation will probably affect the Abkari revenue, for toddy under a separate renter will increase in sale and induce many poor persons to prefer it to arrack, which may therefore fail to produce the same amount of Revenue as it would otherwise. The loss may perhaps go as far as one-fourth of the present revenue from arrack, but such loss will be more than compensated by the advantages arising from increased sales of toddy which can satisfy the thirst and hunger of poorer classes.

(True Copy.)

(Signed) W. S. WHITESIDE,
Collector.

ENCLOSURE No. 3.

From ARTHUR F. COX, Esq., Assistant Collector, to the Collector of North Arcot, dated Chittoor, 22nd July 1873, No. 323.

I HAVE the honour to inform you that I have consulted with the Tahsildars of my division upon the subject of the separation of the Arrack and Toddy rent referred to in Board's Proceedings, No. 958, dated 7th June. They both agree with me in considering such a separation highly desirable, and certainly productive of good. The only point to which I have to refer is one suggested by the Chendragherry Tahsildar. He considers the annual sale of the Arrack and Toddy rents inadvisable, inasmuch as it will lead to vendors selling liquor for some three months every year without licenses. After the sales under the present system, he says licenses are hardly ever taken out before three months after the commencement of the new contract. He therefore proposes that the monopoly should be at least for a term of two years.

(True Copy.)

(Signed) W. S. WHITESIDE,
Collector.

ENCLOSURE No. 4.

From H. SEWELL, Esq., Sub-Collector, to the Collector of North Arcot, dated Vellore, 31st July 1873, No. 646.

WITH reference to the Proceedings of the Board of Revenue, dated 7th June 1873, No. 958, and your Docket Nos. 1,214 and 1,458, dated 1st and 26th July current, calling upon me to express my opinion about the rules circulated by the Board for the separation of Toddy and Abkari farms, I have the honour to state that in my opinion the rules referred to will work well, and the Abkari revenue will not be affected by the separation of two farms.

2. I however think it would be far more convenient that Toddy farms should be sold taluq by taluq for a period of three years at a time and not for one year, as such an arrangement will put the renters to much inconvenience in settling their Accounts with the Sub-renters at the end of each year.

(True Copy.)

(Signed) W. S. WHITESIDE,
Collector.

Exd. G. A. Turton.

No. 1,356.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 22nd July 1873.

Read the following letter from H. E. SULLIVAN, Esq., Acting Collector of South Arcot, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Cuddalore, 23rd June 1873, No. 213 :—

I HAVE the honour, in reply to the Board's Proceedings, dated 7th instant, No. 958, to state that in this district the Toddy-farm is sub-let to a Native by Messrs. Parry & Co., the Abkári Contractors, at a rental of Rupees 84,000 per annum, which, I think, shows that there is a wholesome consumption of Toddy in the district. It is, of course, the interest of the sub-renter to sell as much Toddy as possible, and I have never had any complaint of there being a deficiency of that beverage. Seventy-five per cent. of the Toddy-farm rental is paid over to Government every month by Messrs. Parry & Co.

2. I do not think the present system could be improved on. The farms are virtually separate, and the Government have the advantage of having the Toddy-rent collected by Messrs. Parry & Co. If, after the termination of the present agreement, it was determined to rent out the Toddy-farm direct, we might derive a trifle more revenue, but we should not have the same security for its payment that we have now.

3. As regards the question whether the rules could be enforced, I have the honour to state that nothing, in my opinion, would be easier than their evasion.

THE Board resolve to inform Mr. Sullivan that they highly disapprove of the flippant and careless way in which he has treated the important subject discussed in Board's Proceedings, dated 7th June 1873, No. 958.

2. The inquiry is obviously made with a view to determine whether any changes should be made in present arrangements when the next Abkári leases are issued, and South Arcot may then be situated like other districts where the Abkári is rented by Natives.

Mr. Sullivan will be good enough—

(1.) To state in detail why, in his opinion, nothing would be easier than the evasion of the rules proposed by the Board, and to say whether he can propose rules which will be more effective; in doing so, he must remember that until a comparatively recent date the Toddy and Arrack farms were generally kept separate.

(2.) To state whether, if the separation can be effected, the Abkári-revenue is likely to be affected by it, and, if so, to what extent.

(3.) To state how many Toddy-shops were fixed as the proper number by the Board, the Collector, and the Police in 1865, and how many are in existence now (the information to be given aluqs).

(4.) To report whether any changes have taken place in the price of Toddy or the measure used in selling it during the last seven years.

3. Mr. Sullivan will call for reports on the subject from his Sub-Collector and Head Assistant Collector, and forward them to the Board.

(A true Copy and Extract.)

(Signed) J. GROSE,
Secretary.

To the Acting Collector of South Arcot.

Exd. F. R. Bantleman.

1873.

Board of Revenue,

MADRAS.

PROCEEDINGS, 22ND JULY 1873, No. 1,356.

Received

Encl.

JULY.

No. 1,356.

Abkári.—Further report requested from Collector of South Arcot on proposed separation of Toddy and Arrack rents and on rules circulated by Board for renting out monopoly of Toddy.

From H. E. SULLIVAN, Esq., Acting Collector of South Arcot, to the Acting Secretary to the Board of Revenue, dated Cuddalore, 7th October 1873, No. 375.

In reply to the Board's Proceedings, No. 1,356, dated 22nd July, I have to express my regret that the style of my letter of the 23rd June, No. 213, should have met with their disapproval, and that I should have appeared to treat an important subject in a "careless and flippant" manner. I was taken completely by surprise when I received the Proceedings under reply, for certainly nothing was further from my intention, and, on a re-perusal of my letter, I fail to see what there is in it to call for such a remark. I was merely directed to report whether the proposed rules in connection with the separation of the arrack and toddy farms would work, and whether the abkári revenue would be affected by the separation of the rents. I replied to both of these queries, and further added an opinion supported by figures that the consumption of toddy *was* not, and, under the circumstances stated, *could* not be repressed by the arrack renters in this district.

2. As directed, I now proceed to furnish the further information called for, and submit the reports on the subject received from the Sub-Collector and Head-Assistant.

(1.) There would of course be no difficulty in selling the toddy farms, taluq by taluq, but I do not see how it would be possible to prevent one person or firm from buying the monopoly in all. It would not be worthwhile putting it up in some taluqs. In Kallakurchi there is not a single toddy shop, and in Virdachellum only two; the reason probably being that it pays the tree-owners better to manufacture palmyrah jaggery.

(2.) With regard to the second rule, I do not see how it could possibly be enforced, especially if the abkári is rented by natives. It could only be done by periodically overhauling the accounts of both arrack and toddy farmers, and if they knew they were liable to this, they would evade the inquisition by keeping a double set of books. I would ask the attention of the Board to the remarks of both the Sub-Collector and Head-Assistant on this point. Mr. Happell justly observes that licenses could only be cancelled on evidence which would secure the Collector from being cast for damages in case an action for Breach of Contract was brought against him, and, I think, the Board will admit that instances where substantial evidence of the conditions of the license having been infringed could be obtained would be very rare. And even where this could be shown beyond a doubt, the forfeiture of a license, as pointed out by Mr. Kough, must, to a certain extent, affect the public revenue.

3. As regards the question as to what extent the revenue would be affected if the arrack and toddy farms were separated. I believe that the latter is now rented at something less than its real value, and, as reported in paragraph 2 of my letter, dated 23rd June, No. 213, it would probably, if put up to auction separately at the close of the present agreement with Messrs Parry & Co., yield a somewhat higher return, but we should not have our present security for punctual payment of kists, and I do not think that the sale of toddy would thereby be enhanced. It is the interest of the present sub-renter to establish a shop wherever he can find a sale, and the enclosed Talukwar Statement shows that there are twenty more shops in the district now than there were in 1865.

4. With the exception of a slight rise in the Tindevanum Taluq, the price of toddy, so far as I can learn, has not varied during the [illegible]rs, and the same measures are in use.

5. I know something of the to[illegible] Godavery District, and I do not agree with Mr. Stuart in thin[illegible]g that the ab[illegible]essed the toddy-drawers or that the poorer classes did not get m[illegible]ch of that beverage as was good for them, and Mr. Happell's experience

of the district, extending over some six years, is that they got rather more. What the abkári renters made a stand about, and very properly, was that the tree-owners sold fermented liquor under the guise of sweet toddy, which, in a palmyrah-covered country like the Godavery, materially interfered with the profits of the monopoly.

6. In my letter above referred to, I stated that there was "a wholesome consumption of toddy" in this district. In support of this statement I beg to enclose copy of a petition since received. The Board will observe that petitioner agreed to rent three shops for the sum of Rupees 4,455 annually, which is, I think, evidence of there being no repression of the trade.

ENCLOSURE No. 1.

From W. A. HAPPELL, Esq, Acting Sub-Collector, to the Acting Collector of South Arcot, dated Cuddalore, 3rd October 1873, No. 502.

I HAVE the honour to submit the report called for in your office Docket No. 852, dated 1st ultimo, enclosing Board's Proceedings, No. 1,356, dated 22nd July.

2. With respect to the first point noticed by the Board, I have to observe that Rule 1 could not be evaded, because the sale of the toddy farm, taluq by taluq, or otherwise is a matter entirely within the control of the Board, but it is otherwise with regard to Rule 2. If the arrack renter is not to have any interest in the toddy farm, all his relations and all persons willing to come to private secret arrangements with him must be carefully prevented from acquiring any such interest. This seems to me simply impossible. The facilities for collusion and private partnerships are in this country very great, and the difficulty of proving them immense. It must not be orgotten that as soon as the sale is completed both parties are bound to fulfil the obligations mposed on them by the Law of Contracts. Thus it would be impossible to declare licenses forfeited, except on evidence that would satisfy the Civil Court, in which an action for Breach of Contract might be brought. Lax administration would have no deterrent effect, and reckless for future of numerous Civil Suits in which the Collector would often be cast in damages.

3. It may be true, as the Board remark, that "toddy is a more wholesome drink than arrack." I have myself on more than one occasion seen poisonous effects produced by it. I know nothing about arrack, but a spirit ought not to be unwholesome if unadulterated or not otherwise impure. Perhaps all that is meant is that it is more likely to produce intoxication. However, toddy is when fermented a highly intoxicating liquor, and in the district with which I am best acquainted, the Godavery, the consumption is much greater than is good for the lowest classes of the people. During the palmyrah toddy season the pariah hamlets are often for half the night in a state of uproar, which frequently ends in a free fight.

4. The separation of the farms when complete would render competition in the sale of intoxicating drinks more active, and drunkenness presumably more common. The Board's object is no doubt to reduce the whole amount of intoxication produced, and not merely to cause a variation in its constituent parts.

5. I do not think that a mere separation of the rents would seriously affect the revenue one way or the other, but the exclusion of the abkári renter from all interest in the toddy farm would lead both renters to fear the competition of the liquor sold by the other. I can give no opinion as to the extent to which the revenue would thereby be diminished.

6. As regards the number of toddy-shops fixed in 1865, the Chedambrum Tahsildar reports that in his office there is no record that can give that information, and that no list of shops was furnished to his office in the year in question; the Virdachellum Tahsildar reports that the number of shops fixed by the Collector for his taluq was [illegible] toddy-shops now in existence are eighty-nine in the Chedambrum Taluq, and only [illegible]chellum Taluq.

7. It is reported that no change has taken [illegible] either in the price of toddy or in the measure used in selling it during the l[illegible]

8. From the Kallakurchi Tahsildar's Azi it appears that there has been no toddy-shop in his taluq for a long time, and that there are very few palm trees, and that the little toddy they yield is used for making jaggery.

(True Copy.)

(Signed) J. THOMSON,
Assistant Collector,
for Acting Collector.

ENCLOSURE No. 2.

From C. KOUGH, Esq., Acting Head-Assistant Collector, to the Acting Collector of South Arcot, dated Tindevanum, 11th September 1873, No. 420.

I HAVE the honour to submit the report directed by the Board of Revenue in Proceedings No. 1,356, of 22nd July last, and called for in your Docket, No. 852, of the 1st ultimo.

2. As a question of general expediency, I think not only is there no necessity in this district for the separation of the toddy and arrack farms, but that it would be highly inadvisable to disturb the present system which works admirably, and under which the punctual realization of the revenue is secured. This latter fact contrasts particularly favourably with the old system as regards this district, as it is doubtless within the Board's recollection what a large amount of remission it was found necessary to concede owing to the inability of former renters to fulfil their engagements. As far as the suggestions that arrack contractors oppress the toddy-drawers, and that toddy is debarred the market, are concerned: the first has no foundation that I have ever heard of, either in this division, or in the Cuddalore Taluq, of which I was in charge until recently; and the second is, I think, sufficiently refuted by the large price realized by Messrs. Parry & Co., by the sub-letting of the farm.

3. As regards the rules proposed by the Board, and with reference to Rule 1 and Query 2 of Proceedings, No. 1,356, the same answer will I think hold good, viz., that the separation of the farms and the sale of the toddy rents, taluq by taluq, would both, in all probability, conduce to raise the revenue, but at the price of forfeiting its security. The separation of the two farms would induce again the old spirit of improvident competition, resulting in purchase beyond value, and consequent failure to make good the contract; whilst the sale by taluqs (though it might possibly avoid this result by inducing smaller capitalists to enter the competition who were debarred from so doing by the amount of deposit required when the farm was sold in its entirety) from the very fact of there being so many irons in the fire, that is, having to look for punctual payment to so many independent sources, would be of itself a lowering of security and a possible risk.

4. The second proposed rule that no arrack renter can hold, or have an interest in a toddy farm, would involve to a certain extent a system of inquisition; whilst the penalty of forfeiture held *in terrorem* would cut both ways, as, besides punishing the transgressor, it would lose Government a tenant, and, consequently, a considerable portion of its rental, and the latter must suffer by the interim elapsing before the place of the forfeiting contractor is re-filled.

5. With reference to the number of toddy-shops in 1865, and at present, I regret that I have no information for the former year. In August 1872 (the last list received) there were forty-seven* shops in Villapuram Taluq, and there are now forty-nine* in Tindevanum.

* Mistake—55 and 33, respectively, should be entered.

6. As to the change in prices of toddy, it is said that none has taken place in Villapuram Taluq. In Tindevanum, prior to 1872, toddy sold for Annas 4, 3, and 3½ per gallon, subsequently it has been selling for 4½ Annas.

(True Copy.)

(Signed) J. THOMSON,
Assistant Collector,
for Acting Collector.

ENCLOSURE No. 3.

List of Toddy-shops in South Arcot in 1865 (*Fasli* 1275).

1.	Tindevanum	42
2.	Trinomallay	46
3.	Villapuram	53
4.	Cuddalore	92
5.	Kullakurchi	1
6.	Virdachellum	1
7.	Chellambrum	110
	Total...	345

Toddy-shops existing at present (1,283).

1.	Tindevanum	32
2.	Villapuram	55
3.	Cuddalore	107
4.	Virdachellum	2
5.	Chellumbrum	169
	Total...	365

CUDDALORE,
9th October 1873.

(Signed) H. E. SULLIVAN,
Acting Collector.

ENCLOSURE No. 4.—Copy of a petition.

Exd. W. H. French.

From J. B. PENNINGTON, Esq., Acting Collector of Trichinopoly, to the Secretary to the Board of Revenue, dated 27th October 1873, No. 246.

WITH reference to Board's Proceedings, dated 7th June 1873, No. 958, I have the honour to submit the following report.

2. I have given my best consideration to the subject, and am of opinion that there is not much fear of the Abkári renters in this district raising the price of toddy in order to secure a larger sale of arrack, which yields them a greater profit. The town of Trichinopoly is divided between the Cantonment and the taluq farms, and the consequence is that if the sale of toddy is restricted in either of them by an increase in the price the customers are sure to go to the other farm to drink; and the same is the case in the Museri and Kulitallai farms along the valley of the Cauvery, which portion of the district alone abounds with cocoanut and other toddy-producing trees. But in those years when the same man happens to rent both such farms he can effectually put a check upon any large consumption of toddy, and it is possible there may have been some such restrictions when that arrangement was in force.

3. I do not, however, believe that on the whole there could have been any material restriction upon the consumption of toddy; and I am, therefore, of opinion that the separation of the toddy farms from the arrack contracts would not materially affect the revenue. The consumption of a very large quantity of European spirituous liquors at present among the natives has not in the least affected the Abkári revenue.

4. It will no doubt be difficult to separate the farms effectually. The renters often form themselves into a sort of company, and share the profits without even the formalities of bonds, etc. In such cases the second rule, which is intended to prevent an arrack renter having any interest in a toddy farm, will scarcely prove a binding check, the interest being difficult of proof under such circumstances. I would suggest the addition to the rule of some direct pecuniary penalty, such as the forfeiture of the half or the whole of the deposit money.

From W. McQUHAE, Esq., Collector of Madura, to the Acting Secretary to the Board of Revenue, dated 25th August 1873, No. 267.

WITH reference to the Proceedings of the Board of Revenue, dated 7th June, No. 958, I have the honour to report that, in my opinion, the rules proposed by the Board will work, and that the Abkári revenue will not ultimately be affected by them to any considerable extent; the toddy rent gaining what the arrack rent will lose.

2. The Sub-Collector thinks that in his division it will be impossible to get any rent worth speaking of for toddy alone, and that the proposed separation of the rents will open the door to all sorts of frauds on the renter, but he does not explain in detail what those frauds are to be.

3. It is true that in Pulni, Dindigul, Periacolum, Tirumungalum, and perhaps Melur, little toddy is or can be made, but there are cocoanut trees in some places, and I am told that toddy can be rented separately. In Madura, Shevagungah, and Ramnad toddy is made and its manufacture is undoubtedly repressed to some extent by the Abkári renter. I have no doubt that the separation of the rents in these parts of the district will be found easy and beneficial.

4. The Head Assistant thinks it will be impossible to prevent the Arrack renter from obtaining secretly an interest in the toddy rent. The point requires consideration, but I think it will be found quite possible to keep the Arrack renter out of the toddy rent.

From G. VANSAGNEW, Esq., Collector of Nellore, to the Acting Secretary to the Board of Revenue, dated Nelaballi, 10th September 1873, No. 2,072.

I HAVE the honour to reply to Board's Proceedings, dated 7th June 1873, No. 958.

2. There is no doubt that it would be a boon to the poorest classes to have a supply of toddy instead of arrack, and that the proposed separation would enable the toddy-drawers to gain a livelihood freed from the interference of the Abkári renters. We might also look forward to seeing cocoa palms in districts where now there are few or none of these useful trees.

3. I see no reason why the rules proposed by the Board should not work. The leases ought to be for one year only.

4. The change cannot well be introduced until the expiry of the present Abkári leases, for the renters would claim heavy compensation if any change were made before then.

5. The Nellore Tahsildar, who has consulted the late Abkári renter of his taluq on the subject, thinks that this separation would at first lower the Abkári rent one-fourth, but that in time the revenue from toddy would nearly, if not quite make up this deficiency.

6. The Tahsildar of Gudur says that a Toddy renter would make much more use of the toddy than is now made by the Abkári renters, who do not manufacture any jaggery. He anticipates that the toddy rent would make up the deficiency in the Abkári rents, which he estimates at one-third.

7. The Tahsildar of Rapur quotes figures to show that there will be a loss. In Fasli 1276 the palmyra and date trees were separately rented at Rupees 470 for the manufacture of jaggery. In that year the Abkári rent was only Rupees 2,500. Now that the trees are at the disposal of the Abkári renter the farm lets for Rupees 3,550.

8. On the whole I do not anticipate but that the loss on arrack will be made up by the gain from toddy, and at all events I consider the change very expedient.

From F. PRICE, Esq., Acting Collector of Salem, to the Secretary to the Board of Revenue, dated 8th October 1873, No. 293.

With reference to the Proceedings of the Board of Revenue, No. 958, dated 7th June last, I have the honour to state that I do not see any reason why the rules embodied therein should not work.

2. It will, however, be very difficult to prevent underhand practices where the abkári and toddy rentals are held by different persons. Abkári renters are wealthy men, and it would be a very easy matter for them to bribe the toddy renters to reduce their sales. The detection of this kind of thing would be next to impossible.

3. It is highly probable that the separation of the two farms would cause a falling off in the abkári revenue, but to what extent I have no data upon which to express an opinion. It could not, however, be very much; for, with the exception of Oossoor Taluq in which the toddy is all extracted from the date palm, little or none of that article is procurable in this district, excepting during the three or four months of the hot season. For the rest of the year the arrack renter would receive the same profits as he does under the present system.

From H. S. HTOMAS, Esq., Collector of South Canara, to the Acting Secretary to the Board of Revenue, dated Mangalore, 18th October 1873, No. 1,756.

With reference to the Board's Proceedings, dated 7th June 1873, No. 953, I have the honour to report as follows:—I am of opinion that, so far as my district is concerned, the rules proposed by the Board are not calculated to attain but rather to defeat the contemplated object of preventing arrack from driving toddy out of the market.

2. Under the existing system both the toddy and the arrack contracts are united in one and the same person. Toddy is so plentiful in the district that he does not find it to his advantage to convert all of it into arrack in view to increase the sales of arrack, and thereby to suppress the consumption of toddy; on the contrary he sells as much toddy as possible, and converts the remainder only into arrack or vinegar. Toddy sales yield him on the whole immediate and adequate profits; for neither its manufacture nor its sales cost him much, while its cheapness commands an extensive market. Arrack manufacture, with its limited sales on the contrary, costs the same contractor comparatively more than what he lays out in the purchase and sale of toddy. The proposed rules will place the contractors of toddy and of arrack in competition, and it is anticipated that the result will be the strengthening of the arrack contractor at the expense of the toddy contractor.

3. The toddy-drawers will have to be allowed to supply toddy to the arrack contractor just as well to the toddy contractor. To the toddy contractor toddy will be a perishable article, of which he cannot afford to purchase more than he can sell within the day. The arrack contractor, however, makes it imperishable, and can consequently afford to buy any quantity that will give him the command of the purchase market. The toddy-drawers will soon discover that the arrack contractor is their most reliable purchaser will be careful not to fall out with him, and will prefer to take their drawings to the man who will buy their whole crop regularly every day instead of to the toddy contractor, whose purchases must needs be ephemeral and uncertain. Thus the toddy contractor will soon be at a disadvantage in his purchases, and will have to dispose of his surplus for next to nothing to his competitor, the arrack contractor, if indeed he finds in him a purchaser at all.

4. Furthermore, the arrack contractor will have another advantage over the toddy contractor. The arrack contractor must be allowed to buy and store toddy, wherefrom to distil arrack. Who is to prevent him from selling toddy also *sub rosa*? He will do it because it will be difficult to detect and prove; whereas the toddy contractor will not be able to sell arrack because he would be self-condemned if he even had arrack in his shop, much more if he kept such a palpable thing as a still.

5. Again, an arrack contractor has no reason to fear that by manufacturing an increased quantity of arrack he will fail to find a market for being imperishable it is open to him always to send arrack to places where it is not manufactured in sufficient quantities; but the toddy contractor is from the perishable nature of his article precluded from extending his operations beyond the narrow field of his own immediate neighbourhood. An arrack contractor will never be in a position which will compel him to refuse to meet all or any demands for his article, but a toddy contractor will never be able to meet any unforeseen demands. The latter will thus lose many occasional opportunities for making profits.

6. Thus it will be seen that the rules now proposed are calculated in various ways to discourage the sale of toddy and encourage the sale of arrack by placing the arrack contractor in the most advantageous position, and toddy contractors can never under these circumstances be expected to compete with the arrack contractor.

7. Though we might theoretically separate the two contracts the arrack contractor will practically revert to the position now occupied by the contractor of both toddy and arrack to the detriment of the toddy contractor and to his own advantage.

8. Furthermore, the Board need be under no apprehension that in this district, and under present rules, toddy is superseded by arrack. Though the minimum lawful price for first sort toddy is six Pies a bottle it is commonly sold in laxly generous measure, and, as if it were an inferior article, at three Pies and sometimes even at one Pie a bottle, and at certain seasons of the year arrack sales are altogether suspended by the abundance of toddy.

9. I may also state that the proposal to introduce annual rents of the toddy farm will not favour the interests of Government or the convenience of the populace. At present the leases run for three consecutive years; out of this period it takes nearly half a year before the renter can parcel out to advantage the extent comprised in his farm. He has to find sub-renters, who will accept his terms and can give assurance of solvency. More time is lost before the sub-renters can find men to work under them. The triennial leases now allowed enable renters to make up the short-comings of one disadvantageous year either by the change of sub-renters and manufacturers on more profitable terms, or by realizing the arrears from defaulters by recourse to law. An arrack contract for a taluq is a large concern, requiring some experience and system to work profitably. If we have only annual contracts I fear we shall have defaulting contractors the first year, and much lower contracts the next, as well as interregnums in which the people will be unsupplied. I would, therefore, propose no alteration in the period over which the lease should run. The areas contracted for might perhaps be reduced with advantage to half a taluq or a quarter of a taluq, which will bring in more competition, and will not prevent one contractor from buying up two or three contracts if so disposed and feeling equal to the profitable management thereof.

10. Whether toddy or arrack is the more wholesome beverage is perhaps open under certain circumstances to a little question. Many people have a similar horror of brandy, but I believe that in due moderation it is a much more wholesome drink than beer or most wines, and that evil results are generally traceable to the facility for excess. Toddy when quite fresh may be wholesome, but when it is a day old or kept in foul vessels it becomes less wholesome, I think, than arrack. Some of the unwholesomeness of arrack again is attributable, I think, to its being made in copper vessels, which are not kept sufficiently calyed or sufficiently clean, and the verdigris which gets mixed with the spirit induces purging, and habitual drinkers of such arrack waste away to a glassy skinned skeleton constantly passing blood.

11. To make and sell such arrack is, in my opinion, an adulteration punishable under Sections 272 and 273 of the Indian Penal Code, and it would seem right in the interests of the ignorantly consuming public that due care in the manufacture should be compelled by means of those sections. But the question is how detection and *proof* is to be made? Perhaps the Board will be prepared to consult the Chemical Examiner whether consecutively numbered test vials can be supplied, so that an intelligent Head Constable who knows nothing of medicine can, by strictly following simple rules which refer to the vials by their numbers, detect and prove the presence of copper. If he can do this casual inspections of distilleries and arrack would be a safeguard to the people.

Rev 3663/74

Rec'd 27/12/74

Lyd 8th December 1874
No 1520
In B of N 97

Revenue Department.

No. 3663.

From the Board of Revenue.
Dated 23rd September 1874.

FOR ORDERS.

I submit for orders in the
case

I. of S.
20/10

"In the above proviso" referred to in para 5 of the Board's proceedings was read and is made — Copies
of extracts despatched 27/10

If the Board in their
conclusion to have come
to here - I think Separate
subsequent Bills -
3/11 W.

FOR ORDERS.

Copied

C 19/
22/10/74.
24/11/74

REVENUE DEPARTMENT.

No. 49

From the Board of Revenue.

Dated 24th April / 10 October 1874

FOR ORDERS.

I would ask the Govt. for
further information on
the last line of this para:
The subject should be carefully
enquired into.

The other portions read as
relevant notice. L. & S.
Dam Calls/pw 24/10

that the manufacture
of beer - from barley
should stop at the
encouragement in my
in this country - if
has succeeded well in
North Britain will
succeed here - the
manufacture of
be provided for -
all affairs contract
will a new & en
courageous -
Jan.
1811

FOR ORDERS.

C 27/10/74.

SECOND REPORT

ON THE

ABKARI SYSTEM

OF THE

MADRAS PRESIDENCY.

OOTACAMUND:
PRINTED BY OLLEFF AND CO.

1876.

52

SECOND REPORT

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PRINTED BY OLLEFF AND CO.

1876.

FROM

THE HON'BLE R. A. DALYELL,
Second Member of the Board of Revenue,
On Special Duty.

To

THE HON'BLE D. F. CARMICHAEL,
Secretary to Government, Revenue Department.

SIR,

I have the honor to submit herewith a Report upon the working of the new system of Abkari management, as directed in the Order of Government under date 3rd July, 1876, No. 891. I have visited the three Districts in which it has been found desirable to sanction remissions of revenue during the past year, and full details in regard to them will be found in the Appendices to the Report. I have also deemed it advisable, for purposes of comparison, personally to investigate the operation of the new excise system in North Arcot and Trichinopoly, and of the improved farming system in Madura,

I have honor to be,

SIR,

Your most obedient Servant,

R. A. DALYELL,
Second Member of the Board of Revenue.

OOTACAMUND,
23*rd September*, 1876.

CONTENTS OF THE REPORT.

SECTION 1.—Preliminary.
„ 2.—Results of the new system.
„ 3.—Causes of partial failure.
„ 4.—Probable effects of the remissions.
„ 5.—Alternative courses available.
„ 6.—Apparent defects in the new system.
„ 7.—The Toddy revenue.
„ 8.—British Spirits and Country Beer.

APPENDIX A.—The Coimbatore District.
„ B.—The Salem District.
„ C.—The Tanjore District.
„ D.—The Trichinopoly District.
„ E.—The Madura District.
„ F.—The North-Arcot District.

REPORT.

SECTION I.—PRELIMINARY.

WHEN my General Report on the Excise of the Madras Presidency was submitted to Government in 1874, the old farming system was in force in fifteen out of the twenty Districts, and the experimental excise system, as it was then styled, was under trial in the Districts of Ganjam, Vizagapatam, Chingleput, and North and South Arcot. In that report, after giving due consideration to the various systems of excise management, which were in operation in other Provinces of the Empire, I recommended that a plan, based upon the experimental excise system, should be gradually introduced into this Presidency, which, I ventured to think, would combine the moral checks of the Sudr distillery system (which professed to secure the maximum of revenue from the minimum of consumption) with the financial advantages of the farming system, and would be free from many of the defects which were inherent in both these modes of managing the excise revenue. I considered that at the termination of the contracts then in force (30th June, 1875), it would be feasible to introduce this system into those Districts, in which the experimental excise system was under trial, and perhaps into one or two others; but I recommended that the farming system should be continued in the remainder of the Presidency for the term of one more contract, with such modifications as would prepare the Districts concerned for the introduction of the new system on the expiration of that term.

2. My colleagues of the Board of Revenue concurred in these views, and eventually a recommendation was made to Government, that what may now be termed "the improved excise system," should be introduced into the Districts noted in the margin on contracts extending to three years, from the 1st July, 1875, and that an improved farming system should be adopted in the other Districts of the Presidency. The Government sanctioned these proposals, and after some discussion, the Districts of Coimbatore and Tanjore and the town of Bellary were added to the list of those into which the new system was to be introduced, and it was also settled that the toddy farms should in all cases, be separated from the arrack contracts. Such a separation had been advocated in my report, but eventually I was a party to the recommendation that any change in this respect should be deferred, partly in deference to the opinion expressed on the subject by the local officers, but mainly because I feared that a separation, at that particular time, of the two farms which for so many years had been held together, might imperil the financial success of the new system.

Ganjam.
Vizagapatam.
Chingleput.
North Arcot.
South Arcot.
Nellore.
Salem.
Trichinopoly.
Neilgherry.

3. The main differences between the improved excise system and the experimental excise system, are (1) that, under the former the duty on spirits is fixed with reference to the actual selling price of spirits in the Districts concerned, instead of being an arbitrary rate; (2) that the Contractors are not permitted to sell spirits beyond a fixed maximum price, in order to prevent their securing to themselves a large profit on a small and easily managed consumption to the detriment of the excise duty, and the neglect of the supply of out-lying tracts of country; and (3) that a minimum guaranteed revenue for each District is arrived at by tenders in the open market, so that a public estimate may be occasionally obtained of that normal consumption of spirits in each locality upon which the State is entitled to levy its excise. The

improved farming system requires that all spirits shall be sold at certain specified strengths, and at retail rates between certain specified minima and maxima. It also provides, as far as possible, for the manufacture of all spirits at Central Distilleries, which are subject to Government inspection, and requires that detailed accounts shall be kept at all Distilleries and Shops for the information of the officers of Excise.

4. On the 1st April 1875, the arrack and toddy farms of the several Districts, where the farming system was retained, were sold by Taluks for a term of three years, from 1st July following, and realized the amounts noted in the margin. The result of these sales showed that the value of the toddy farms, or rather their relative value to the arrack farms, had been very much under-estimated. It will be seen that these farms fetched an annual rent of Rs.8,73,812, or upwards of one-half of the arrack revenue, instead of little over one-sixth as had been estimated. Tenders had in the meantime been invited, guaranteeing a minimum arrack revenue for some of the Districts which were to be managed on the new system, and were subsequently called for for others, whilst the contractors of the five Districts, in which the experimental excise system had been in operation were permitted to retain them on the terms required by the new plan of management, the minimum guarantees having been fixed by the Board of Revenue, with reference to the known consumption of the previous three years. The toddy farms of these Districts had also been sold taluk-war on the 1st April, and the marginal statement exhibits the total annual excise revenue both from arrack and toddy, which was anticipated for the three years of the new contract, compared with the revenue of 1873-74.

Districts.	Total Abkarry Revenue in 1873-74.	New demand from 1875-76.		
		Total bids for Toddy.	Total bids for Arrack.	Total Revenue.
Godavery ...	2,47,625	82,120	1,95,520	2,77,640
Kistna ...	2,25,505	64,400	1,94,800	2 59,200
Cuddapa ...	2,41,425	17,112	2,16,095	2,33,207
Bellary ...	6,07,400	3,33,800	3,01,950	6,35,750
Kurnool ...	3,26,550	90,830	1,36,700	2,27,530
Madura ...	1,85,050	82,450	1,98,250	2,80,700
Tinnevelly ...	2,06,018	44 050	1,37,000	1,81,050
South Canara ...	1,21 500	59,800	82 600	1,42,400
Malabar ...	2,77,950	99,250	1,55,400	2,54,650
Total...	24,42,063	8,73,812	16,18,315	24,92,127

Districts.	Toddy Revenue in 1873-74.	Total Abkarry Revenue 1873-74.	Total bids for Toddy.	Revenue guaranteed by Contractors.	Total Abkarry Revenue under new system.
Ganjam ...	7,500	86,216	9,451	66,000	75,451
Vizagapatam ..	25,560	1,27,247	37,650	93,600	1,31,250
Chingleput	105,055	1,93,570	1,35,000	40,000	1,75,000
North Arcot ..	43,450	2,81,745	1,20,580	2,42,000	3,62,580
South Arcot .	63,000	1,93,679	1,30,000	1,24,000	2,54,000
Total..	2,49,565	8,82,487	4,32,681	5,65,600	9,98,281
Nellore ...	...	84,130	19,480	61,000	80,480
Bellary, Town .	...	93,500	21,000	1,00,600	1,21,600
Tanjore ...	..	4,90,355	3,23,960	1,80,000	5.03,000
Trichinopoly ...	...	1,40,490	39,790	1,10,000	1,49,790
Coimbatore ..	...	2,83,690	90,900	2,70,000	3,60,900
Nilgiris ..	...	65,600	.....	80,500	80,500
Salem ..	...	3,72,088	1,39,430	3,41,000	4,80,430
Total..	...	15,30,033	6,33,600	11,43,100	17,76,700

SECTION II.—RESULTS OF THE NEW SYSTEM.

5. It will be seen that the estimated excise revenue in the districts managed on the farming system was about half a lac of rupees in excess of that which had been realized during the late Abkarry contracts, so that as far as these districts were concerned, the separation of the toddy farms has not as yet had by any means the disastrous effects which had been anticipated by some quarters. The actual collections in these districts too for the first year of the new contract, which closed on the 30th June last, must have fully realized the estimate, for including both current and arrears, they have amounted to about twenty-six lacs of rupees against about twenty-four lacs, which were collected in 1874-75. The lac-and-a-half in excess of the estimated increase is owing

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to there having been more arrears outstanding at the commencement of 1875-76 than at the commencement of 1874-75. A comparison of the figures in the statement in the margin of the last paragraph relating to those districts into which the improved excise system was introduced, shows that a gross increase of about three-and-a-half lacs per annum was anticipated. It will also be noticed that the toddy farms of these districts realized upwards of ten-and-a-half lacs, against an anticipated revenue of about seventeen lacs from arrack. The increased proportion of the former rents in these districts is mainly owing to the heavy revenue which is derived from toddy in the Tanjore District, but the figures afford abundant evidence that no loss is likely to result from the separation of the toddy and the arrack farms. Indeed, the large increase which has taken place in the value of the toddy farms in the five districts which were lately managed on the experimental excise system (see column 2 of the statement) would seem to show that this measure has had quite the contrary effect.

6. The new system has been in force now for a little over a year in the eleven districts concerned, and in the town of Bellary, and a reference to the collections for the revenue year ending 30th June 1876, which was the first year of the new contract, will prove that it has been generally a financial success, except as regards the arrack revenue in the districts of Coimbatore, Salem and Tanjore. It will be observed from the statement given in para. 4 above, that, in the five districts in which the experimental excise system had been previously tried, an increase in the annual excise revenue of a little over one lac of rupees was expected; but it would appear from a comparison of the actual collections in 1874-75 with those of the past revenue year, as shown in the margin, that the collections of current revenue in these districts rose by upwards of two lacs in the latter year. The main portion of this increase is to be ascribed, no doubt, to the improved toddy revenue, but the arrack revenue has also been very largely developed under the new system during the year, and this too with a diminished consumption of spirits. In Ganjam and Vizagapatam matters appear to have remained much as they were, both as regards revenue and consumption, and I am not of opinion that this is altogether satisfactory when the results which have been attained in other districts are considered; but so long as the contractors continue to pay their guarantee, no objection can be taken. In Chingleput, the consumption was reduced by nearly five thousand gallons, but the arrack revenue was raised by upwards of Rs.9,000 owing to increased excise duty and the toddy revenue, which in this district is managed by the arrack renter as an exceptional case, also improved by upwards of Rs.17,000. In all upwards of Rs.29,000 were paid over and above the guaranteed revenue. In South Arcot also there was a small decrease in the consumption of arrack, but the payments to Government were considerably above those of the previous year, and the contractors have exceeded their guarantee by upwards of Rs.11,000. In North Arcot, regarding which full details are given in Appendix F., (as it was one of the districts which I visited on my recent tour), the excise duty was fixed at Rs.2-10-0 for spirits 20° *u.p.*, and the minimum guarantee at Rs.2,42,000. The contractors have issued 109,855 gallons, and have paid Rs.2,88,514 as excise duty, so that they have exceeded the guarantee by upwards of Rs.46,000. In these five districts then it will be seen that payments in excess of the guaranteed or estimated revenue from spirits to the extent of nearly three-quarters of a lac have been realized, and that the gross excise revenue has increased during the first year of the new system by about a lac-and three-quarters.

Districts.	Combined Arrack and Toddy collections including Miscellaneous for 1875-76.			Combined Arrack & Toddy collections including Miscellaneous for 1874-75.		
	Arrears.	Current.	Total.	Arrears.	Current.	Total.
Ganjam ...	13,017	75,958	88,975	10,222	74,328	84,550
Vizagapatam...	19,497	1,37,325	1,56,822	32,016	1,23,838	1,55,854
Chingleput ...	35,049	1,98,378	2,33,427	...	1,85,100	1,85,100
North Arcot .	31,893	3,70,248	4,02,141	25,735	2,61,169	2,86,904
South Arcot..	18,257	2,59,445	2,77,702	13,686	1,71,504	1,85,190
Total...	1,17,713	10,41,354	11,59,067	81,659	8,15,939	8,97,598

7. In three of the remaining six districts in which the new system has been introduced, and in the town of Bellary, the results have been equally encouraging, though no doubt future years will show even better results when the contractors become better acquainted with the resources of their districts, and the people become accustomed to the change of system. Full details in regard to the Trichinopoly district will be found in Appendix D. The guarantee has been fully paid up, and this amount, combined with the annual rental for which the toddy farms have been sold, represents a sum about Rs.9,000 in excess of the old combined rents of the district. The Nellore guarantee has also been realized, but the gross revenue will not quite reach that of 1874-75. On the Neilgherries, the contractor has paid some Rs.7,000 in excess of his guarantee, and the revenue of the year will be upwards of Rs.22,000 beyond that of 1874-75. In the town of Bellary still more satisfactory results have been obtained. The former revenue for both arrack and toddy was Rs.93,500, and the present contractor guaranteed Rs.1,00,600 for arrack alone. He has paid Rs.1,28,597, and the separate toddy rent has realized Rs.21,000. Thus in this group of districts also the arrack revenue will be some Rs.35,000 beyond the guarantee or estimate, and total annual excise revenue, both from arrack and toddy, will be improved by about Rs.87,000 per annum.

8. There remain the three districts of Coimbatore, Salem and Tanjore, in which, as already stated above, the new system does not appear to have been financially successful. As desired in the Government Order, dated 3rd July 1876, No. 891, I have recently made a full enquiry into the working of the system in these districts, and complete details in regard to them will be found in Appendices A., B., C. The guaranteed arrack revenue is exhibited in the marginal statement, together with the toddy rents for the present year, compared with the old revenue obtained from the combined rents in 1873-74. It will be seen that had the guarantees been fully paid up, there would have been an increase of nearly two lacs in the annual excise revenue of the three districts. Instead of this, owing to its having been determined, under the circumstances which are fully explained in the Appendices referred to above, to require the arrack contractors of these districts to pay the Government duty only upon the actual quantity of spirits issued, instead of in accordance with their guarantee, there will be a falling off in the estimated receipts of something under three lacs of rupees, so that for the year 1875-76 there will be a decrease of about a lac of rupees in the gross excise revenue of these three Districts instead of an increase. The augmentations of excise revenue which have been obtained in the other groups of districts, which have been under reference in the previous paragraphs, amounting to upwards of three lacs of rupees, will, of course, more than cover this diminution, leaving a net increase of revenue of something over £20,000 in the first year of the new system.

Districts.	Excise revenue of 1873-74.	Toddy rents of 1875-76.	Guaranteed arrack revenue for 1875-76.	Total.
Coimbatore	2,83,600	90,900	2,70,000	3,60,900
Salem	3,72,083	1,39,430	3,41,000	4,80,430
Tanjore	4,90,355	3,23,180	1,80,000	5,03,180
Total...	11,46,043	5,53,510	7,91,000	13,44,510

SECTION III.—CAUSES OF PARTIAL FAILURE.

9. A reference to Appendices A., B. and C. will show that various causes have operated to induce a depression of the arrack revenue in the three Districts referred to in the last paragraph. It will be seen that in my opinion the original tender made by the several contractors in each case contemplated a consumption of spirits which was considerably in excess of the ordinary consumption of the district. Then the season of 1875-76 was not a favorable one, and experience has amply proved that the excise revenue is invariably much more easily realized when harvests are plentiful, and the cultivating classes in comparatively good circumstances, than in a year when owing to a

failure of crop they find a difficulty in paying the dues of Government for the land revenue. The separation of the toddy farms from the arrack farms has also undoubtedly given a strong stimulous to the traffic in the former beverage, and has to some extent affected the consumption of arrack. From enquiries made, I believe it to be an entire mistake to suppose that the consumers of toddy are a different class of people from the consumers of arrack, and the fact that in every district in which the improved excise system is in force, the arrack sales from July to December are invariably in excess of those from January to June, which is specially the toddy season, is a confirmation of this opinion. There is also some ground for the very general complaint made by the contractors, that the Magistracy are not sufficiently alive to the necessity of administering the excise law with some severity if punishment is to prove deterrent to smugglers and illicit distillers, and it would probably be desirable that the attention of the Magistrates of districts should be drawn to the matter. The thorough co-operation of the Police with the Revenue Department in the detection and suppression of smuggling is also most essential. At the same time, as stated in the Appendices, I am decidedly of opinion that the main reason why the consumption of arrack in the two districts of Coimbatore and Salem is so far below the estimates, is because the retail price has been so largely increased. It will be noticed that whereas in the Coimbatore district the old retail price of spirits 30° *u.p.* (which was probably the strength in common use) was, during the last contract, Rs.3 per gallon, it has now been raised to Rs.3-12, and the stronger liquor is of course proportionately dearer, though it is questionable whether the people sufficiently realize the superior strength when comparing the high price demanded with the old rate at which they were accustomed to purchase their daily stimulant. It will be seen, too, that, in Salem, though all the spirit sold is of a superior strength and description to that formerly in use, the price has been raised from an average of about Rs.3-4 per gallon to an average of about Rs.4-8. I am aware that the contractors of both districts are not prepared to admit that their increased prices have reduced the consumption, and ascribe it mainly to the toddy competition, but it is well known that in all countries an increase in the price of any article of general consumption, such, for instance, as is usually caused by a rise in the duty, almost invariably results in a decreased demand. It is also the general opinion among the native abkarry contractors that this is the explanation of the decreased consumption in the two districts in question. A reference to Appendix E., on the Madura District, will show that the contractor of the Madura taluk is content to put up with a very small profit, per gallon, rather than increase the price of spirits in Madura town from Rs.3-0-0, per gallon, to Rs.3-4, as he feels satisfied that he would lose more by the check placed upon consumption, than he would gain from the increased price. If this is the case in the rich and prosperous town of Madura, what must be the effect of the much more serious augmentations of price which have taken place in Coimbatore and Salem? In order to show that the consumption in these two districts is not equal to that of adjoining localities where the circumstances of the people may be supposed to be very similar, I annex in the margin the annual consumption, per head, in some of the taluks, in each, compared with that of neighbouring taluks in North Arcot and Madura, and with that of the outlying parts of the Bangalore District which adjoins Oossoor. Now, it is impossible to suppose that the consumption of spirits can have been really checked to this extent in one year, and the only conclusion to be arrived at is that the licit and taxed consumption has been largely supplemented by illicit spirits. In other words, that the high price of spirits has led here, as in other countries, to wholesale smuggling, though the high price has not, as elsewhere, been mainly owing to a high duty, but rather to the monopolist

	Gallons per head per annum of spirits 30° u.p.	
Coimbatore.	Dharapuram	·019
	Oodumulpettah	·040
	Caroor	·043
Madura.	Dindigul	·073
	Palni	·056
	Gallons per head per annum of spirits 20° u.p.	
N. Arcot. Salem.	Tripatur	·043
	Kistnagherry	·047
	Oossoor	·033
	Gudiattum	·065
	Palmanair	·071
	Taluks of Bangalore District	·069

contractors determination to secure a large profit. It will be seen by a referenee to Appendix C. that the foregoing remarks do not apply to the Tanjore District as the price of spirits has not been raised by the new contractors.

10. It is natural that the contractors of Coimbatore and Salem should wish to think that an increased price does not affect consumption for every anna. per gallon, which they can add to the price beyond the cost of production and sale, *plus* the Government duty, represents clear profit to them. It requires, moreover, considerable experience in the business so to adjust the price of liqour in each locality as to secure the largest possible profit on the quantity sold, and, at the same time, not to check the ordinary consumption by charging rates which the public are unwilling or unable to pay. The Board of Revenue, however, left the matter to the contractors, merely fixing the minimum and maximum rates for the protection of the public, for all their previous knowledge of the old native abkarry contractors showed that, as a rule, they had invariably preferred to look for their gains to a small profit per gallon on a large consumption, rather than to a large profit on a small consumption. The provision in the contracts too that a minimum gross sum should be paid as revenue, irrespective of the quantity of liquor passing into consumption, was an additional safeguard against contractors charging a prohibitive price to their own benefit, but to the detriment of the consumption and consequently of the excise, for if they did so raise prices as to check consumption, it would be impossible for them to pay their guarantee at the prescribed rate of duty, and the making up of that guarantee out of their own increased profits, per gallon, would practically have the effect of giving the Government a duty somewhat proportionate to the increased price charged by them. For instance, supposing the estimate given in Appendix B. of what I considered to be the normal consumption of the Salem District to be correct (and it would only be ·07 of a gallon of 20° *u.p.*, per head, or very. little in excess of that of the outlying parts of the Bangalore District, which is ·069), and that with reference to this estimate, Messrs. Wilson and Co. had tendered a revenue of Rs.3,50,000, representing a duty of Rs.2-8 per gallon on 140,000 gallons. Then, if they sold at Rs.3-12 per gallon, the consumption would probably be unaffected, the full guarantee would be paid to the Government, and the profits of the firm would be such sum per gallon, as they could save out of Rs.1-4-0 for cost of manufacture, distribution, management, and vend. If, however, they sold at Rs.4-12 per gallon, and the consumption was thereby reduced to say 100,000 gallons, though their own additional profit would be one rupee per gallon, or Rs.1,00,000, the Government revenue at the prescribed rate of excise would only amount to Rs.2,50,000, so that the whole of their additional profits would be swallowed up to meet their guarantee of Rs.3,50,000 per annum. In other words the Government would receive an excise duty of Rs.3-8 per gallon, on a selling price of Rs.4-12 per gallon, instead of a duty of Rs.2-8 on a selling price of Rs.3-12 per gallon.

SECTION IV—PROBABLE EFFECTS OF THE REMISSIONS.

11. It will be perceived that the recent action of Government in permitting the contractors to pay excise duty upon their issues only, and without reference to the prices which they have charged for their liquor, has frustrated, for the present, so far as the Districts of Coimbatore and Salem are concerned, one of the most essential objects of the minimum guarantee, as explained in the previous paragraph. In the Appendices, I estimate the profits of the three contractors during the past year at the sums noted in the margin, and it is perhaps to be regretted that when the case of the Coimbatore contractors was represented to Government, it was not explained that though they had only succeeded in issuing sufficient spirits

	Rs.
Coimbatore*	... 37,795
Salem ...	... 60,182
Tanjore	... 16,912

* In an account supplied to me when this Report was in the press, the contractors of Coimbatore exhibit a profit of less than half the sum here named, which will cause the subsequent calculations made in this paragraph to be even more unfavorable to them than they now appear.

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to pay, at the prescribed rate of duty, per gallon, about three-fifths of the guaranteed revenue, they had sold the whole of this quantity at the maximum price of Rs.3-12 per gallon, so that they might well be called upon to pay a duty of say Rs.2-4 per gallon, on their actual issues, instead of only Rs.1-12 per gallon. The effect of their present engagement with Government will, however, have a better financial result, for I much question whether they will succeed in selling more than 130,000 gallons during the second eighteen months of their contract, and upon this they will be required to pay the full guarantee of Rs.4,05,000, being equivalent to a duty of about Rs.3-2 per gallon, on this quantity. Their payments during the whole contract would thus be brought up to about Rs.2-7 per gallon upon the total quantity issued. According to their own accounts, the contractors would be very considerable losers (about four annas per gallon, or say Rs.65,000 in the three years) under such a result, but this is chiefly owing to their expensive system of management. In the Salem district, unless the consumption improves, the sales during the last eighteen months of the contract will only reach about 1,50,000 gallons, upon which the contractors will have to pay the full guarantee of Rs.5,10,000, representing a duty of Rs.3-6-4 per gallon. Their payments during the whole contract would thus be brought up to Rs.2-15-2, per gallon, which, with an average selling price of Rs.4-8 per gallon, would still leave Rs.1-8-10 per gallon in the hands of the contractors for the payment of all costs and charges, which would give them a profit of about Rs.50,000 on the three years results. In Tanjore, the results of the present arrangement, should the consumption remain at the existing figure, or, say at 80,000 gallons for the last eighteen months of the contract, would be the payment of an excise duty of Rs.3-6, per gallon, on this quantity, bringing the total payments during the contract up to Rs.2-11, per gallon, against a selling price of Rs.3-7-7 per gallon, so that if the contractor's account of his costs and charges is correct he would lose an average of six annas and seven pies on every gallon sold by him during the contract, or in all about Rs.65,000. If the consumption in any of these districts should increase, the position of the contractors will be to such extent improved, but it will be seen that even without any such increase the contractors in the Salem district will realize during their contract about Rs.16,500 per annum, representing more than 30 per cent. on a capital of Rs.50,000 which should be ample to work the business in the Salem district.

SECTION V.—ALTERNATIVE COURSES AVAILABLE.

12. It is perhaps questionable whether on the introduction of a new system it is advisable to hold the contractors of Coimbatore and Tanjore even to the terms of their new agreements with Government if there appears to be no prospect of the consumption improving, and there is no question that the contractors of the former district have a fair ground of complaint owing to the number of toddy shops having been increased *after* their contract was made. I should be disposed to recommend then that both contractors be released to some extent even from the existing engagements. They might either be permitted to resign their contracts at the close of the second year, *i.e.*, on 30th June next, provided they give notice of their desire to do so before the end of February next, and on the understanding that the full guarantee is to be paid from January to June 1877, as already provided in the agreements now in force, or they might be permitted, for the entire contract, to pay duty, as at present, only upon the actual quantity issued, but be required either to reduce the prices charged for spirits, so as to give the consumption some chance of improving, or to pay, duty at rates proportionate to the present prices. It would probably be most convenient to adopt the former mode of relief in the Tanjore district, where prices have not been raised, and where no extension of consumption is likely to result from lowering them, and the latter mode in the Coimbatore district, where the consumption has undoubtedly been affected by the high rates charged. Though the contractors of the latter

district but their present expenses for manufacture, distribution, management and vent at upwards of Rs.1-9 per gallon, if they were entirely remitted from the guarantee, they would probably be willing to reduce the retail selling price to, say Rs.3-4 per gallon, leaving the duty as at present Rs.1-12, and trusting to increased consumption and improved management to reduce their expenditure, so as to enable them to make a small profit on every gallon sold. Should the first-named form of relief be adopted, and the rates of consumption remain as at present, the contractors of Coimbatore would be required to pay the full guarantee of Rs.1,35,000 for the six months ending 30th June next, upon a consumption of about 43,000 gallons, representing a rate of duty of Rs.3-2 per gallon. This would bring up their total payments for duty to a rate of Rs.2-1-6 per gallon, for the two years of the reduced contract, and would give them a small profit of about 1½*as.* per gallon during the whole period.* In Tanjore the contractors would be required to pay the full guarantee of Rs.90,000 on the 26,000 gallons they would sell between January and June next year, which would represent a duty of Rs.3-7, and would bring up their total payments, during the two years, to Rs.2-5-9 per gallon, which would leave them losers of about six pice per gallon during the two years of the contract. It will of course be understood that neither of the modes of relief here proposed would be applicable to the case of the Salem contractors, as under the present modified contract they will realize some Rs.90,000 during the first eighteen months, and their losses, even without any increase of consumption during the second eighteen months, will not exceed about Rs.40,000. At the same time, I think it in every way advisable from a financial point of view that the enormous increase of price which has taken place in the Salem district, should be reduced at the earliest opportunity possible, in order that some approach may be made to what I am satisfied has hitherto been the normal consumption of the district. I am, moreover, of opinion that this is no less desirable from a moral point of view, for I feel assured, as already stated, that the present reduced licit consumption is supplemented by a considerable illicit traffic which neither the police nor the contractors are competent to cope with.

SECTION VI.—APPARENT DEFECTS IN THE SYSTEM.

13. The consideration of the cases of these three districts in which the new system has not been successfully worked, leads me to question whether it is generally advisable to leave the contractors so large a margin as one rupee between the minimum and maximum price at which they are permitted to sell. After a careful calculation of the cost of production, distribution, management, and vend of spirits, the Board of Revenue came to the conclusion that as a general rule spirits of a strength of 30°*u.p.*, could be sold without loss at one rupee per gallon, plus whatever might be the rate of excise duty fixed by Government. They accordingly in most cases in which the new system was adopted fixed the minimum price at which spirits might be sold at one rupee beyond the duty, and the maximum price at a rupee higher. Though Mr. T. Prichard is the only one of the European Distillers now under engagements with the Government who has succeeded in approaching this rate of one rupee per gallon, for the manufacture, sale, &c., of spirits, I am quite satisfied that, as a rule, a native distiller's expenditure, for this purpose, is well under this sum. The present toddy contractor of the Tripatore taluk in the Salem district, who for 30 years has been an abkari contractor in a large way, and who is related to the Tanjore family which for many years carried on the largest business of this kind in the Presidency, assured me that he would willingly take up as many districts as the Government would consent to give him, on the new system, but with the understanding that he should pay as duty whatever sum in excess of one rupee per gallon might be fixed as the retail price of spirits in any locality, and stated that under such an arrangement he would make a very fair profit. The figures too in my note on

* This would be converted into a considerable loss under the new accounts submitted by the contractors.

the Madura district (Appendix F.) clearly show that unless the several taluk contractors are able to reduce their expenditure below one rupee per gallon, many of them are working at a heavy loss. At the same time it must not be lost sight of in all such calculations that the cost of management and distribution when rated per gallon, must largely depend upon the number of gallons sold, for the gross charge would probably be much the same whether the quantity sold was 50,000 gallons or 100,000 gallons, so that it would be more correct to take into account the probable quantity to be sold when fixing the margin between the duty and the minimum price. In fixing the maximum price at one rupee beyond the minimum, the Board of Revenue, as already explained in para. 10 above, were under the impression that it might be safely left to the contractors to charge such rates as would not check consumption, as it would be against their own interests to do so, and as the provision in the contracts that a minimum sum should be paid as revenue irrespective of the duty paid on issues was also expected to act as a check upon prices.

14. In spite, however, of these supposed safeguards against contractors unduly increasing prices, I find that in nearly every district into which the improved excise system has been introduced, the contractors have charged either the maximum prices, or at any rate such rates as have had the effect of realizing for themselves profits considerably in excess of those obtained in ordinary mercantile transactions, while the Government excise duty, though equal to or in excess of the minimum revenue guaranteed has not been fairly proportionate to the price paid by the public for spirituous liquors. No doubt the profits of the contractors are very much below what they used to be under the old unrestricted farming system, and the Government revenue has been to this extent augmented without any additional burden being placed upon the tax-payer, but it seems to me that as further experience is gained under the new system, further steps should be taken in this direction, for there is no valid reason why persons entering into contracts with Government for the supply and sale of spirits to the public should obtain a larger interest for the capital invested than persons employed in any other branch of trade. The marginal statement exhibits the average retail prices at which spirits are sold in all the districts in which the new system is in operation, except those of Vizagapatam and Ganjam, compared with the prices formerly charged, and the maximum prices sanctioned under the contracts. The duty charged is also shown, and it will be seen that in every district an unnecessarily large margin is left for contractors' and vendors' expenditure and profits. It will also be observed that in all the districts, except Salem and Tanjore, into which the improved excise system has been introduced, without a preliminary trial of the experimental system, the maximum price sanctioned under the contracts has invariably been adopted, and that it has been very nearly approached in Chingleput, South Arcot and North Arcot and Salem.

Districts.	Maximum price prescribed	Average price charged.	Duty per gallon.	Balance.	Average price in 1874-75.
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
Salem ...	5 0 0	4 8 0	2 8 0	2 0 0	3 0 0
North Arcot ...	4 12 0	4 6 0	2 10 0	1 12 0	3 14 10
Neilgherries ...	4 8 0	4 8 0	2 12 0	1 12 0	4 0 0
Chingleput ...	4 4 0	4 2 0	2 4 0	1 14 0	3 15 3
Bellary Town ...	4 4 0	4 4 0	2 12 0	1 8 0	4 8 0
South Arcot ...	4 0 0	3 12 0	2 0 0	1 12 0	3 0 0
Tanjore ...	4 0 0	3 7 7	2 6 0	1 7 7	3 8 0
Coimbatore ...	3 12 0	3 12 0	1 12 0	2 0 0	2 14 0
Trichinopoly ...	3 12 0	3 12 0	1 12 0	2 0 0	2 14 0
Nellore ...	3 8 0	3 8 0	1 8 6	1 15 0	2 14 0

N.B.—The spirits sold in North Arcot and Salem are 20°*u.p.*, in all others 30°*u.p.*

15. In the three districts formerly managed on the experimental system the retail price of the previous year has been largely increased, and a fall in the consumption has been the invariable result, though it has not been so considerable as to preclude the payment of the minimum guarantees which in these districts have been fixed at somewhat low rates. In the other districts the

Districts.	Estimated, or actual consumption in 1874-75 in gallons.	Issues of Spirits in 1875-76.	Contractors' receipts in excess of Rs.1-4 per gallon.	Estimated additional Profits at this rate.
			a. p.	Rs.
Salem	163,887	100,035	12 0	75,064
North Arcot	119,743	109,325	8 0	54,918
Nedgherries	18,000	13,413	8 0	16,707
Chingleput	42,883	37,611	10 0	23,507
Bellary Town	51,766	49,227	4 0	12,307
South Arcot	77,623	72,820	8 0	36,410
Tanjore	70,482	52,285	3 7	11,710
Coimbatore	135,795	86,390	12 0	64,793
Trichinopoly	80,730	66,166	12 0	49,625
Nellore	58,306	42,000	11 6	30,188

consumption has been very much below the estimates given in my General Report, as shown in the marginal statement, and though these may have been somewhat above the actuals, owing generally to a reduced estimate of the toddy receipts having been adopted, there is every reason to suppose that the increase of price which has taken place everywhere, except in Tanjore and Bellary town, has to some extent affected consumption, and that consequently the Government receipts in the shape of excise duty have been unduly depressed, and the profits of the contractors unduly augmented. This is clearly shown in regard to the North Arcot and Trichinopoly Districts, in Appendices D. and F., and a reference to columns 4 and 5 of the marginal statement will show what these, so to say, "extra profits" of the contractors should have been during the past year, supposing that all of them had been equally successful in manufacture and management, for it is well known that any successful abkarry contractor with a consumption of not less than 20,000 gallons, after allowing for the cost of manufacture, distribution and vend of spirits and for superintendence, will make a considerable profit on every gallon of spirits for which he can realize Rupees 1-4, exclusive of the excise duty, so that all he obtains in excess of this amount may fairly be viewed as extra profit. Though it is true that, as already stated, the receipts of the State during the year have in all districts, except three, reached the guaranteed revenue, and, in several districts have very largely exceeded it, and that they have, moreover, been very considerably beyond the receipts of former years, when the old farming system of management was in force, so that the improved excise system may be said, on the whole, to have proved an unqualified success, as far as it has gone, still, so long as the contractors are enabled under it to realize such inordinate profits as those shown in the statement, it cannot be considered an entirely satisfactory system of management, though no doubt greatly superior to the system which preceded it. At the close of the present contracts, therefore it will probably be worth consideration whether contractors shall be allowed any margin between the minimum and maximum prices, and, perhaps, it may be found advisable to fix absolutely the selling rates in particular localities before calling for future tenders, but no doubt these and other questions which will doubtless arise as further experience is gained of the working of the new system, will be fully considered by the Board of Revenue before the expiration of the present contracts.

16. At the same time I feel sure that I am only expressing the opinion of my colleagues of the Board when I state that they would obtain the very greatest assistance in dealing with all such questions, if the Government would be pleased to reconsider their determination adverse to the employment of a special officer in connection with the abkari. The Board when proposing the new arrangements, urged the permanent appointment of an officer on a salary of Rs.1,500, to be called "Superintendent of Excise," but it would probably be sufficient if such an officer were placed temporarily at the disposal of the Board, say for eighteen months, from the 1st of January next. The excise revenue has more than doubled itself during the past sixteen years, and may, I believe, if carefully developed and regulated, so as to bring about some sort of uniformity of excise duty both on arrack and toddy, be moulded into an equally convenient engine of taxation as the salt

tax, being raised or depressed in accordance with the State necessities. The recent improvements of system are all tending to this desirable result, but I feel confident that these changes will not have a fair trial unless, for a time at least, they are carefully watched by a special officer, who will be able to visit every district of the Presidency, to discuss matters with the district officers, and to explain to them the importance of certain details of excise management, to which unfortunately it has become the habit of the revenue officer to pay but scant attention. My recent tour has quite confirmed all my previous convictions on this point, for I found that in every district many of the instructions of the Board had not been carried into effect, and that several of the conditions of the new excise licenses were, as a rule, not enforced.

SECTION VII.—THE TODDY REVENUE.

17. As I understood before starting upon my tour that the Government were desirous that I should make some enquiries regarding the toddy revenue, and the results of the recent separation of the toddy and arrack farms, I have obtained such information on the subject as was available in the different districts which I visited, the details of which will be found recorded in the Appendices to this report. I have already expressed my opinion that the separation of the two farms has been an unqualified benefit to the revenue, and I have every reason to believe that it has been an equal advantage to the people, who are now, as a rule, plentifully supplied with a natural and exhilarating beverage, of which formerly they were to a great extent deprived by the native abkarry contractors, in the hope of forcing them to the consumption of the much more deleterious drink—native spirits. A reference to the statements appended to para. 4 above will show that the separation of the two farms resulted in a largely increased revenue in those districts in which the former revenue from toddy was accurately known, and in the elicitation of the fact that of a gross mofussil excise revenue* of about 52½ lacs of rupees, about 19½ lacs, or a good deal over one-third, is derived from the tax upon this hitherto much neglected article of consumption. As this revenue is let in farm, talukwar, in every district, it is impossible, without very much more detailed enquiries than I have been able to undertake, to ascertain either the mode in which the different farms are managed, the quantity of toddy consumed in each, or the excise duty, per gallon, which is paid in the shape of the farm rentals. Supposing, however, that the average net profit, per gallon, is three annas, which is said to be the rate in the town of Madras and in the district of Chingleput, the consumption throughout the Presidency must amount to at least twelve million gallons to admit of the present revenue being paid, and a small profit being obtained by the renters. This quantity would represent a consumption of about two-fifths of a gallon per head, per annum, throughout the whole population of the Presidency. It will be seen from the details given in the Appendices that in several farms the net receipts, per gallon, are a good deal in excess of three annas, consequently if any uniform system of management could be devised, it would probably be found feasible to raise the average receipts beyond this figure, and so to increase the revenue by a very considerable sum. Even under the present system of triennial farms, however, there is every reason to suppose that the present revenue under this head will be very considerably augmented at the close of the present contracts, for the enormous profits which have been made in many of the farms cannot fail to become generally known, and will have the effect of largely raising the rents at the next auction.

* The excise revenue of the town of Madras is about 11½ lacs, of which about 3 lacs is derived from toddy.

18. Such details as I have been able to obtain of these profits, as well as of the consumption and net receipts, per gallon, in each locality which

I visited, are given in full in the Appendices, together with the calculations upon which my estimates are based. The marginal statement shows these particulars for some of the taluks of four districts, and it will be seen that if my calculations are at all correct, the renters' profits are everywhere very considerable, and in the Tanjore district especially so. This, however, was to be expected, as the purchaser of the rents of seven taluks was an old abkarry renter of the district of great wealth and influence, and he no doubt succeeded, to some extent, in checking competition for the farms, and thus securing to himself an unduly large profit from his undertaking. It will also be noticed that the consumption, per head, seems to vary very largely in every locality, and that the renters' net receipts, per gallon, are by no means uniform.

	Taluk.	Toddy Rental.	Payments made to Renter or Sub-Renter by Under-renters or Shop-keepers.	Profits.	Net Receipts per gallon.	Consumption per head per annum.
		Rs.	*Rs.*	*Rs.*	*a. p.*	*Gallons.*
Coimbatore.	Coimbatore	34,050	45,000	10,950	3 9	·831
	Erode	16,150	28,000	11,850	4 0	·397
	Caroor	3,050	8,000	5,000	2 6	·291
	Dharaporam	4,060	9,000	4,940	3 0	·251
	Bhowani	3,020	3,500	480	1 0	·577
	Sattiamangalam	14,000	23,000	9,000	2 0	·176
	Pulladum	5,700	9,156	3,456	...	·333
	Pollachy	3,000	8,000	5,000	3 0	·285
North Arcot.	Gudiatum	20,110	19,965	...	...	...
	Vellore	15,910	19,921	4,011	...	...
	Wallajah	14,500	19,815	5,315	...	...
	Arcot	10,990	15,665	4,675	...	...
	Wandewash	3,110	9,504	6,394	...	...
	Polur	4,510	4,852	342	...	...
Tanjore.	Seven Taluks	2,71,000	4,15,000	1,44,000	5 0	·763
	Tittapundi	19,000	27,458	8,458	2 3	1.36
Trichinopoly.	Trichinopoly	35,050	49,400	14,350	3 0	·669
	Museri	1,050	7,174	5,524	4 0	·112
	Kulitellai	2,030	5,011	2,981	3 6	·101

19. It remains to be ascertained whether there are any special reasons for these variations, and whether it would not be feasible to take some uniform sum as tax upon the liquor, both to the benefit of the revenue, and of the consumers. Such a course would not of course be possible under the present system of management, which leaves it to the renters to charge such retail rates, in excess of the minimum, as they please; but it may be worthy of consideration whether the plan of leaving the farms in the hands of a single monopolist, on payment of ten per cent. of his net receipts, which has worked with such marked success in the Chingleput district, might not with advantage be still further extended at the close of the present contracts. In any case, the first step to be taken is to ascertain with some sort of accuracy what is the actual consumption of every locality, and what are the retail prices charged to the public. Under the present licenses the shopkeepers are required to keep accounts showing these details, but, inasmuch as most of them are very illiterate persons, generally unable to read or write, and quite unable to keep any sort of accounts, this condition of the license is practically a dead-letter; but the same result might be attained if the Board of Revenue issued a rule under clause 6 of the Toddy Licenses, requiring all renters and sub-renters to submit a monthly account giving the information required for each shop in their rent or sub-rent, as the case might be. The renters and sub-renters would have no difficulty in complying with the rule, as the accounts which they now keep with their shopkeepers would supply the necessary materials. In connection with the subject of the toddy revenue, I took occasion during my tour to ascertain the views of the local officers regarding the present rule prohibiting the use of toddy tax-free for domestic consumption. The general opinion seems to be that no great hardship is caused by the rule, and that any relaxation of it would lead to a general system of smuggling which could not but prove disastrous to the revenue. There is no more cogent reason why the owner of land growing toddy-yielding trees should be allowed to use tax-free liquor than that the owner of land growing opium should be exempt from the Government duty

on the drug, supposing the exigencies of the State to require the imposition of the tax in both cases.

SECTION VIII.—COUNTRY BEER AND BRITISH SPIRITS.

20. In conclusion, I would desire to draw the attention of Government to the manufacture of country beer, and to the importation of British spirits of inferior quality, as no doubt the abkarry revenue is already to some extent affected thereby. It is acknowledged under the fiscal systems of most European countries that the duty upon wholesome beer should be more favorably rated than the duty upon spirits, in order that the consumption of the less injurious beverage may be encouraged. Hence it is found that the duties charged are not in proportion to the alcoholic strength of beer, as compared with spirits. The same course has been followed in India as regards import customs duties, for beer is charged at the rate of one anna per gallon, against proof spirits at the rate of Rs.4, per gallon, though the beer usually imported contains about 7 to 8 per cent. of alcohol. A reference to even the lowest rates of duty charged upon country spirits in the several districts, will also show that European beer is everywhere admitted into the market at a specially favorable rate with reference to its alcoholic strength. I confess that it appears to me that the policy which has been hitherto adopted in this matter is correct, and that it would be a mistake to raise the duty upon imported fermented liquors in the interests of our abkari revenue from spirits, but the case of inferior European spirits is altogether different, and the effect of their importation upon our local spirit revenue should be carefully watched. I am disposed to think, however, that the reasons in favor of imposing a light duty upon imported beer apply with equal, if not greater force, to the case of country-made beer, especially at the present juncture, when the state of the exchange with Europe, renders it in the highest degree desirable that all local manufactures of any article of general consumption should be liberally encouraged. I understand that the recent orders raising the duty on country-made beer from one to four annas, per gallon, have had a disastrous effect upon the manufacture, and after a perusal of the correspondence which has taken place upon the subject, I hardly think that it has been sufficiently clearly established that the beer brewed upon the Hills "is not worthy of encouragement as a wholesome or genuine beverage." Some years back, I ascertained from the Financial Commissioner of the Punjaub that no duty was charged upon the beer brewed by the Murree Brewery Company, as it was the wish of that Government to give every encouragement to the new enterprise, and I observe it stated in the correspondence that no duty beyond the license fee is charged upon country beer in the Bombay Presidency. The Murree Brewery now supplies to the Commissariat a considerable proportion of the beer consumed by the European troops in the Punjaub, and I believe that the climate of the Neilgherries affords special facilities for brewing, which, if properly developed, might secure an equally satisfactory result in this Presidency. Nearly thirty years ago the late Colonel Ouchterlony drew attention to the subject of brewing on the Neilgherries, and reported that he had himself brewed several casks of excellent beer, without a single failure, and that it had been highly approved of by many persons who had tasted it. He, at the same time, explained that the barley grown on the Hills was of such inferior quality that the malt made from it yielded but a very small proportion of saccharine matter, and that it therefore became necessary to add raw sugar to the malt, in order to produce a wort of the proper strength. No doubt many of the alleged defects of the beer now brewed on the Hills is owing to the brewers allowing too large an admixture of sugar with the malt, but there seems to be no valid reason why what was successfully accomplished by Colonel Ouchterlony in 1848 should not be carried out with equal success at the present time. The late increase of the duty on the beer by 75 per cent, however, is certainly not calculated to forward such a result, and I think that the former rate might well be reverted to, provided

that the rules regarding the materials from which the beer shall be manufactured are strictly enforced.

21. While then I would recommend the encouragement of the consumption of a wholesome country-made beer, even though such a course might to some extent affect the revenue from country spirits and toddy, I would strongly urge that early steps be taken against permitting the inferior imported spirits to come into general consumption to the displacement of the improved country spirits which are now being manufactured and sold under the new excise system. It has been stated by Messrs. Parry and Co. that a cheap common spirit of proof strength, made from potatoes, but called brandy, can be purchased in bulk, in bond, at Madras, at from a rupee-and-a-quarter to a rupee-and-a-half per gallon, and that such spirits are every year finding a larger market in India. Spirits of this quality could be sold, including the customs duty of Rs.4 per gallon of proof, at Rs.12 per dozen, with a fair profit, or if reduced to 20° *u.p.* the price might be reduced to Rs.9-9-9 per dozen, or Rs.4-12-10 per gallon, so that in many districts they might well compete with the country spirits. It has been ascertained that the high prices which the Sudr distillery monopolists in the Province of Coorg have placed upon the country spirits distilled by them has had the effect of largely increasing the consumption of cheap brandy among the Hill population, and similar results may be expected in this Presidency, unless the subject is carefully kept in view by all revenue officers. The number of licenses for the sale of European liquor has, I believe, considerably increased of late years throughout the country, and brandy, gin, and whisky, of inferior quality, is generally consumed to some extent in all large towns, though Madura was the only town I visited, in which such liquors were sold by the dram. The shop license requires that full details of the quantity sold, and the prices charged shall be supplied to the officers of excise, and, for the present, this will probably be a sufficient check, but it will be advisable that Collectors should be directed carefully to scrutinize these returns, to test them by occasional and unexpected visits to shops, and to bring to the notice of the Board any considerable increase in the consumption which may be observed.

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APPENDIX A.

COIMBATORE DISTRICT.

ARRACK REVENUE.

The Coimbatore District was not included by the Board of Revenue in the list of those recommended for the introduction of the improved excise system, because it was known that it had for many years been managed throughout on the sub-renting system, which involved the possession of a Still by almost every shopkeeper, a state of matters which would necessarily have rendered it highly probable that illicit distillation would take place under the new system, which requires all spirits to be manufactured at a central distillery.

2. In consequence, however, of an application having been received to that effect, tenders were, under the orders of Government, invited for a three-years' contract, under the new system, some time after the toddy farms had been sold. The duty on spirits, 30° *u.p.* was fixed,at Rs.1-12-0 per gallon, which had been settled as the rate of duty in the adjoining districts of Salem and Trichinopoly, and the minimum price per gallon was placed at Rs.2-12-0, the maximum being Rs.3-12-0. Five tenders were received guaranteeing, at this rate of duty, a minimum payment to Government. The lowest offer was Rs.1,70,000 representing an estimated sale of 97,142 gallons; and the highest Rs.3,05,000 representing an estimated sale of 1,74,285 gallons. In view, however, to the character and competency of the tenderers, the Board of Revenue accepted the offer of Messrs. Lecot and Saravanamuttu Pillay, guaranteed by Messrs. Arbuthnot and Co., which amounted to Rs.2,70,000, representing a sale of 154,285 gallons, and which was the highest tender save one.

3. The contractors entered upon their undertaking on the 1st July 1875. and after six weeks' experience, obtained permission to issue a certain quantity of their liquor at 20°*u.p.* at the proportionate duty of Rs.2-0-0 per gallon, and to sell it at from Rs.3-0-0 to Rs.4-0-0 per gallon, as they had received frequent complaints from certain quarters that their liquor was inferior, and weaker than that formerly sold. They also desired to be permitted to sell Colombo Arrack at a similar rate of duty, as it was said to be in demand in the town of Coimbatore and other places, but as under the Imperial Customs Act this spirit is liable to an import duty of Rs.4-0-0 per gallon of proof, the Board of Revenue were unable to comply with their request.

4. It has been stated that, in order to fulfil the guarantee it was necessary that the contractors should sell 154,285 gallons of liquor at 30°*u.p.* per annum, proportionately reduced, of course, by any quantity of liquor which might be sold at 20°*u.p.* It will be convenient, however, in all future calculations to reduce all sales at the latter strength to the former denomination. This annual quantity represented an average monthly sale of 13,000 gallons, and when, after three months' experience, the contractors found that their sales never reached 8,000 gallons, they complained that their business was interfered with by the numerous toddy shops which had been opened since they entered into their contract, and begged that they might be closed. To this, however, the Collector and Board of Revenue objected as the number of sanctioned toddy shops was still little more than 50 per cent. of the sanctioned arrack shops, and not more than the convenience of the public required. Eventually on a reference to Government, the contractors were allowed the option of cancelling their agreement, at the close of the first year (*i.e.* on the 30th June 1876), or of paying the duty only on the issues during the first 18 months of the contract, the full guarantee of Rs.2,70,000 per annum being paid for the remaining 18 months. The contractors have accepted the latter alternative, and as their issues during the first year of the contract. ending on 30th June last, amounted to only 66,761 gallons of spirits at 30°*u.p.*, and 17,176 gallons, at 20° *u.p.*, their payments of duty have amounted to only about Rs.1,50,000, instead of Rs.2,70,000, thus resulting in a loss to Government of nearly Rs.1,20,000.

5. The total sales during the past revenue year ending on 30th June 1876, reduced to 30°*u.p.* amounted to 86,399 gallons, or ·049 of a gallon per head. The marginal statements exhibit the monthly sales for the whole district, and the annual sales in each taluk. There were 46 depots for the receipt and issue of liquor in the district, and every portion of it was within a convenient distance of some depot, so that any demand for spirits was fully met. It will be seen that in the Taluks of Coimbatore, Collegal, and Bhowani, the consumption is fair, that it is moderate in Caroor, Suttiamangalum, Pollachy and Oodumulpettah, and very low in Erode, Palludum,

Sales in 1875-76.

July.	August.	Sept.	October.	Nov.	Dec.
7,377	7,313.	7,275.	8,559.	7,792	7,791.
January.	**February**	**March.**	**April.**	**May.**	**June.**
8,024	6,619.	6,230	5,817.	6,536.	7,001.

and Dharapuram. The Collegal figures show clearly that no advantage would be gained by increasing the number of distilleries. Though it is certainly the most inaccessible taluk in the District in consumption it is only second to Coimbatore.

Taluk.	Sales in gallons reduced to 30° *u.p.* in year 1875-76.	Annual consumption per head in gallons.
Coimbatore	27,313	·112
Pulludam	5,889	·024
Pollachy	7,828	·046
Erode	6,657	·023
Bhowani	5,086	·052
Caroor	8,520	·043
Dharapuram	4,320	·019
Sattiamangalam	7,808	·046
Oodumulpettah	4,989	·040
Collegal	7,989	·086

6. The retail price to the public was invariably the maximum permitted by the contract, *i.e.*, Rs.3-12-0 per gallon for spirits 30°*u.p*, and Rs.4-0-0 per gallon for spirits 20°*u.p*. The contractors have not yet supplied accurate details of their expenses during the year, but from the figures submitted, it appears that the cost of the liquor was: as shown in margin, but to this has to be added upwards of 8*as*. per gallon for cost of office and taluk establishment, and a further charge of about 1*a*. 4*p*. per gallon, for sundries. The gross cost is thus raised to nearly Rs.1-5-9½ per gallon, and allowing a further sum of 4*as*. per gallon for salesman's commission, which appears to be about the average, the cost of each gallon to the contractor may be put down at Rs.1-9-9½, but inasmuch as one-fifth of the spirits to which these figures refer were 20°*u.p*., the cost of liquor 30°*u.p*. may be estimated at Rs 1-9-0. If to this be added Rs.1-12-0, the Government excise duty, it will be seen that 7*as*. remain out of the retail price as the contractor's profit, which, at this rate, would amount to a sum of Rs.37,795 on the consumption of the year 1875-76. The cost of manufacture, distribution, and management, amounted in 1874-75 to 14*as*. 8*p*. in the Chingleput District, and to Rs.1-3-0 in the North Arcot District, but as this latter figure refers to liquor 20° *u.p*., it should be reduced to Rs.1-1-5 for the lower strength of 30°*u.p*. There seems to be no reason why these charges should be higher in Coimbatore than in North Arcot, the population and area of the two districts being very similar, so that the contractors in the former district should have realised 10½*as*. per gallon, which would have brought their profits up to upwards of Rs.56,000.

	Per Gallon
Jaggery, Bark, Firewood, and Distillery establishment	0 10 4¾
Carriage	0 1 2¾
Govt. Excise estabt. and depreciation of stores and machinery	0 0 10¾
Total Rs.	0 12 5½

7. In order to have paid up their guarantee, the contractors must have sold during the year 154,285 gallons or ·092 of a gallon per head. In the original estimate, which appears in my General Report, I put the arrack consumption of the district at 135,000 gallons, at an average retail price of Rs.3 per gallon, but I arrived at this figure on the supposition that only one-sixth of the old rent appertained to toddy. It would appear from the late separate sales of the toddy rents that probably one-fourth would have been a more proper deduction on this account, and in such case the estimated consumption of arrack would have been reduced to 110,000 gallons. At the commencement of their contract, the present contractors obtained engagements, or dowles, for the sale of spirits in the several taluks, to the amounts noted in the margin, but none of the dowledars, except those of the Collegal Taluk, fulfilled their engagements, and the contractors were compelled to reduce the quantities agreed for. The third column of the marginal statement gives an estimate of what Saravanamuttu Pillay, who is now joint-contractor with Messrs. Arbuthnot and Co., considers to be the normal consumption of the District in an average season. It will be noticed, that it is just 5,000 gallons beyond what I have shown above should have been the original estimated consumption, and would represent ·064 of a gallon per head, which is almost precisely the same as the present consumption in the North Arcot District.

Taluks.	Dowle in Gallons.	Actual Sales.	Estimated normal consumption by Saravana Pillay.
Coimbatore	33,870	27,318	30,000
Pollachy	9,000	7,828	10,000
Oodumulpettah	9,000	4,989	7,500
Dharapuram	8,280	4,320	6,500
Palladum	16,000	5,889	12,000
Sattiamangalam	16,200	7,808	12,000
Collegal	7,200	7,989	9,000
Erode	11,100	6,657	12,000
Caroor	9,756	8,520	9,000
Bhowani	9,000	5,086	7,000
Total...	129,406	86,390	115,000

8. It remains to consider why the consumption of the past revenue year should have been only 86,390 gallons. Undoubtedly the main reason for the decrease has been the increase of the retail price from an average of Rs.3 to Rs.3-12-0, per gallon, being a rise of no less than 25 per cent. The season too has not been a prosperous one, and the development of the toddy traffic by the separation of the arrack and toddy farms, has also no doubt operated to some slight extent in the same direction. It is also probable that dilution of the liquor takes place to some extent, (though it was at the full strength at all shops examined by me), for it is hardly likely that in former years an equally pure and strong spirit was sold, and there would therefore be a strong temptation to the shopkeepers to dilute and so increase their profits, and moreover though very few cases of smuggling or illicit distillation have been discovered, it is hardly possible to suppose that the shopkeepers do not supplement the liquor supplied by the contractor from the Stills which they had in use during the previous year.

TODDY REVENUE.

9. The toddy farms of the District, though estimated to be worth something less than Rs.60,000, realized, when sold by auction for a three years' contract, Rs.90,900 per annum, as shown in the margin. From information obtained too, it seems that even this sum is very much below their proper value. It is asserted that the Coimbatore Taluk farm has been sublet for Rs.42,000, and that the sub-renters realize no less than Rs.50,000. On the other hand, the Tahsildar reports that the Renter retains 48 out of 78 shops which are opened in the taluk in his own hands, and that he rents the remaining 30 at about Rs.500 per mensem. Of those retained in his own management, 30 are in the hands of shopkeepers, who undertake to dispose of 7,100 gallons of toddy per mensem, and to pay the renter an average of 5*as*. 8*p*. on every gallon sold. Supposing 4*as*. 6*p*. of this to be clear profit, the renter's receipts from these 30 shops would be about Rs.2,000 per mensem. His receipts, exclusive of the 18 shops in his own hands, would thus amount to Rs.2,500 per mensem. or Rs.30,000 per annum, and as no doubt these shops are much the best in the farm, the estimate of Rs.50,000 as total receipts is not probably very excessive. As toddy is sold on the average at 4¾*as*. per gallon and as the charges may be put down at 1*a*. per gallon, this figure would represent a consumption of 213,000 gallons of toddy per annum, being about ·870 of a gallon per head.

Taluks.	Toddy Rental.	Consumption in Gallons as estimated below.	Annual consumption per head in gallons.
Coimbatore	34 050	2,13,000	·876
Pollachy	3,000	43,000	·285
Oodumulpettah	320	..	..
Dharapuram	4.060	54,000	·243
Pulladam	5,700	80,000	·333
Sattiamangalam	14,000	22,999	·176
Collegal	7,550	..	..
Erode	16,150	92.000	·394
Caroor	3,050	51.000	·289
Bhowani	3,020	50,000	·512
Total...	90,900		

10. The toddy renter of the Erode Taluq is said to have sub-rented the farm at Rs.23,000, or at a profit of Rs.6,850 per annum, and the sub-renter is stated to have under-rented it for no less than Rs.33,000. The amount of the sub-rent is corroborated by the Tahsildar's report, and as the rented shops (102 out of 116 open) realize according to the sub-renter, Rs.18,069, it is probable that the fourteen which he keeps in his own hands, and which are the most profitable in the taluk, bring him in sufficient at any rate to raise his receipts to say Rs.28,000. As toddy sells at 5*as*. per gallon, 4*as*. may be viewed as net receipts, which, at the above figure, would give an annual consumption of 92,000 gallons, or ·394 of a gallon per head of population.

11. The Caroor taluk is said to have been sub-rented for Rs.6,000, and the Tahsildar puts the figure at Rs.5,800. The sub-renter, however, reports that he only succeeded in realizing Rs.3,512 for 1875-76, but for the next two years he has agreed with under-renters for 29 shops at an annual payment of Rs.6,483, and has retained in his own hands three shops in Caroor town and three others, so that his receipts may well be estimated at Rs.8,000. As toddy is sold on the average for 3½*as*. per gallon, and 1*a*. may be estimated for costs and charges, the balance 2½*as*. would give a consumption of 51,000 gallons in the taluk, or ·289 of a gallon per head.

12. The Dharapuram taluk was said to be sub-rented for Rs.6.300, and this is fully corroborated by the Tahsildar. So far as is known the sub-renters have let 46 shops for an annual rent of Rs,3,773, and supposing the remaining 70 shops to be disposed of at similar rates, their receipts would reach about Rs.9,000 per annum, representing an annual consumption of 54,000 gallons, (or ·248 of a gallon per head) as toddy is sold at an average of 4*as*. per gallon, of which 3*as*. may be viewed as net receipts.

13. In the Bhowani Taluk the contract does not appear to have been sub-rented. The Tahsildar states that the renter has disposed of all the shops of the Taluk to the shopkeepers, for a gross payment of Rs.2.971, but has retained two shops in Bhowani Town under his own management. Supposing him to derive from them Rs.529, his gross receipts would be Rs.3,500 or about Rs.430 beyond his rent, and would represent a consumption of 50,000 gallons, or ·512 a gallon per head as toddy is sold at 2*as*., per gallon, of which 1*a*. must be deducted for expenses.

14. The Pulladum renter has sub-rented 50 shops at Rs.7,031 per annum, and retains six in his own hands. In these six shops he sold about 17,000 gallons in 1875-76, at a net profit of 2*as*. per gallon, so that his receipts must have been Rs.9,156, against a rent to Government of Rs.5,700, leaving him a net profit of Rs.3,456 per annum. The consumption of the taluk may be roughly estimated from these figures at 80,000 gallons per annum, or ·333 per head. In the Pollachy Taluk the renter has sub-rented 26 shops for Rs.4,080 per annum, and retains 27 in his own hands, so that his total receipts may well be estimated at Rs.8,000, against a rental of Rs.3,000 per annum. As toddy appears to be sold in this Taluk at four annas per gallon, three annas will be net receipts, which divided into, say, Rs.9,000 (allowing Rs.1,000 for sub-renters' profits), would give a consumption of 48,000 gallons, or ·285 per head per annum.

15. The sub-rents of the Sattiamangalam taluk are said to amount to Rs.18,000, against a rent of Rs.14,000, and the sub-renters are reported to realize Rs.23,000, which would represent a consumption, at a net profit of two annas a gallon, of 29,999 gallons, or only ·176 per head. In the Oodumulpettah taluk, it is reported that Rs.3,500 have been realized on a rent of Rs.320, but this is not corroborated by the Tahsildar. No information has been received in regard to the Collegal taluk.

APPENDIX B.

SALEM DISTRICT.

ARRACK REVENUE.

1. The Salem district was selected by the Board of Revenue as a suitable one for the introduction of the improved excise system, as it was known that under the old farming system they had manufactured nearly all the spirits required for each taluk at a central distillery, under their own superintendence, and had supplied them to the vendors on the dowle system, *i.e.*, the vendor who undertook to sell the largest quantity of liquor per mensem, was given the license recouping himself as he sold it to his customers. Tenders for the monopoly of the sale of arrack for three years on the new system were invited early in 1875, and the duty on spirits was fixed at Rs.1-12-0 per gallon for 30°*u.p.*, and Re.1-0-0 per gallon for 60°*u.p.*, and the maximum and minimum prices were to be Rs.3-12-0 and Rs.2-12-0 per gallon for the former spirit, and Rs.2-4-0 and Rs.1-8-0, per gallon for the latter. Seven tenders were received, ranging from Rs.2,80,000 to Rs.3,01,500 per annum, and an eighth from Messrs. Wilson and Co., for Rs.3,41,000, which was accepted.

2. This firm thereupon made an offer to take the toddy rents of the district at the upset annual price of Rs.64,000, but their offer was declined, and these farms afterwards fetched at auction an annual rent of nearly Rs.1,40,000, though owing to the failure of the purchaser of the Salem taluk farm this sum has now been reduced to Rs.1,27,730. The contractors then requested that they might be permitted to sell all spirits at 20°*u.p.* instead of 30°*u.p.*, and to pay the duty of Rs.2-8-0 per gallon, as they feared that they would be unable to make up the guarantee at a duty of Rs.1-12-0 on spirits 30°*u.p.*, as they anticipated that the consumption of the district would be considerably below the estimate, and that the competition of the toddy sellers, who had paid such high prices for their farms, would still further reduce the sales. The Board consented to their proposal, and fixed the minimum and maximum prices to be charged for spirits of 20°*u.p.* at Rs.3-8-0 and Rs.5-0-0.

3. Messrs. Wilson & Co. entered upon their undertaking at the beginning of July 1875, and early in August they complained of the large increase in the number of toddy shops, which had taken place since they made their tender. It appeared on enquiry, however, that the number had been increased in two taluks only, and that even there they were only sufficient to meet the requirements of the public, so that Messrs. Wilson & Co.'s request that the number of shops might be reduced was eventually rejected. In order to fulfil their guarantee, it was necessary that Messrs. Wilson and Co. should sell upwards of 11,000 gallons of spirits per mensem, and when, at the expiration of the tenth month, they found that their sales had averaged considerably less than 9,000 gallons per mensem, they again petitioned the Collector upon the subject of the toddy traffic, to competition with which they ascribed their reduced sales.

4. On reference to the Board of Revenue, they observed that the question had been already disposed of, and that moreover although 1,593 toddy shops had been sanctioned, only 760 had been opened, a number not in excess of those in existence in previous years. The Board nevertheless submitted the case to Government, as special relief had already been given to the arrack contractors for the Coimbatore district, who held that farm on conditions similar to those of Messrs. Wilson and Co. The Government, under all the circumstances of the case, resolved to accord to Messrs. Wilson and Co. the same terms as those which had been accepted by the contractors of the Coimbatore district, so that they are now required to pay duty on their actual issues only for the first eighteen months of their contract, *i.e.*, up to 31st December 1876, but are bound to pay up the full annual sum guaranteed in their tender for the remaining eighteen months. As Messrs. Wilson and Co., deducting wastage, are only liable for the duty on 100,025 gallons during the revenue year ending 30th June, 1876, their payments will amount to Rs.2,50,062 only, instead of Rs.3,40,000 the sum guaranteed by them, so that the Government will be a loser by about Rs.90,000.

5. The marginal statements show the monthly issues for the whole district during 1875-76, and the annual sales in each taluk of the district, with the consumption, per head, compared with that arrived at after my detailed enquiries in the district in 1872. There are forty-five depots in the district, and every taluk is fully supplied with spirits. It will be observed that Messrs. Wilson and Co. have been specially unsuccessful in Trichengode and Namcul, but this was to be expected as the sub-renting system had been in force in those taluks under the old contract, and every shopkeeper had distilled his own liquor. Though the consumption given in my former report was

Sales in each Month.

July	August.	Sept.	October.	Nov.	Dec.
10,116.	8,334	9,016.	9,053.	7,033.	9,379.
Jany.	**Feby.**	**March.**	**April.**	**May.**	**June.**
8,333.	8,741.	6,699.	7,991.	6,747.	8,211.

Taluks.	Sales at 20° *u.p.* for 1875-76.	Consumption per head.	Estimated sales in 1872-73 reduced to 20° *u.p.*
Salem	34,293	·084	37,125
Trichengode	5,725	·023	16,500
Namkul	7,818	·026	14,300
Kistnagherry	7,979	·047	12,157½
Oossoor...	7,446	·038	19,000
Tripatur	9,300	·048	15,750
Utangherry	8,090	·053	6,562½
Ahtoor	8,591	·052	8,125
Darampoory	9,802	·052	12,325
Total ..	98,544	...	1,41,875

based generally on estimate, in the Tripatur taluk the actual sales during the old contract had been at an average of 20,000 gallons, per year, of 35°*u.p.* spirits, as ascertained by me from actual accounts, and there seems to be no good reason why they should have fallen to 9,000 gallons of 20° *u.p.* In Oossoor, too, the sales have not been at all equal to the estimate, and the consumption is little more than half that of the adjoining taluks of the Bangalore District. Nearly half the total quantity of spirits sold in the district during the year was retailed at the very high price of Rs.5 per gallon. About 27,000 gallons were sold at this rate in Salem, upwards of 6,000 gallons in Darampoory, and upwards of 4,000 in Tripatur, and smaller quantities in the other taluks. A little over 46,000 gallons were sold at Rs.4 per gallon, and only 3,400 gallons at Rs.3-12. On half the entire quantity sold a commission of two annas per gallon was allowed to the shopkeepers, and only one anna per gallon on two-thirds of the remainder, but in some places three annas, four annas, and six annas was allowed on small quantities, so that the average commission on the whole is raised to two annas per gallon.

6. So far as can be gathered from the figures supplied to me by Messrs. Wilson and Co.'s Agent at Salem, their costs and charges per gallon amount to the sum shown in the margin. The sales were 48,715 gallons at Rs.5, 46,428 gallons at Rs.4, and 3,400 gallons at Rs.3-12, so that Messrs. Wilson and Co.'s profits have been Rs.1-2 per gallon on the first-named quality, two annas per gallon on the second, and they have lost two annas per gallon on the third, as noted in the margin, leaving their net profit on the year at Rs.60,182-14. In their return of Receipts and Disbursements for the year, submitted to the Collector, Messrs. Wilson and Co. have put their net profits at only Rs.36,929, but in their statement of disbursements several items are entered which cannot be admitted,—for instance, two sums of Rs.14,090 and Rs.11,684, amounting together to about four annas per gallon on their issues, are charged for depreciation of buildings and stores, and as interest on capital employed. A sum of Rs.2,50,062 is also entered as duty paid to Government, and no corresponding entry is shown on the credit side for the balance of some 5,000 and odd gallons, the duty on which is included in this sum, but which have not yet been sold to the public, and for which Messrs. Wilson and Co. will receive from shopkeepers. I should suppose too that a capital of Rs.20,000 was ample to work a business of this kind with such rapid returns, and that 15 per cent. would be sufficient to allow for depreciation of buildings and stores, so that about Rs.7,000 per annum should cover both charges, or one anna per gallon instead of four annas. On the whole, I consider that my estimate of Rs.60,000 as the contractors' profits during the past year is decidedly within the mark.

Cost of production	As	12	1
Establishment, interest on capital, wear and tear, etc.	„	5	3
Taluk establishment, and cost of distribution (average)	„	2	8
	Rs.1	4	0
Shopkeepers' commission ...	... „	0	2	0
Government duty	... „	2	8	0
	Rs..	3	14	0

48,715 gallons at ...	Rs.1-2	Rs.54,804	6	0
46,428 „ ...	As 2	„ 5,803	8	0
		„ 60,607	14	0
Deduct 3,400 gallons at 2 annas...		„ 425	0	0
Net Profits...		„ 60,182	14	0

7. In order to have paid their guarantee, Messrs. Wilson and Co. should have sold 136,000 gallons, giving a consumption of ·069 per head, instead of 98,544 gallons, which gives a consumption of only ·049 per head. In my detailed report on this district, I estimated the consumption at 187,000 gallons of the inferior liquor which I then found in use, or at 141,875 gallons of liquor 20° *u.p.*, as shown in the statement attached to para. 5 above. In the early part of their contract, Messrs. Wilson & Co. succeeded in securing agreements from the shopkeepers in about two-thirds of the district, guaranteeing a sale of 111,125 gallons in the year, which would have brought up the total sales of the district to the figure just named, but unfortunately every one of the dowledars failed in their undertaking, and the actual sales made by them amounted to only 63,095 gallons. I see no reason whatever to doubt that the main reason why the full quantity was not sold during the present contract was the considerable increase of price which has everywhere taken place, though no doubt, as in Coimbatore, the bad season and the development of the toddy traffic have also affected consumption to some extent. If, however, the contractors had been satisfied with a profit of two annas per gallon, which they could have obtained by fixing the price at Rs.4 throughout the district, there is every reason to suppose that the consumption would have retained very nearly its former proportions, and that the Government revenue as guaranteed by Messrs. Wilson and Co would have been fully paid, but under such circumstances their own profits would have been reduced from about Rs.5,000 to about Rs.1,500 per mensem, but this item might have been considerably improved by more economical management, and even with the present expensive establishment the rate of cost per gallon when divided among 140,000 gallons instead of 98,000 gallons would, of course, be considerably diminished, and the net profits proportionately increased.

TODDY REVENUE.

8. The Toddy revenue of the district is derived from the several toddy farms noted in the margin, and column 2 of the statement exhibits the consumption in four taluks as reported by the renters. It will be seen that the rate of consumption, per head, varies from somethingover a quarter to one-tenth of a gallon per annum. If the consumption of the whole district be calculated at the former rate, it will reach about 500,000 gallons, so that in order to pay the rent and allow a minimum profit to the renters, the liquor must realize at least 4½ annas per gallon net profit. Though toddy is reported to be sold at from three to eight annas per gallon, and to realize a net profit of from two to six annas, I am disposed to think that the consumption is a good deal beyond 500,000 gallons, and that the average net profit is not in excess of three annas and four pice per gallon. Even at this rate the renters of the taluks, for which particulars of consumption have been given, must realize very handsome profits, as shown in the margin. The renter of Tripatur was the only one who furnished detailed accounts when I visited the district. He stated that 54,000 gallons had been sold at an average rate of six annas per gallon, of which two annas and eight pice were absorbed for supply, vend, and management, leaving three annas and four pice as his net receipts on each gallon. According, however, to his detailed cash account which had been only made up for nine months of the year 1875-76, he had expended Rs.7,522-15-4, and had collected Rs.15,349-15-7. Deducting three-fourths of the rent Rs.6,000, this left him a net profit on the nine months of Rs.1,876.

Taluk.	Rental.	Consumption in gallons as reported.	Per head per annum.
	Rs.		
Salem	40,000	...	...
Trichengode	10,100	...	...
Namkul	3,500	43,784	·161
Kistnagherry	4,450	28,555	·164
Ossoor...	49,350	...	...
Tripatur	8,000	54,000	·234
Utangherry	3,100	...	...
Ahtoor...	7,300	...	...
Darampoory	1,930	20,654	·107
Total...	1,27,730	...	...

Namkul	Rs. 5,255
Kistnagherry	„ 1,261
Tripatur	„ 2,800
Darampoory	„ 2,201

APPENDIX C.

TANJORE DISTRICT.

ARRACK REVENUE.

1. The Tanjore District was not included by the Board of Revenue among those to which it was proposed to extend the improved excise system of Abkari management, as they hesitated to incur the risk in a district where toddy and not arrack was the chief source of excise revenue. In accordance, however, with the desire of Government, tenders for the district for three years, on the new system, were called for after the toddy farms had been disposed of by auction. The excise duty was fixed at Rs.2 per gallon for spirits 30° *u.p.*, and at Rs.1-2 per gallon for spirits 60° *u.p.*, and the minima and maxima prices were fixed at Rs.3 and Rs.4, and at Rs.1-12 and Rs.2-4 respectively. Three tenders were received, the lowest being Rs.1,10,000, and the highest (which was accepted) Rs.1,80,000, representing a consumption of 90,000 gallons of spirits 30° *u.p.* The old estimate of consumption had been 70,000 gallons, but the tender seems to have been fixed with reference to the old total rental of the district, compared with the sum for which the toddy farms for the present contract had sold. These farms had realized Rs.3,20,000, and the old gross rental for both arrack and toddy had been Rs.4,90,000, so the present arrack contractors thought they were safe in bidding Rs.1,80,000 for arrack alone.

2. They entered upon their contract in July 1875, and during the first year they have only succeeded in disposing of 38,786 gallons of 30° *u.p.*, and 23,775 of 60° *u.p.*, representing in all 52,375 gallons of the former strength, instead of 90,000 gallons. The quantity consumed each month reduced to 30° *u.p.*, and in each taluk, are shown in the statements given in the margin. It will be seen that the consumption was moderate only in the Tanjore, Negapatam, and Combaconum taluks, and that it was unusually small everywhere else, but this is not surprising in a district where toddy is the stimulant generally in use among all classes.

Sales in each month.

July.	August.	September.	October.	November.	December.
4,579.	4,633.	4,084,	5,155.	4,265.	4,101.
January.	**February**	**March.**	**April.**	**May.**	**June.**
4,996.	4,606.	4,841.	3,486.	3,633.	3,934.

Taluq.	Gallons reduced to 30° *u.p.*	Consumption per Head.
Tanjore	16,586	·048
Manargudi	3,373	·020
Negapatam	8,658	·043
Mayaveram	4,256	·019
Combaconum	13,554	·039
Tritrapundi	852	·005
Sheali	1,560	·014
Puttacotta	2,171	·009
Nanillum	1,365	·006
TOTAL...	52,375	...

3. As the Government have decided upon treating the contractor in the same liberal manner as those of Coimbatore and Salem, there will be a sacrifice of revenue during the first year of the contract, amounting to nearly Rs.80,000. According to the contractor's statement, his realizations have amounted to about Rs.1,82,000, which on 52,375 gallons, gives an average retail price of Rs.3-7-6 per gallon, but the actual rates were Rs.3-3-1 on the average for 30° *u.p.* spirits, and Rs.2 for 60° *u.p.*, which was consequently the dearer liquor of the two. The renter fixed his cost of manufacture at about Rs.40,000, and his charges for establishment, distribution, and commission, at about Rs.20,000, which represents a sum of Rs.1-2-4 on every gallon of 30° *u.p.*

4. As on present terms the contractor will only pay the actual duty of Rs.2 per gallon to Government, he will make an average profit of 5*a.* 2*p.* per gallon,* or in all Rs.16,912-12-2, according to his statements. He himself ascribes the small consumption to smuggling from the French territory, and from the Poodoocottah State, which he cannot repress, and also to the competition of the toddy renters.

	Rs.	*a*	*p.*
* Cost and charges	... 1	2	4
Duty	... 2	0	0
	3	2	4
Average price	... 3	7	6
Profit...		5	2

5. There are 29 depôts from which shops are supplied, and every endeavour seems to have been made to meet any demand. The retail price of spirits has not been materially raised during the contract, and I am therefore disposed to think that the reasons given by the contractor for the depressed consumption are correct. The late arrack and toddy renter of the district, a person of great influence, has secured the toddy rents of most of the taluks, and no doubt he has very largely developed the consumption of that liquor. I think, too, that he has succeeded in obtaining the farms at a lower figure than their true value, as will be shown hereafter.

APPENDIX C.

TODDY REVENUE.

6. The toddy farms of the district were sold separately for three years in April 1875, and realized a sum of Rs.3,23,000. Thavasamutu Nadan, who has been the abkarry renter of the district for a series of years, secured all the farms, except those of Tritrapundy and Sheali. According to the figures supplied by him, the consumption and profits are shown in the marginal statement.

Taluks.	Gallons of toddy sold per annum.	Retail price to the public.	Cost of toddy, cooly-hire, &c.	Renter's profit per gallon.	Total profit.	Consumption per head.
		a. p. a. p.	a. p.	a. p.	*Rs.*	
Tanjore ...	148,363	6 6 to 10 0	2 0	5 6	51,000	·431
Combaconum ...	248,320	7 3 to 8 6	2 0	5 0	77,600	·731
Mayaveram ...	210,363	6 9 to 7 6	2 0	4 9	62,600	·949
Nanillum ...	183,000	6 3 to 7 0	2 0	4 0	47,000	·912
Negapatam ...	134,000	6 6 to 9 3	2 0	5 6	42,200	·669
Manargudi ...	96,711	7	2 0	4 6	27,200	·597
Puttacotta ...	126,080	5	2 0	3 0	23,640	·529
Total .	1,152,337	...	2 0	..	3,31,240	...

7. It will be observed, however, that while the renter's net receipts vary from three annas to five annas and six pice, per gallon, and are said to have amounted to Rs.3,31,240 in the year 1875-76, his profit, per gallon, hardly seems to be in due accordance with the prices charged. For instance, though in Combaconum toddy is sold at rates varying from seven annas and three pice to eight annas and six pice per gallon, and though two annas is invariably the cost and charges, the profit is put down at only five annas; whereas, even if all was sold at the lowest rate, it must have been five annas and three pice. Again, in Mayaveram, though the prices range from six annas and nine pice to seven annas and six pice, and two annas is the invariable rate for cost and charges, the renter's profit is put down at four annas and nine pice only, as though all had been sold at the lower rate. The uniform rate of two annas per gallon, too, for renter's and vendor's costs and charges, is just double what is estimated on this account in some districts. On the whole, I should be disposed to put the renter's average receipts at certainly not less than five annas per gallon, which would raise his gross receipts to Rs.4,60,000. He states that his expenses for establishment amount to Rs.45,000 per annum, and his rental for the seven taluks is Rs.2,71,100, so that his clear profit would be Rs.1,44,000 though, according to his own figures, it is only Rs.15,140.

8. The renter of the Sheali taluk though summoned did not appear, but for Tritrapundi the marginal figures were produced. Besides this consumption of 211,537 gallons, or 1·36 gallons per head, 1,925 gallons were received by the shopkeepers, and not sold. According to the renter's statements, the costs and charges amount to five-eighths of the gross receipts, and his net receipts would therefore be only about Rs.20,000 per annum, from which he would have to pay Rs.19,000 as rent. In his dowles with the shopkeepers, with whom he enters into a regular agreement that they will sell a certain quantity, and from whom he receives security, it is stated that three-fourths of the proceeds are to be paid over to him, and this would agree more nearly with the allowance of one anna per gallon for costs and charges, which is adopted in some other places. But allowing two annas for this purpose, as has been done in regard to the other taluk farms of the district above referred to, the gross charges would amount to Rs.26,442, leaving the renter a sum of Rs.27,458, or a profit of Rs.8,458 after paying his rent.

Sales of Toddy in 1875-76.

16,969	gallons, at 5as.	*Rs.*	5,302	15 6
193,863	do. at 4	„	43,465	10 9
705	do. at 3	„	132	0 7
211,537		„	53,900	10 10

65

APPENDIX D.

TRICHINOPOLY DISTRICT.

ARRACK REVENUE.

1. This was one of the districts selected for a trial of the new system. The duty was fixed at Rs.1-12 on liquor 30° *u.p.*, and the maximum and minimum price at Rs.2-12 and Rs.3-12. Six tenders were received, ranging from Rs.85,000, representing a consumption of 51,000 gallons, to Rs.1,10,000, representing a consumption of 66,166 gallons. The highest tender, that of Messrs. Parry and Co., was accepted, and they entered upon their contract in July 1875. They have established twenty-one depôts for the issue of liquor in the district, and have passed out a gross quantity of spirit exactly sufficient to pay their guarantee, but according to their accounts, they have only sold 56,339 gallons of spirits during the year 1875-76, as shown in the margin. It will be noticed that the consumption is high only in the Trichinopoly taluk, which is owing to the large quantity consumed in the town, upwards of 30,000 gallons, or ·396 of a gallon per head. In none of the taluks is the consumption at all equal to the average of other districts, and it is impossible to suppose that smuggling or illicit distillation does not take place.

Taluk.	Sales.	Consumption per Head.
	Gallons.	
Trichinopoly	35,105	·114
Museri	7,686	·030
Kulitalai	3,636	·015
Perambalur	3,754	·021
Oodiarpollium	6,158	·025
TOTAL ..	56,339	

Sales in each Month.

July.	August.	Sept.	October.	Nov.	Dec.
5,088.	4,199.	3,949.	5,107.	4,428.	5,121.
Jany.	Feb.	March.	April.	May	June.
5,443.	4,717.	4,831.	4,289.	4,569.	4,592.

2. The liquor is sold to shopkeepers at Rs.3-6 per gallon, and they retail it to the public everywhere at the maximum price of Rs 3-12 per gallon. No complaints have been made of the increased price, but the *licit* consumption is said to be considerably diminished, owing to the facility for smuggling which is afforded by the close vicinity of the Poodoocottah territory. Putting Messrs. Parry and Co.'s expenses at Rs.1-2 per gallon, the rate at which they worked the South Arcot contract in previous years, it will be seen that they have realized a profit of eight annas per gallon, or Rs.28,168-8 on the liquor sold, but that they have manufactured and paid duty upon nearly 10,000 gallons which has not yet been sold.

TODDY REVENUE.

3. The toddy rental of the district amounts to Rs.39,790, as shown in the margin. In the town and taluk of Trichinopoly, the renter agrees with the shopkeepers to sell a certain specified quantity, and receives from them so much per measure. In the town 146,000 gallons were said to have been sold by retail in the year 1875-76 for about six annas per gallon, giving a consumption of nearly two gallons per head, and 68,890 gallons in the taluk at five annas per gallon, giving only quarter of a gallon per head as the consumption. As the renter certainly receives at least four annas in the town, and three annas in the taluk, as his net receipts on each gallon, he collects at least Rs.49,100, from which to pay his rent of Rs.35,050.

	Rs.
Trichinopoly	35,050
Museri	1,650
Kulitalai	2,030
Perambalur	530
Oodiarpollium	530
Rs.	39,790

4. In the Museri taluk 28,698 gallons were sold, giving a consumption of one-sixth of a gallon per head, at about five-and-a-half annas per gallon. Taking the net profit at four annas, this would give receipts amounting to Rs.7,174-8, from which to pay a rent of Rs.1,650.

5. Similarly in the Kulitalai taluk 22,910 gallons were sold during the year at 4¼ annas per gallon, being less than one-tenth of a gallon per head. If 3½ annas per gallon be taken as profit, the renter must have collected Rs.5,011 to pay a rental of Rs.2,030.

6. No details have been obtained of the consumption in the Perambalur and Oodiarpollium taluks, but if it was at all equal to that in Kulitalai, the profits of the renters must have been equally large.

APPENDIX E.

MADURA DISTRICT.

ARRACK REVENUE.

1. This district is managed on the improved farming system, *i.e.*, the renters of taluks are required as far as possible to distil all their spirits at one distillery, in each farm, under Government inspection, and to keep full details of their manufacture and sale for the information of Government. The old rental of the district was Rs.1,85,050, and of this it was estimated that Rs.23,334 was the toddy revenue. On a separation of the farms last year, however, the arrack farms realized Rs.1,98,250, and the toddy farms Rs.82,450, being an increase of nearly a lac of rupees on the annual rent, and demonstrating clearly that the relative value of the arrack and toddy had been incorrectly estimated. It would now appear that the value of the latter farm is equal to something under one-half that of the former, instead of one-seventh. The revenue for the past year ending 30th June has been punctually paid with the exception of that for the toddy farm of Dindigul. The renter of this taluk failed in his engagement, and the farm was re-sold at an annual loss of Rs.11,000 per annum, thus reducing the annual revenue from toddy for the whole district from Rs.82,450 to Rs.71,450.

2. The Collector had not at the period of my visit to the district, succeeded in obtaining the arrack renters' accounts of their transactions for the whole year 1875-76. I, however, visited the distillery of the renter of the Madura taluk, and ascertained from his accounts that he sold an average of 1,500 gallons in the town, and 550 gallons in the taluk during the month, or, say 24,500 gallons per annum. His expenses are noted in the margin, though he assured me that he had other charges (which he could not explain however) which quite precluded his making any profit out of the farm. As the retail price is Rs.3 per gallon, he would apparently make a small profit on these figures, as his receipts would be Rs.73,500 against expenses, at fourteen annas per gallon, Rs.21,437-8, and rent Rs.51,500, leaving a margin of Rs.562-8. On my enquiring why, if he made no profits, he did not raise the price of spirits in the town to Rs.3-4 per gallon, and so realize a further sum of Rs.4,500, he at once replied that the result of such a step would probably be a check to consumption to such an extent as would more than swallow up any such profit.

·36 and ·036 of a gallon per head per annum.

	Per gallon.
Cost of manufacture - - - -	10 *annas.*
Establishment - - - -	2 „
Shopkeeper - - - -	2 „
	14 *annas.*

3. From the returns which had been obtained from the renters of other taluks for the first-half of the year, it would seem that their annual sales have amounted to the quantities given in the margin. Supposing that the sales of the second-six months equalled that of the first, and allowing a sum of one rupee instead of 14*as.* per gallon, to cover all costs and charges of the renters and vendors, it will be seen that there is an apparent loss in several of the farms. As the consumption when compared with that of other districts does not appear to be under-stated, and as it is unlikely that so many renters would carry on their undertakings at a loss, I am disposed to think that the costs and charges are in reality considerably below one rupee per gallon, and if so, it would be possible for all the renters to make a profit even on these figures.

Taluk.	Rental.	Estimated consumption for 1875-76 on actuals of 1st six months.	Price per gallon	Realizations less one rupee per gallon.	Profit or Loss.	Consumption per head.
Dindigul -	29,200	18,000	3 0 0	36,000	+6,800	·056
Tirumangalam -	12,000	8,400	2 4 0	10,500	−1,500	·034
Malur - -	16,600	8,600	2 8 0	12,900	−3,700	·066
Periacolam -	16,050	7,500	3 0 0	15,000	−1,050	·034
Palni - -	21,000	13,500	3 0 0	27,000	+6,000	·073
Ramnad - -	27,500	15,500	2 12 0	27,125	− 325	·030
Shevagunga -	23,200	17,500	2 8 0	26,200	+3,050	·040

TODDY REVENUE.

4. The Toddy renter of the Madura taluk made out by his accounts that his annual sales in the town and taluk amounted to about 80,000 gallons of toddy, or about one-third of a gallon per head, on which he obtained a net profit of 4*as.* per gallon, or Rs.20,000, against a rent of Rs.20,500. The draught of toddy is usually equal to about one ordinary bottle, and is sold by retail in the town at 1*a.* 2*p.* or 7*as.* per gallon, and in villages at 10*p.* or 5*a.s.* per gallon. As 1*a.* per gallon would probably cover the cost of supply and sale, the renter's receipts are considerably more than 4*as.* per gallon in the town, and the rent is thus considerably more than realized. I did not succeed in obtaining particulars regarding the toddy consumption of the other taluks of the district, but judging from the rents paid and the rates charged, it would appear to vary from half a gallon per head in the Shevagunga Zemindary, to one-fourteenth gallon per head in the Palni taluk.

APPENDIX F.

NORTH ARCOT.

ARRACK REVENUE.

1. This District was managed on the excise system for the three years ending 30th June 1875, and the consumption of spirits in each year is shown in the margin. The average retail price was then Rs.3-14-10 giving the contractors a profit of 8*as.* 8*p.* per gallon as noted below :—

Year.	*Gallons.*
1872-73 ...	1,30,963
1873-74 ...	1,16,621
1874-75 ...	1,13,756

	Rs.	*a.*	*p.*
Materials, distribution, and establishment per gallon	1	3	0
Commission to salesmen		4	0
Government Duty, less wastage	1	15	2
	3	6	2
Profit...		8	8
Rupees...	3	14	10

The Board of Revenue, however, estimate that a capital of Rs.50,000 would be ample to work the business as the returns are received at once, and they allow one-sixth of this amount for depreciation and interest, which would reduce the net annual profits during the late contract to 7½*as.* per gallon, or to Rs.56,000 per annum, in addition to the toddy receipts which were considerable.

2. The contractors were allowed a further contract for three years from the first of July 1875, on the improved system, under which the toddy was altogether separated from the arrack. The duty was fixed at Rs.2-10 instead of Rs.2 per gallon, of 20° *u.p.*, the maximum and minimum price was fixed at Rs.4-12, and Rs.4, and a minimum revenue of Rs.2,42,000 was guaranteed by the contractors. Owing, apparently to a slight increase of price, and probably also to the development of the toddy traffic (though the contractor is not of opinion that this affects his sales) the consumption of the past revenue year has fallen to 109,835 gallons. This, however, gave a revenue of Rs.2,88,374, or upwards of Rs.46,000 beyond the guarantee. The spirits were sold at a strength of 20° *u.p.*, at retail prices ranging from Rs.4 to Rs.4-12 according to locality, and were supplied from 52 depots, situated throughout the district. Supposing that the liquor has been sold at an average price of Rs.4-6 per gallon, and that the costs and charges of the past year were the same as in the previous one, the contractor's profits would have amounted to 9*as.* per gallon, or to upwards of Rs. 60,000 during the year.

TODDY REVENUE.

3. The separation of the toddy farms from the arrack resulted in a large increase of revenue. During the three years of the previous contract, they had realized only Rs.64,000 per annum, but when sold by taluks for three years from 1st July 1875, they realized an annual rent of no less than Rs.120,580. This sum is made up of the taluk rents, shown in the margin, and supposing that the rents represent two annas upon every gallon sold, the consumption would run as shown in the statement, but as it appears that a renter's own net receipts, when shops are retained in his own hands, are rarely more than 2*as.* per gallon, the consumption is probably a good deal in excess of this estimate, as the profits derived in many of the farms are very considerable.

Taluks.	Rent.	Consumption in gallons.	Estimated consumption per head.
Chittoor - -	11,220	89,760	·427
Chendergherry -	4,710	37,680	·377
Padmanair -	9,435	59,480	·982
Gudiattum -	20,110	1,60,880	·993
Vellore - -	15,910	1,27,280	·713
Polur - -	4,510	36,080	·331
Wandewash -	3,110	24,880	·163
Arcot - -	10,990	87,920	·566
Wallajah - -	14,500	1,16,000	·541
Karvetnugger -	8,720	24,200	·935
Kalastri - -	3,025	24,160	·184
Kangundy - -	52,70	42,160	·812
Poonganoor -	2,920	23,360	·443
Arni - -	6,150	49,200	·605
Total -	1,20,580	...	...

4. The following particulars regarding some of the taluk farms, were supplied to me when I visited the District. The Gudiattum and Vellore taluks are rented by the same party. In the former all shops, except 12 important ones, in large towns are sub-rented at an annual rent of Rs.16,108. In the 12 shops 7,208 gallons, are said to be sold, at 4½*as.* per gallon, and 20,050 gallons, at 3 annas per gallon, giving a consumption of upwards of a

gallon per head, in the five towns in which these shops are situated. On these sales, the renter is said to obtain net receipts amounting to three annas and two annas per gallon, or Rs.1,351 and Rs.2,506, so that his gross receipts would be only Rs.19,965, against a rent of Rs.20,110. In the Vellore taluk, he has sub-rented a portion for Rs.6,608. In the town of Vellore and Venugapuram, where he has 15 shops, 21,735 gallons are sold at 4½ annas, and 39,863 gallons at three annas, giving a total consumption of upwards of a gallon and a half per head. On these sales the renter's net receipts at three annas and two annas per gallon are Rs.4,180, and Rs.9,933, bringing up his total receipts for the taluk to Rs.20,921, against a rent of Rs.15,910, but he states that, for the two taluks, he keeps up an establishment at a cost of Rs.1,000 per annum, so that his net profit would be under Rs.4,000.

5. The taluks of Wallajah, Arcot, Wandewash, Polur, and Arni, are rented by another party. In the town of Wallajabad two gallons per head are consumed, on which the renter realizes a net profit of Rs.3,045 at two annas per gallon, and in Ranipett 4½ gallons per head are said to be consumed, on which he realizes Rs.1,470, at the same rate. The remainder of the taluk is sub-rented for Rs.15,300, bringing up the renter's total receipts to Rs.19,815, against a rent of Rs.14,500, which leaves him a profit of Rs.5,315. In the town of Arcot he sells three gallons per head, and at two annas per gallon, realizes a net profit of Rs.4,131, and the remainder of the taluk is sub-rented for Rs.11,524, making his gross receipts Rs.15,665, or a profit of Rs.4,665 on the rent of Rs.10,990. In Wandewash and Polur his net receipts are Rs.9,504 and Rs.4,852, against rents of Rs.3,110 and Rs.4,510, so that his profits in these two taluks are Rs.6,494 and Rs.342. In the Arnee farm, however, he is said to have lost Rs.686, so that his profits in all five farms will be reduced to about Rs.16,000.

6. The renter of Palmanair asserts that he has lost Rs.2,111 by his farm, and it is undoubtedly very highly let, as is also that of Guddiattum, on which there is said to have been a loss as shown above. The renters of the other district farms did not appear when I visited the district.

I have carefully perused the various reports of Mr. Dalyell and the Board's able critique on them and concur except in 2 respects, in the conclusion at which they and Mr. Dalyell himself have finally arrived.

2 I believe that in the system called by them, the experimental system we have what, until such improvements as experience will prompt, the best general system of Abkary administration and I would therefore aim at its general introduction. Under it the sale of spirits is completely under

"control

control- good liquor can be ensured- and consumption is known- These are great objects which it is well worth even some temporary sacrifice of revenue to secure- There are of course parts of the country, in which, as the Board remark, the system cannot be introduced but these are comparatively unimportant tracts- and while the sale and consumption of ardent spirits are thus under regulation, the supply of the comparatively uninhabited Toddy is not interfered with beyond what is necessary in the interests of the people themselves. I would therefore inform the Board that the

Govt

not accept this system as the one which should be adopted whenever practicable, but I deprecate precipitate action- its success will depend so materially on the means and character of those to whom the business is entrusted at the out set, that I am reluctant to call for tenders, but would trust to the knowledge of our approval eliciting good offers- I know that 2 firms of repute are desirous of embarking in this undertaking- and others are sure to come forward. Once the system is understood and brought into working order, we may

Resort

resort to competition but the introduction of a new system necessitates careful selection of Agency.

I concur with the Board that Toddy should not be separated and in this view Mr. Dalyell himself now agrees. As the Board remark every object desired can be as well attained with the Toddy and Arrack Farms united as with them separated and some grave difficulties escaped. The separation must also entail some additional expenditure in consequence of double establishments being necessitated. I differ from the Board however as to the amount of remuneration proposed. The present rate of 20 p is certainly too high, but 10 p seems to me unduly low, for collection and risk as security is to be taken from the sub-renters, bad debts should be small but it must be remembered that the contractor is subject to some loss in the interval between the failure of one and provision of another renter. The profit, if any will be so trivial that the Toddy business will receive but little attention from the Contractor whose far larger gains from arrack will incite him

to

to do all he can to stimulate the consumption of his profitable arrack rather than his unprofitable Toddy - The profit on these liquors cannot be equalised but still the difference should not be so great as to enlist all the self interest of the Contractor in the sale of the most injurious - I would therefore request the Board to reconsider this part of their recommendation - I think also that it is undesirable to tie ourselves down to the sub-renting system which has little beyond convenience to recommend it - It is the great

great object to get the Abkary into the hands of respectable and responsible Contractors, but the sub-renting system places all real power in the hands of petty agents - I would therefore like to leave an opening for the adoption of any better system of management that a Contractor can propose to the satisfaction of the Collector and Board I do not at all like the tender system - it merely means in this country combination among the bidders - the bribery of those open to it - and complaints and disputes - The system of

of an open auction with a suitable deposit. Clear conditions of a sale and an avowed determination to enforce them is in my opinion, far better and fairer to all parties.

4 I concur with the Board in considering that the system in force in the town of Madras should continue undisturbed.

5 I agree in the proposals made by the Board in Appendix 2

6 I differ from the Board in their proposal to have a special officer as Supt. of Excise. Experience, the best guide in such matters, has taught us that the interpolation of a special Officer

Officer in the local administration has no other effect than reducing the responsibility and lessening the interest of the Collr. in his work, and losing the benefit of his influence. Moreover no single officer could really do much in so enormous a tract of country and it is simply absurd to expect it. His inspection would be practically useless and the idea of subjecting experienced Collectors to the supervision of an officer of the grade of a Sub Collr. or Head Asst. seems to me preposterous. Nor can I see any thing to

to necessitate such a measure - there is nothing so peculiar or difficult in Abkary management that Collectors and their subordinates cannot acquire it - and the Board can issue all requisite instructions and in their periodical tours satisfy themselves of the efficiency of the administration. Moreover this new officer has himself to learn every thing of the system he is to inaugurate for the only officer who can be said to have made "Abkary" a study is Mr Dalyell who can not be had for Rs 1,500

and would be further wasted running about the country on such an errand - I am confident that the appointment of such an Officer as the Board desire interposed between them and the Collrs and between the Collrs and his subordinates and Contractors - would prove an useless expense would disgust every Collr in the country and lead to endless and fruitless controversies - The general supervision of every branch of the Revenue rests with the Board and should so remain

I think Mr Dalyell should receive

the

the cordial thanks
of Govt. for the at-
tention he has given
to the subject and
the valuable infor-
mation he has collected.
The question of his
honorarium should
now be settled.

J. O.S.

23rd Oct. 1874.

Ref

Minute by
The Hon: Mr. Simms
dated 23rd Oct. 1874
on
Library system.

GO 8th December/74
No 1520

1 I think that the information now
before us justifies the conclusion
that it is desirable gradually
to introduce the Experimental
Excise system into all the Ex-
cisable Articles manufactured &
Duties - and I agree generally
in the course proposed to be taken
by the Board of Customs in their
Report of 23rd Sept/74.

2 I am disposed however to concur
with Mr Simms in the opinion that

it will be better to proceed in the first instance at least by way of selection with an Act prepared by the Board does not seem to work well in this country. If I could also (as in this province) fix a maximum allowance for selection of Toddy Revenue at 25 per Cent.

3. Her pleasure as to the separation of the monopoly of Arrack and Toddy is very important: and

98 A.

I am not altogether satisfied with the conclusion at which the Board has arrived. I presume that, though a maximum price for Toddy be fixed as well as for Arrack, it will be to the interest of the monopolists to sell Arrack rather than Toddy, that he will continue to retain the exemption in favor of the former. The Board says that "the principle" can be made efficient by such results; but does not explain what the principle is or how

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it will be Judicial. Probably there is
difference in the manyland
of the deceased & Effects in the
contract a minimum Revenue per
Judy as well as per Sheriff.

But I should not, however, like
further Insurance that the act,
which is undoubtedly just, was
to absolute & the need consequents.

Robert

28/10/74

Lemual [illegible] of the Collectors cancelled are
in favor of reparation: and the Board said
not long ago (when the law was changed this Section)
that "they had no instance of doubt" that it was desirable

98 A.

G.O. No. 1520 of 8th Dec. 74

Abkari System.

Note by the Right Honble the Governor in No. 3054 Dated 16 Octr 1874

GO 8th December 1874
No 1520

981B

G.O. No. 1520 of 8th Decr. 1874

76

Minute

1 I have carefully perused these papers with the Board's Comments dated 3rd September.

2 I concur with the Board in considering that the time has fully come when the entire energy and attention of a Special Officer should be given to this important and difficult branch of the Public Revenue, and would accept their proposals as they stand, and seek the sanction of the Govt of India.

3 The backward condition of the Abkari revenue and administration in many

Districts

Districts and our ignorance of its circumstances, are due in the main to the Abkari being a kind of no-man's-land in our Revenue Administration. A periodical auction has, as a rule, relieved the Collector of all need to observe closely and study the question, even in his own District, and all has been, and still is, in most districts in darkness. The Board know very little about it, and the only attempt yet made to look into the Abkari administration and sources of revenue thoroughly (the Dalyell's) clearly indicates the need of special departmental attention at least for a time.

4 In two things I am utterly at common and cannot be fairly managed to settle easily all European subjects who are now entering largely on the manufacturing interest about is involved in distillation

with the Board on the subject of the non-separation of the Toddy farm and Arrack distilling. The grave evils which arise out of the amalgamation can be controlled in no way whatever, but by entire separation. It is obvious that two wholly independent sources of revenue must prove together more lucrative when each is thoroughly worked to the best advantage by more or less rival monopolists, than when both are in the hands of the same individual who plays the one off against the other, reducing the sale of Toddy to increase that of Arrack, and so on, as suits his convenience or speculative disposition.

There

There is therefore, no danger to the revenue. It is needless to add how great a gain to the Public must be by the relief within reasonable bounds which this arrangement affords under the bonds of one of the worst forms of monopoly.

5. On the Board's reasons for change of mind, I would remark, that Malabar, Canara and Godavery are the only Districts in which Arrack is distilled from Toddy and nothing would be easier than to secure the needful supply to the distillers in all of these Districts when letting the Toddy farm. There can be no "trouble and inconvenience to the State from the reasonable separation

separation proposed, which is at all commensurate with the evils to the public of keeping up the amalgamation. It is, I am satisfied, impossible to control the necessary consequences of self interest by administrative orders of the Board, and futile to hold out hopes of doing so.

6. Further, the advantage and ~~benefit~~ of the amalgamation and its administration (and as it is apparently proposed to work it) are far from obvious to my mind. The distillery monopolist is to have the Toddy farm of his District, but he is to sublet to another his own creature of course and to interfere no further with it save to collect the rents which he has himself settled.

(Arrack - Separate)

- with safety no doubt to himself and little advantage to the State - and pays himself a heavy percentage for such collection. Almost inevitable fraud, collusion and heavy loss to the State (as of late) underlie the arrangements about which our European gentlemen - monopolists are naturally so anxious - at every turn. The fair and proper method clearly is to let the Collector sell the Lodge farm himself to the highest eligible bidder - respectable persons known to him and the public - and to collect the revenue without charge, through the Farmer or the existing Revenue Establishment ~~at so little cost~~.

I would order the separation everywhere except in

Mr Public & Municipal benefits appear to me obvious

& the Arrack ~~& Rum~~ Distiller in the Lodge Farm also for the benefit of his manufacture

or abolished in the interest of the public Revenue

in one or two backward districts on public and fiscal grounds.

If, however, the amalgamation is to be continued I agree with the Board in a great measure that the utterly extravagant percentage which is now allowed for collecting the Arrack & Toddy rents must be reduced ~~to ten per cent~~ to the usual rate allowed under the revenue practice of the country in such cases.

I would accept the Board's recommendation to extend the so-called experimental Excise system, as respects distilled liquors only, to as many districts as are prepared to accept it, and for which fair offers can be got. ~~They are many more than those named by the Board~~ There is, however, no thing

nothing "Experimental" in the thing as regards those districts into which it was introduced three years ago. The distillers' monopolists have been at work in each, for periods ranging from 3 years to quarter of a century. They know what their several districts are worth and must be required to give a fair share of the profits to the State, without partiality or incidental consideration. I would treat the Board sentimental arguments about "pioneering" and the like, as wholly out of place and unreasonable in dealing with the large State and public interests like those now before us. For they are wholly considering the abatement already supposed baseless. There has been something "Experimental" in

Ethereal - 87 -

on the part of the State during the last three years, and some experience has been dearly bought which should now be firmly used to prevent undue diversion of State claims into the pockets of monopolist Distillers. There can be no difficulty about this, for the large profits which have notoriously been shared by the present monopolists have drawn attention to this probable injustice and several reliable firms are prepared to embark capital and energy in free distillery Contracts. It only remains to encourage competition and take advantage of our experience.

10 The Board should be directed to invite tenders

for

for the System we are entering upon is fraught with great danger to the Revenue whose interests are passing into the keeping of this great distillers in a degree which I contemplate with great misgiving

for the Monopoly of distilling
arrack for the next four
Districts for the next 3 years
those now under the so called
Experimental Excise system
included.

I entirely dissent
from the recommendations
of the Board contained in
Memo. No 2, in which they
propose to withdraw from
Competition the Contracts
for Chingleput, North and
South Arcot, Vizagapatam
and Ganjam (and to confirm
them) to the present Euro-
pean Monopolist for a
further period, with slight
modification. I most
earnestly recommend that
all be thrown open again
to Competition in the usual
manner, as the only way
of really doing fairly by the
public (Commercial and Other)

and

(Mem.)

h. Of the Budget estimate of the
year which is the first of the new
lease (when a Spring of the re-
venue always occurs) is
for an absolute Statement
Credit of the Abkari de-
mand — the change seems
the financial wisest
settlement

and the State. It is suffi-
ciently notorious that ex-
isting Contracts have been
unduly unfavorable to Go-
vernment even during the
past three years. But as
it appears to me the Board's
proposal not only continues
this unsatisfactory and
loding condition, but involves
more or less the further
sacrifice of the ordinary
prospective increase of the
next 3 or 6 (in the case of
Chingleput) years into the
bargain, for wholly inadequate
and unsound reasons. This
may be best illustrated by
considering the case of the
Madras Town and Chingleput
District. Mr Veterinary Sur-
geon Pritchard obtained
the Town distillery from
Govt on most profitable
terms to himself, 3 years ago,

and

and a recent G.O. has continued the lease of the distilleries to him for one year at 10 annas a gallon, when a thoroughly reliable offer to manufacture at 9 annas a gallon had been made. This was conceded on the express understanding in Council that both the Cuddapah Distilleries and Chingleput District should be put up to open competition at the time now under consideration. A heavy loss to the State has been incurred in Madras, and an unearned gratuity has practically leaped into Mr. Pritchard's pocket. The Board proposed, as it appears to me, to multiply this [by] six or more and to deprive the State of their right.

[unsound condition]

[Vide appendix]

right. The profits of the Chingleput Farm - understated as I believe, which is also held by the Veterinary Surgeon Pritchard - obviously far exceed a reasonable profit to the Monopolist, and yet the Board propose to continue with but slight modification this state of things for 6 years longer to the more serious detriment of the State Revenue, in recognition, they say, of [illegible] wholly [illegible] services - the Abkary revenue of Chingleput rose between 1866/67 and 1871/72, ten lakhs of rupees and there is no reason to despair of a similar steady increment during the 6 years for which the Board would make the Farm over, without competition, to Mr. Pritchard. The thing must

must prove ~~Worse~~ detrimental to the public interests.

12 Lwould direct the Board to invite tenders for the Districts which they propose to exempt, as well as for the others named by them for the 3 years Commencing with 1875 as the only means of raising a fair revenue and securing equitable arrangements. A three years farm is given with the express view of affording reasonable profit to the Contractor and to fulfils that object most completely. He has then claim or consideration whatever should be permitted to defeat the public interests which are involved in inviting Open Competition

after

after that period.

13 I agree with Mr. Lim that wherever Distincts are to be farmed out on the amalgamated principle in the manner which has hitherto obtained, the farm should be sold by public auction and Lwould sell the Lodby farm by public auction when it is separated from the Spirit farm, as I propose. But Lwould follow the Board's advice in regard to distilling Contracts if we can obtain really good tenders by large Firms, ~~Bonds~~ disposed to introduce European methods of distilling and place this manufacture in the hands of large Capitalists ~~for a fair guaranteed Revenue~~

In respect to this source of Arbitrary revenue and administration, Lwould,

therefore

therefore call for Leaders,
for such arrangement would
be impossible of realization
under the auction system.
European Firms could clearly
Compete with Native effects.
Enter- Of course if the
objectionable amalgamation
is to be maintained in any
District, I would tell the
whole farm of that District
as hitherto by public auction
- Natives must have fair
opportunities held out to them,
and I am most anxious
to keep to Lady administ-
ration in Native Land-
Europeans and their hangers
on are persons whom I would
keep out from amongst
native producers and
consumers of an ordinary
agricultural product of
the country.

14 I agree with Mr Lim that
the Thanks of Government
are due to Mr Dalyell-
but I see no sort of claim
for an honorarium. Under
Claimed an honorarium
for [illegible] the Laccadives
or other extra duties which
I have performed in my
life and I entirely disap-
prove of Civil officers
claiming honoraria for
work which falls fully
within the legitimate scope
of their ordinary duties.

3/11 [illegible]

[illegible] to be discussed in Council

[illegible]

Abkari System

Minute by Hon: Mr Robinson

on No: 3054

Dated 3 Nov 1874.

Print

G.P. December/74

No 1520.

98 C.

G.C. No 1520 & 8 Dec 74

No 98 C. Minute by the Hon. Mr. Robinson, dated 3rd Nov. 1874.

I

I dissent from the 6th of the Rules directing the Collector of the Zillah from the Amount from; being of opinion that it is unnecessary & inexpedient.

The only justification of the measure, I conceive, would be, to ensure the Zillah a sufficiency of Liquor at a fair price - or to obtain a large Revenue for the State.

As to the first point, it is believed the

in Jan.y 1873. the
Bd. of Revc. ordered
the Collr. to deliver
the Contractor of
the united Farmers
discouraged the
sale of Tobacco, either
by encouraging the
Union or by lessening
the number of li-
-censes. Excepting
the Collr. of Salem
where the duty is sent
in the bond - and
the Collr. of Cincinnati
every other Collector
replied in the ne-
-gative. Mr. Weddell
then reported that
the price of Tobacco
had been con-

siderably reduced
in the last
four years and
hence he concluded
that the Contractors
discouraged the
sale of Tobacco in
order to diminish
the purchase of
cards. The Bd
then took
state in the price
of cards
has diminished or
altered & not-ke
it seems a reason
can be given
for 8 cts on Tobacco
& 4 cts on the
of 2 cents is the
cause to attain

the same result
in the Cornwalls. But
even encouraging that
on the Continent
a longer benefit or.
Cornwall than on
Jordyn, his duty in
trust permits him
to encourage em-
ployment of the former
by lessening employ
ment of the latter, by
an effectual remedy
can be established by
simply preventing
foreign to the Colo-
to require the opening
of as many ports
as he deems necessary
& limiting a number.

90

II

- mum price in
Jordyn. The first
title entitled an
annuitant to bounty -
the latter a certain
price. I hold them
free that the bounty
system is unnecessary
in the interests of
Jordyn drinkers.
As regards the
revenue, he was
prepared to admit
that the Chancellor
will encounter the
revenue in any
material degree,
unless of course
drinking became
less the more
general, which is

hereby the de-
-sired. In June
73. the Hon. Gen
-tleman by Order
drawing the Cha
-ter of the Farm
in view & an Act
of Parliament on the
Practicability of
giving a Start to
them & the Portable
Steam Engine on the le-
-vers. Six Gen
-tlemen address the
Ladies and four
Farmers. The Ques
-tion duly dealt in to
the Questions set by
the Hon. The Chairman
of the majority
Opinion was that
the change would

Canada Corn. in
stead of farin-
-aceous and this is easily
understood when
the Difference in
price between the
two Liquors is borne
in mind. In fact
pain it is stated
that a Man can
get 3 Bottles of
fermented Liquor
for the Price of a
Wine Glass full of
Cognac. 30° under
proof. It is desir-
able therefore that the
Consumption of
Fruit by Insects in-

very
crude plainly. be-
fore it can make
out the Deity in
the arrack it Ri-
-ches. It is a
mistake to take
the Deity a chem-
ical because like
finger bear a Re-
semblance. Great
Deity is, but for
mented Deity is
intoxicating - and
tempts the Great
in the "constitution
of the Drunkard
he less heinous
than the Great de-
-arrack, in Ex-
cess, Drunkenness

Arrack is about
15 times dearer
than Toddy.

III - 92

remains Drunken-
ness, all the same.
They especially at
tention to what the
Missionaries say in
his letter of the Ma
-y January, on the
subject of Toddy Drink
he had given an
complaints of Mis-
-ries in N. Arcot -
and the Toddy there
around Madras are
extensive - The Natives
is essentially a
water - Drinker &
it is a mistake to
put Toddy - among
same than Arrack -
in his way -

The only certain
of the Subscribers
of the two Farms
will be
that we
shall have land
upon Completing
our Contract Each date,
to include Dwell-
-ing house on the
land - And there

In the "Excise"
District, the Sale
is from the Allotte
ments will - In fact
the Minister says that
the Duties the Minister
sells the farms Di
rect from the Or
dnance - Mr Daniel

will be a Bond
demanding for the
Illicit Distilla-
tion of an undesc
-ribed Quantity into &c.
Bond &c into &c.
&c. It will be
impossible to Enforce
this -

I point that at the
is the case in Vic
-toria and he
added that the Rate
"has been working
well, as far as we
can judge from
the result of the
Sales in the two
Years - The amount
which the farms
have realised are
an Asset on
be Excepted &
& that there will be
small be realised
by any other mode
of Letting them"
The Calls of St Asaph
Bangor & Llandaff
"the President Remin

here in any way
to be included the sale
of todd's Estate
can in anyway affect
the sale of Arrack
and it is a fact
that at the Quality
of the Lords Estate
sold by the Ins.
-dent Contractors
to Parker, he is in
finitely worse than
that sold by Messrs
Corbett & Morrison.
Mr. Sullivan, the
Acting Collr of S. Canara,
says "the Lords
Farm is sub-let
to a Native by Messrs
Parker & Co. at a

Rental of Rs 84000
per ann: and he
does not think it
"the Incident Expenses
could be increased
on." any thing that
might be saved
by a change being
carried into effect
by a Gentleman
for Chairman &
Directors Local to
Kumta as a fact
that the Contractor
has to visit & travel
alternate
to the detriment
of the Lords Interests
of the year ending
30 June 73 he cleared
on 180.536 Rs for
the Estate from.

8.0
17 Feby 74

being 55.556 in excess of the minimum prescribed in his contract. and Rs 30.340 in excess of the average rental paid for the District for during the previous ten years. Of the 180.556. Rs Arrack yielded 100.303. and Toddy Rs 80 253. adding to the latter the last yearly of 257. the receipts from both sources have been about equal - the last year that of Toddy has been very heavy.

In 1873/4 the results have still better - as for as Toddy goes - The revenue from ~~sales~~ of Arrack was Rs 88.575 - while that from Toddy was Rs 108.525 - an increase on the previous year of Rs 26737 - The total revenue of the year was Rs 197.040. or nearly Rs 15.000 more than in the previous year and Rs 53.000 above the average of the preceding decade! The charge of managing the Toddy branch was withdrawn from 9/1 57 for and

8

95

finally on the 1st Aug. finally of a different division - and has daily sale, which certainly by small means at. limits of the right to any one Elder advance of the Collectors.

Under such circumstances I consider a tent to form of the Board.

L. B. Bowring

Ag. C. C.

Note by the Honble
J. D. Inis Esq. C.S.
14 Nov 1874.

Minute
Held by the Honorable
L. D. Sim C. S. I. dated
14th November 1874.

G.O. 8th December/74
No 1520

982.

Revenue Department.

No 1520

97

Proceedings of the Madras Government.
Under date the 8th ~~November~~ Dec. 1874
Read the following
Pro: of the Bd of Rev:

Subj: report of the Hon. R. A. Dalyell on Abkari system of Madras Presidency with details of the Excise taxation in the other Provinces of India	H.C. 3rd Sept. 1874 No. 2487.
Subj: with remarks reports from Coll^rs regarding discouragement of sales of toddy by Abkari Renters, and separation of toddy and arrack Rents	H.C. 23rd Sept. 1874 No. 2734.
Subj: Remarks prefixed on letter from Coll^r of Coimbatore furnishing information called for regarding certain proposed modifications in present system of Abkari	H.C. 10th October 1874 No. 2954.

His Excellency the Governor in Council concurs with the Board as to the value of the Report

L. D. S. 14/11

Requisitioning from C. V. note Lds

W.B. 28/11 Requisitioning Para 5, 2 to 10 part 9 & 11

Report upon which the first Proceedings recorded above are based. Mr. Dalyell is entitled to the cordial thanks of Govt. for the attention which he has given to the subject and the valuable information which he has collected.

2. The Board have come to the conclusion that the Experimental Excise system, where it is possible, is the best that can be devised. The Governor in Council considers that the information now furnished justifies this opinion. Under this system the sale of spirits is completely under control - good liquor can be ensured - and consumption is known. There are objects which it is well worth while to secure

even

even at some temporary sacrifice of revenue.

3. There are of course parts of the country in which, as the Board remark, the system cannot be introduced but these are comparatively unimportant tracts.

4. The Governor in Council now proceeds to pass orders on the various points which call for notice in the Proceedings recorded above.

5. <u>Appointment of Superintendent of Excise.</u>

On this point the decision of Govt. is adverse to the Board's proposal. Experience, the best guide in such matters, shews that the interpolation of a special officer in the local administration has

the

the effect of reducing the responsibility and lessening the interest of the Collector in his work and depriving the department concerned of the benefit of his influence. It would be out of the question to subject experienced Collectors to the supervision of an officer of the grade of a Sub-Collector or Head Assistant. Nor does the Governor in Council see anything to necessitate such a measure as that proposed. There is nothing so peculiar or difficult in Abkari management that Collectors and their subordinates cannot acquire it. The Board can issue all requisite instructions and in their periodical tours

is undesirable.

tours satisfy themselves of the efficiency of the administration. Under these considerations the Governor in Council must refuse his assent to the suggested appointment.

6. Separation of toddy and arrack. This subject is discussed in the second paper recorded above and in para 5 of the first. The Govt differ from the Board's final conclusion on this matter. They consider that the separation should be enforced as a rule. The grave evils which arise out of the amalgamation can be effectually controlled in no other way. It is besides obvious that two independent sources of

revenue

revenue must prove more lucrative when each is thoroughly worked to the best advantage by more or less rival monopolists than when both are in the hands of the same individual. This is more especially true in Districts worked by European capitalists who are now entering so largely on the manufacturing interests involved in distillation.

7. In regard to the reasons which have influenced the Board in their change of mind it is observed that Malabar, Canara and Godavery are the only Districts in which arack is distilled from toddy and nothing would be easier

Also Cuddapah. Kurnool.

easier than to secure the needful supply to the distillers in all these Districts when letting the Toddy farms. There can be no "trouble and inconvenience" to the State from the reasonable separation which is proposed, at all commensurate with the evils incidental to ~~the present~~ the amalgamation.

8. The advantages of the amalgamation in an administrative point of view are not apparent. The Distiller-monopolist is to have the toddy farm of his District but he is to sublet to another and (nominally) to interfere no further than

than to collect the rents, receiving a percentage from Govt. for his trouble. No valid reason is assigned for preferring this arrangement to a bonâ fide sale to the highest eligible bidder or other respectable person known to the Collector.

9. The Governor in Council therefore resolves to direct that arrangements be made for the separation of the arrack and toddy rents in all Districts in which the "Experimental Excise" system is introduced. Where the Farming system continues in operation the

? present ?

Struck that the Distilleries of the year offered for competition Mds

The Govt have Directed the Bd to submit this question early next year and cannot forbear all their decision - especially as the question is not discussed here -

(Appendix)

Govt

Rec'd in Council 1/12/74

the amalgamation will be allowed during the currency of the next lease. Under these circumstances no allowance for cost of collection (Bds Pros 3d Sept 1874 para 8) will be necessary.

10. Abkari in Town of Madras

The Govt agree with the Board that the system of direct management must be continued in the Town of Madras.

11. Old Excise Districts. As regards the five Districts noted in Memorandum 2 to Boards Pros 3d Sept 1874) the Governor in Council accepts the Boards proposals except that the new lease should be for three years in every case -

Next

12. New Excise Districts - The experimental Excise system may be introduced, as the Board propose, in the four Districts noted in paragraph 9. The final disposal of the tenders will rest with the Board.

Remaining Districts

13. The Board's views in paragraph 11 are approved in Regard to the Districts in which the farming system is to be continued.

14. Mode of renting - In the 4 new Excise Districts the system of selection by tender should be adopted. The toddy in these Districts will be sold by auction under the Rules proposed in

in Board's Pro: 7 June 1873, No. 958 (G. O. 5 July 1873, No. 695) except that the currency of the lease will be for three years instead of one year. The auction system will be followed in those Districts where farming continues in force and should be Taluqwar.

15. Beer. With reference to the question discussed in the last paragraph of the Board's Pro: dated 10 October 1874, No. 2954 (the third paper recorded above) the Govt desire fuller information. On general grounds they are of opinion that the manufacture of beer from barley and hops

hops should be encouraged.

It has succeeded well in ~~North India~~ other parts of India and there is no reason why it should not answer in this Presidency. Pending careful enquiry the manufacture and sale of beer should be provided for in all Abkari contracts and leases.

Collector

Collector Board of Revenue & Excise

Should also better say "in other parts of India"

Drafted from instructions
given in Council 6/11/74

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