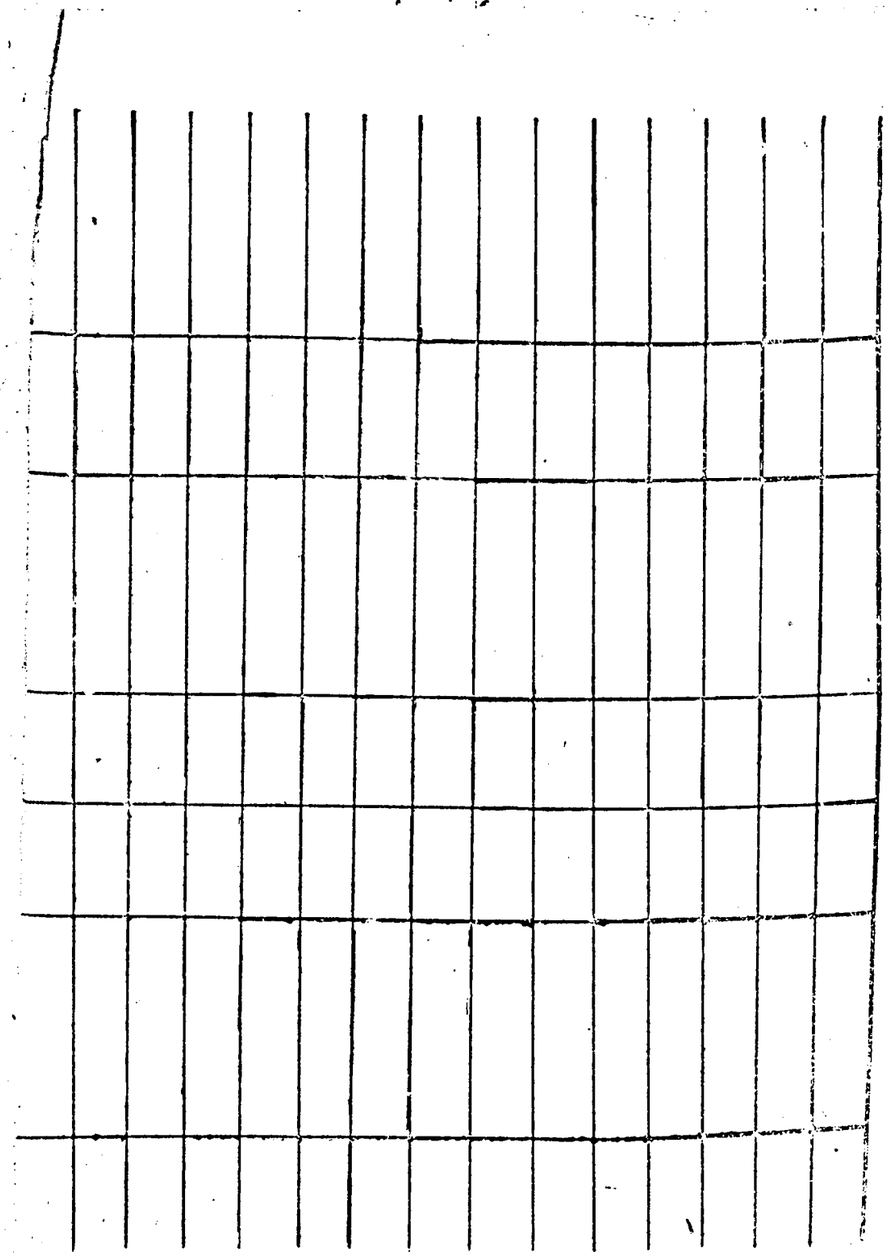

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# MADRAS RECORD OFFICE

## GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. 561 Press
~~B.P. No.~~ ~~Mis.~~

Dated 6-5-1874 ~~196~~ .

*to be folded or roughly handled*

Read the following:—

No. 88. Proceedings of the Board of Revenue, dated 9th February 1874, No. 254.

Read the following letter from J. F. SNAITH, Esq., Principal Assistant Collector, for Acting Collector of Vizagapatam, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 20th January 1874, No. 58:—

I HAVE the honour to report upon the working of the Excise system in this district for the half year ending December 31st, with special reference to G. O., No. 1,420, dated 13th December 1873.

1. I would first point out an omission in my letter embodied in those Proceedings, viz., a sum of Rupees 4,513-2-4 being the duty on rum issued into this district from the Depôt at Chicacole, in Ganjam. The total Abkári revenue for last Fasli 1282 is—

| | Rs. | A. | P. |
|---|---|---|---|
| Duty on Arrack from Chitavulsah Depôt ... | 53,795 | 11 | 5 |
| Do. do. from Chicacole ... ... ... | 4,513 | 2 | 4 |
| Vippu Farms ... ... ... ... ... ... | 40,779 | 5 | 3 |
| Toddy ... ... ... ... ... ... ... ... | 24,915 | 6 | 0 |
| | 1,24,003 | 9 | 0 |
| Jeypore under Government management... | 33,741 | 0 | 0 |
| | 1,57,744 | 9 | 0 |
| I erroneously gave the total as .. | 1,19,040 | 7 | 1 |

2. In paragraph 3 of the G. O., the Government say that the total collections of the last year are Rupees 30,000 below the minimum fixed by Government, and Rupees 60,000 below the average collections in the years immediately preceding Messrs. Minchin and Co's. contract. The figures, however, on which this is based are erroneous; the average is stated to be Rupees 1,76,510. These figures include the revenue of the Jeypore country and some miscellaneous items connected with Abkári.

The proper figures for the three years are—

| | Rs. |
|---|---|
| Fasli 1279 (1869-70)... ... ... ... ... ... | 1,63,631 |
| ,, 1280 (1870-71)... ... ... ... ... ... | 1,61,341 |
| ,, 1281 (1871-72)... ... ... ... ... ... | 1,61,200 |
| | 34,86,172 |
| Average... | 1,62,057 |

It is unfortunate for the excise system that these three years immediately preceded its introduction, and comparison is always made with them in order to test the results of the new system. These amounts for which the Abkári sold in those years is not a fair criterion of the amount of revenue which can fairly and honestly be realized in the district. Mr. Melville, in his letter March 30th, 1872, in Board's Proceedings, dated 8th April 1872, "says there is no doubt but that the Abkári rents in this district have been run up by reckless competition, and if they were put up to action in the coming fasli, they would not fetch the prices that they did on the last occasion. Several of the renters have been ruined, and one or two to my knowledge have lost by their engagements." It cannot therefore be said that these figures represent the actual receipts from Abkári, part of it and apparently a considerable part came out of the pockets of the renters themselves.

Taking the three years previous to these, I find that the average receipts were Rupees 105,098 including Jeypore, the average for Jeypore was Rupees 11,992, so that the average for the taluqs now included under the excise system was Rupees 93,106. The amount of receipts under Messrs. Minchin and Co's. contract compares as favourably with the receipts of these three years, as it does unfavourably with the three subsequent years.

3. Up to the end of December there was a balance of Rupees 45,829 against Messrs. Minchin and Co.

| RS. | |
|---|---|
| 14,495, | on account of last fasli. |
| 13,334, | on account of the previous six months. |

Since December 31st they have, however, paid Rupees 15,617 during the present month, leaving now

| RS. | |
|---|---|
| 9,285, | on account of arrears. |
| 20,927, | on account of current. |

These are on account of the Vippu Farms of Gunapur, etc. the rents made at the end of last fasli for three years. Three years rent has in many cases to be paid in two, and they are not paid up in regular instalments. The demand against them is calculated by debiting against them every month 1/12th of the total amount of the yearly rents.

4. I proceed to estimate the probable receipts for the present fasli founded upon the receipts of the half year ending December 31st. The amount of duty from the Vippu Farms, and Toddy Farms is known, and the value of the excise duty is taken at double the amount received during the last six months. The quantity of liquor issued during the half year is 21,174 gallons of liquor of various degrees of strength, equivalent to 17,564 gallons of 30° under proof, according to the computation adopted by Government in their order. The duty paid is Rupees 25,028-10-1, also Rupees 30 from Chicacole Depôt. The amount paid during the same six months of the previous year was Rupees 28,556, the difference may be accounted for by the fact that as the duty is paid at the depôt, a larger quantity was issued for the supply of shops during the first year of the lease. The actual consumption is certainly not less. Doubling this amount, the total probable receipts for the present fasli will be as below—

| RS. | A. | P. | |
|---|---|---|---|
| 50,057 | 4 | 2 | for Arrack Chitavulsah. |
| 76 | 0 | 6 | from Chicacole Depôt. |
| 25,560 | 0 | 0 | from Toddy farms. |
| 55,067 | 2 | 4 | from Hill tracts of Gunapur, Rayaghada, etc. |
| 1,30,760 | 6 | 6 | |

In addition to this, there is Rupees 32,732 for Jeypore, double the amount collected during the present half year.

The total Abkári for the district, including Jeypore is therefore Rs. 1,63,492-6-6; of course the increase of the revenues in Jeypore is not connected with Messrs. Minchin and Co., but I hope that the Government will consider the amount Rupees 1,30,760 as a fair and reasonable revenue for the district.

5. The Government in paragraphs 5 and 6 of their order, are of opinion that the diminution of revenue is owing to the absence of a maximum price for the liquor.

*Proceedings of the Madras Government, Revenue Department, 6th May 1874.*

Taking the 30° under proof liquor when the duty is 1/8th as an example, the Government estimate that Messrs. Minchin and Co., have a margin of two in cases where the liquor is sold for 3/8ths, and 1/8th where it is sold for Rupees 3.

The prices shown in the Account submitted to the Board, are the prices at which the liquor is sold by the shop-keepers to the public, and not the price at which it is sold from Messrs. Minchin and Co.'s., depôts to the shop-keepers. The liquor is invariably sold by Messrs. Minchin and Co., to the shopkeepers at Rupees 3 per gallon, and any excess over that represents the profit of the shop-keeper, when the price is Rupees 3 it is sold by the Depôt Gumastah. No shop-keeper could afford to sell it for Rupees 3.

The question is whether a maximum price of 3/8th per gallon can be fixed or whether a higher rate of duty can be imposed than the present 1/8th per gallon.

I am informed by Messrs. Minchin and Co., that their present profit upon each gallon of liquor is 2 Annas 10 Pie per gallon. The liquor is sold for Rupees 3, 1/8th is paid to Government for duty. Cost of manufacture at Aska is 11 Annas 2 Pice per gallon. Shipping, freight, landing, and cartage to depôts comes to 2 Annas, per gallon, and establishment 3 Annas. The profits therefore on the 38,000 30° under proof spirit sold during the last fasli would amount to Rs. 6,730.

If therefore the Government duty were raised to 1 Rupee 12 Annas a gallon, there would be a loss instead of a profit to the Company; and unless the cost of manufacture, etc., can be considerably reduced, they would be unable to pay the additional 4 Annas per gallon. It is impossible to say to what extent the cost of manufacture, etc., is capable of reduction without competition, and there is no one to compete with them in so large an undertaking.

If too the maximum price be fixed at 2 Rupees 12 Annas per gallon, *i. e.* the price to be paid retail by the actual consumers to the public, Messrs. Minchin and Co. would have to sell it to the shop-keepers for less. At present, the profit of the shop-keepers varies from 6 Annas to 8 Annas per gallon, and if therefore Messrs. Minchin and Co., were compelled to sell at even 2 Annas 6 Pice per gallon and pay Government 1/8th, they would have 14 Annas left for the cost, manufacture, freight and collection. They would therefore be compelled to work at a loss.

Under their present management, I do not think therefore that the Company could bear their profits to be reduced either by fixing the maximum at 2 Rupees 12 Annas or raising the duty. If the maximum price 2 Rupees 12 Annas per gallon be fixed, it would be necessary to lower the rate of excise duty. This would increase, but it is impossible to say without actual experiment whether the additional consumption at lower rates would cause an increase or diminution of the revenue.

4. The profits derived last year from the sub-renting of the Vippu Farms in the Agency tracts amounted to Rupees 13,593-1-9 including the cost of collection which is not large; during the present year they amount to Rupees 18,355-11-5.

As the Board are aware (*vide* correspondence in margin) these tracts were originally included in the general Abkári Agreement, but it was found impossible to sell any other liquor than the Vipper liquor to which the people were accustomed, and Messrs. Minchin and Co., were permitted to rent out the

* G. O., dated 23rd November 1872, No. 1,611. Board's Proceedings, 18th January 1873, No. 75.
Board's Proceedings, 20th March 1873, Miscellaneous No. 1,088.
Board's Proceedings, 1st July 1873, No. 1,154.

taluqs, village by village, receiving 25 per cent. for collection. This arrangement was made to escape from the difficulty which had arisen from including these tracts with the ordinary tracts, and I think that had the difficulty been foreseen, this part of the country would have been exempted from the excise system, and the Abkári collected by renting the taluqs to a renter as before or by taking it under the management of Government and renting it village by village in the same way as Jeypore of which they form a part.

There appears to me no reason for paying this 25 per cent. to Messrs. Minchin and Co. I calculate that the rents would be collected by Government for less than Rupees 5,000. This includes the necessary establishment of a Gumastah and peons together with an allowance to each of the three Deputy-Tahsildars for collecting. Practically at present Messrs. Minchin and Co. are unable to collect their rents without the assistance of the Deputy-Tahsildars of the different taluqs.

They have however rented the villages for a term of three years, one year beyond the present, and I would not suggest that the rents should be taken from them during this time; but I myself see no necessity for the continuance of the arrangement after the expiry of the three years. These tracts might be managed in the same way as Jeypore.

7. In regard to the Toddy Farms, the total amount for which they sold this year was Rupees 34,080, and of this Messrs. Minchin and Co. receive 25 per cent. or Rupees 8,520.

I do not know the reasons for introducing the clause regarding the toddy into the Agreement, but I conclude that it was partly with a view to keeping the whole Abkári under one management, and partly to add to the profits of the renters in so large an undertaking.

8. The Board have frequently of late impressed upon Collectors the necessity of keeping the Arrack and Toddy Farms distinct; but under the present terms of their agreement, Messrs. Minchin and Co. have a right to object to the opening of any additional shops without their consent. If they are allowed to continue the sub-renting of the Toddy Farms, they should agree to allow the Collector and the Board full liberty to open as many toddy shops as they may consider necessary for the requirements of the district.

If the Toddy Farms be sub-rented by Government, they would be the gainer by the 25 per cent. paid to Messrs. Minchin and Co., and the only reason for letting them through Messrs. Minchin and Co. is, that it is a portion of the original agreement, and one of the sources to which they look for a portion of their profit. In one respect they differ from the Vippu Farms when Messrs. Minchin and Co. were unable to carry out the agreement as it originally stood, and the present system is a compromise to avoid loss both to Government and the renters.

9. There is one point in which I would ask the decision of the Board, viz., the relation of Messrs. Minchin and Co., to Government in regard to the Toddy and Vippu Farms: are they renters and liable for the amount for which the farms are sold or merely Government Agents to collect the rents and responsible only for collections? Messrs. Minchin and Co. consider themselves as mere Agents. This description of their position is opposed to the words of their contract. Clause

*Proceedings of the Madras Government, Revenue Department, 6th May 1874.*

5 says "I will pay to the Collector 75 per cent. of the sums for which I may sub-rent the Toddy Farms." This means that they pay 75 per cent. whether collected or not, and they are responsible for the stability of the sub-renters to whom they sub-let the farms. Messrs. Minchin and Co. deny their responsibility for more than the collections and allege that this was the intention of the clause; it is however not so expressed, and I would ask the Board to determine their position. The same percentage being paid in the case of the Vippu Farms. I assume that the responsibility was intended to be the same in both cases.

10. The probable receipts of the present fasli will amount to Rs. 1,30,760-6-6. I hope, however, that the Board will not on that account condemn the present system; it is unfortunate that comparisons are instituted with the fallacious figures of 1279-80-81, but this point has already been frequently urged by my predecessors. Even though the maximum fixed by Government has not been reached this year, the receipts show a steady increase on the former year, and were the Government to cancel the contract and introduce the old system of renting, there can be no guarantee that amounts will be exceeded. The liquor now supplied is undoubtedly of a better quality, the whole management is in good hands, the revenue is easily and punctually collected, and many of the evils of the old system are avoided. I hope that the Board will be of opinion that the contract should be continued and will urge their opinion strongly upon the Government.

11. The two usual statements, one showing the retail price of liquor sold, the other showing the amount of liquor issued from the distillery and the duty collected are enclosed.

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ENCLOSURES Nos. 1 and 2.—Statements.

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SUBMITTED to Government with reference to G. O., 13th December 1873, No. 1,420, and 16th January 1874, No. 63.

2. The Collector of Vizagapatam reports that the probable receipts under Messrs. Minchin and Company's Abkári Agreement for the current fasli are Rupees 1,30,760. This is less than the minimum fixed by Government, viz., Rupees 1,50,000 and therefore Government have the power to stop the present arrangements on the 30th June by giving notice of their intention to do so on or before the 1st May.

3. The Collector recommends that the arrangement should not be put a stop to. He shows that the collections for Fasli 1279-1281 were abnormally high, and that the minimum fixed by Government was more than they could have expected to realize under the old system. Mr. Melville was of the same opinion. Mr. Daniel further calls attention to the fact that the Jeypore Abkári receipts will raise the total revenue of the district to Rupees 1,63,492.

4. The Board entirely concur with the Collector on this point. The revenue is increasing and will increase more rapidly now that the experimental system is fully established. The liquor is of a better quality. The accounts kept are full of new information as to the consumption of spirits, a subject on which information is much wanted. The management is in good hands, the revenue is

* The arrears shown as outstanding are for sub-rents which have not been collected and which have to be paid to Government only after they have been collected.

successful for they are convinced that less would have been collected if the district had been rented out in the usual way.

5. It remains to consider whether in continuing the arrangement with Messrs. Minchin and Co., Government should take advantage of the present opportunity to alter the terms of the agreement.

6. In their Order of the 13th December 1873, No. 1,420, Government suggested either that a maximum price for the sale of liquor should be fixed, or that the excise duty should be raised. The figures given by the Collector settle the question, if Messrs. Minchin and Co. are to be believed, for they could not afford to supply liquor at less than the minimum now fixed (which has been to them both a maximum and a minimum), and an excise duty as high as that levied in Chingleput, North Arcot and South Arcot would deprive them of more than all their profits. In their Proceedings of the 20th December 1873, No. 2,618, paragraph 7, the Board gave reasons for doubting whether Messrs. Minchin and Co. should be directed to sell below present rates or pay a higher duty, and they are now satisfied that this should not be done.

7. The Collector raises a question whether the management of the Vippa Farms (or the divisions in which Messrs. Minchin and Co. have been allowed to rent out the Abkári under the old system) and the Toddy Farms should be left in the hands of Messrs. Minchin and Co. or managed by Government. A small gain would certainly be effected if, now that the trouble of renting out by villages, etc. has been done, the collections were made by Government officials, but this gain would be more than counterbalanced by the evils (practical as well as moral) attending a direct interference in Abkári matters which it has long been the policy of Government to abstain from everywhere except in the Town of Madras.

8. The only change in the Agreement which the Board would advise is a requirement that Messrs. Minchin and Co. should allow as many shops to be established for the sale of Toddy as the Collector may consider necessary to supply the wants of the poorer classes who consume a cheaper liquor than arrack. Even this is of no practical importance, for Messrs. Minchin and Co. have always been ready to increase the number of such shops when asked to do so, though under their contract they would have been entitled to refuse to allow a larger number than were in existence when the district was managed under the old system.

9. In paragraph 8 the Collector inquires whether Messrs. Minchin and Co. are liable for the full amount at which the Vippu and Toddy Farms have been rented or only for the amount which they collect. The Board have always understood that in such matters the distillers contracting with Government have been the Agents of Government, and are not liable for sums which after due activity they have found to be irrecoverable. The percentage of the collections given to them is large enough to ensure activity and it is not too large considering the trouble of renting and collecting. In the case of the Chingleput Contractor there can be no doubt as to the obligation. He manages the Toddy sales through shop-keepers and pays to Government 25 per cent. *of the actual sales* after deducting expenses. It was intended that the engagement should be the same in all the other districts where the excise experiment is being tried, except in this one respect, that the other Contractors were to sub-rent the Toddy instead of managing it themselves.

10. The method adopted by the Collector of taking 4th of the sub-rents as the demand for each month in the year is likely to show large arrears as due in some months in which Messrs. Minchin and Co can expect to collect very little. He should ascertain whether the demand could not better be divided into unequal kists as is found necessary in the case of land revenue.



No. 89. Proceedings of the Board of Revenue, dated 25th February 1874, No. 423.

Read the following letter from Messrs. MINCHIN BROTHERS and Co., Abkári Renters of Ganjam and Vizagapatam, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Bimlipatam, 12th February 1874 :—

For the reasons stated in the closing paragraph of the accompanying Report addressed to the Acting Collector of Vizagapatam, we have the honour to forward a copy for the information of the Board and Government, in anticipation of the Collector's approval.

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Enclosure No. 1.

From Messrs. MINCHIN BROTHERS and Co., Abkári Renters of Ganjam and Vizagapatam, to J. R. DANIEL, Esq., Acting Collector of Vizagapatam, dated Aska, 2nd January 1874.

We have the honour to acknowledge receipt of your letter, No. 1,762 of the 17th November last, the delay in replying having been due to our Mr. C. Minchin's absence at Madras, and our wish to confer with him before doing so.

2. We have now the honour to say, in reply, that you have correctly understood our impression to be that in the matter of the Toddy and Vippa Farms which we have sublet, our responsibility is confined to the payment to Government as it is collected of three-fourths of the amount of the total collections only, and not of three-fourths of the amount for which the farms are leased, whether collected or not.

3. We submit that we are the Agents of Government in the matter, not Contractors, and point to what has been the practice in the Ganjam District in support of this.

4. The extension of the excise system to Vizagapatam was subsequent to, and on the model of, the system adopted in Ganjam; and as the practice there has been to consider us Agents and to expect us only to pay 75 per cent. of Toddy collections as made, we certainly considered in extending our agreement with Government to Vizagapatam that the same terms were to hold good in both districts.

5. In the matter of the Vippa Farms of the Jeypur Taluqs and of the Hill Tracts of Salur and Palcondah, we must very strongly submit that no other reading of the agreement is possible under the terms under which we sublet them. We caused our Agents to journey through the taluqs and let out the whole, village by village, to the ryots themselves, so as to ensure the realization for Government of the full kist obtainable, and we have reported in full the bids so obtained.

6. We have kept back nothing against bad seasons, or bad debts, or profit beyond the one-fourth which Government allows us for our trouble, and nearly the whole of this will disappear in our expenses of leasing and collecting. That we could not be expected under such circumstances to take the risk of contracts, will be evident from a comparison of the results obtained by us, and by the sale of the farms at public auction.

7. We find on looking into the records at our disposal, that in Fasli 1278, the amount realized for the three Jeypore taluqs at public auction was Rupees 24,200 only, while we have reported Rupees 57,514 for Fasli 1282, Rupees 68,593 for Fasli 1283, and Rupees 68,846 for Fasli 1284.

8. The difference consists in this, that we, on behalf of Government, have let out the farms in detail, in the same way as the Renters did for themselves; but we have reported the whole without reserve, while taking it for granted that the Renters obtained a Rent Roll of Rs. 60,000, they offered only a little over one-third of their collections and retained two-thirds against their risks, expenses and profits.

9. From what we see of the nature of the country and people, it is evident to us that the Contractor only exercised a wise discretion in reserving so large a proportion against risk.

10. We have quoted Fasli 1278 because that was the last fasli with which a comparison can fairly be made. In Fasli 1279 the farms were put up for three faslies at once, and the Agent of the purchaser, through a stupid misinterpretation of his wishes, bid madly on his Principal's account up to Rupees 60,000; being held to his bid, the purchaser lost the whole of his wealth during the three years that it ran, and was in the end compelled to apply to the Board for a remission of the balance due; all this is now a matter of history, and will serve to show you what ruin might be staring us in the face, if your understanding of our liability was admitted.

11. Further, standing as we do, in the same relationship to the ryots as the former Contractors, we are obliged to allow them to pay us their Kists in the customary instalments in October, January, April and June, the custom with them being to pay their rents out of the sales at their festivals, and the cost of living and manufacture of liquor out of the daily sales.

12. And seeing that we are demanding three years' Kists out of two years' sales, we cannot be harder on them than is customary.

13. On this account we had the honour to submit that instead of entering monthly in the demand column one-twelfth of the total Kist, and treating as arrears any portion of this not paid, the plan we have adopted in rendering the accounts should be conformed to, of leaving us to pay up monthly the Government share of our collections, and suspend judgment on the success of our operations till afterwards.

14. We fully concur with you that it is very desirable to have no uncertainty in the matter; and as we cannot but think our interpretation of our liability will be acknowledged both by the Board and by Government to be just, we have the honour to request that you will submit this letter for their consideration.

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ENCLOSURE No. 2.

From the same Officer, dated Bimlipatam, 7th February 1874.

REFERRING to G. O., No. 1,420 of 13th December 1873, and Board's Proceedings, No. 2,618 of the 20th idem, we have the honour to submit the following explanatory report of our Abkári operations up to the end of the year 1873:—

The Government Order in question is based on more than one discrepancy which has crept into the figures with which our results are compared. In the first place, the fact has been apparently overlooked that the minimum, on obtaining which the continuance of our lease on existing terms was to depend, was for the "Abkári of the Vizagapatam District," and consequently inclusive of the Jeypur receipts, and although Jeypur is included in the figures for the three years 1869—1872, with which the results of 1873 are compared, it has been altogether omitted from the calculation of revenue obtained in 1873. In addition to this, a further discrepancy has crept into the Statement furnished from your office, and on which Government has calculated the revenue for last year. The amount contributed by us in Fasli 1232 (1872-73) should have been stated at Rupees 1,24,003-9-0, not Rupees 1,10,940-7-1.

2. We take the opportunity to lay before you the following Statement of Revenue obtained from Abkári in this district for the three years preceding the three quoted by Government:—

*Fasli* 1276 (1866-67.)

| | | RS. | RS. | A. | P. |
|---|---|---|---|---|---|
| Vizagapatam | | 90,350 | | | |
| Jeypur | | 11,800 | | | |
| | | | 1,02,150 | 0 | 0 |

*Fasli* 1277 (1867-68.)

| | | RS. | RS. | A. | P. |
|---|---|---|---|---|---|
| Vizagapatam | | 90,350 | | | |
| Jeypur | | 11,800 | | | |
| | | | 1,02,150 | 0 | 0 |



*Fasli* 1278 (1868-69.)

| | | RS. | RS. | A. | P. |
|---|---|---|---|---|---|
| Vizagapatam | | 98,620 | | | |
| Jeypur | | 12,376 | | | |
| | | | 1,10,996 | 0 | 0 |
| | | 3) | 3,15,296 | 0 | 0 |
| Average for three years... | | | 1,05,098 | 10 | 8 |

From Fasli 1279 to 1281 the average, as stated in the Government Order under review, ran up to Rupees 1,76,537.

3. The fictitious nature of this sudden increase has already been explained to the Board by different Collectors, and it is certain that the above average does not represent the mere Abkári revenue. It was the result of ignorant and rash bidding at public auction, and was only paid at the cost of absolute ruin to some and heavy loss to the majority of the Renters.

4. In view of this sudden bound from 1,05,000 to 1,76,000, Government fixed the minimum to be expected for the Abkári of the district at Rupees 1,50,000; the Collector had named Rupees 1,00,883, as the average of eight years, and the Board proposed to make it Rupees 1,25,000.

5. Deducting from this acknowledgedly very high minimum Rupees 24,935, the amount actually contributed by Jeypur in the year immediately preceding our lease, there remained to be collected from us Rupees 1,25,065, and it cannot be considered other than satisfactory that in the first year of our operations, we should have so nearly contributed the full minimum expected of us, based though it was on rents obtained by the ruin of former contractors. Taking Jeypur into account, the total Abkári has exceeded the Government minimum by Rupees 7,744-9-0, thus—

| | RS. | A. | P. | RS. | A. | P. |
|---|---|---|---|---|---|---|
| Duty on Arrack... | 58,308 | 13 | 9 | | | |
| Vippa Farms | 40,779 | 5 | 3 | | | |
| Toddy | 24,915 | 6 | 0 | | | |
| Jeypur | 33,741 | 0 | 0 | | | |
| | | | | 1,57,744 | 9 | 0 |

6. Taking as a basis the receipts during the past six months of the current fasli, we may state the probable revenue for 1283 at Rupees 1,63,492-6-2, or Rupees 13,500 in excess of the above minimum, thus—

| | RS. | A. | P. | RS. | A. | P. |
|---|---|---|---|---|---|---|
| Duty on Arrack | 50,133 | 5 | 2 | | | |
| Toddy Farms | 25,560 | 0 | 0 | | | |
| Vippa Farms | 55,067 | 1 | 0 | | | |
| Jeypur | 32,732 | 0 | 0 | | | |
| | | | | 1,63,492 | 6 | 2 |

11. In the G. O., under review, there is a further misunderstanding with reference to the selling prices of our liquor. Government have taken the *retail* selling rates to represent our receipts, and have calculated that we have realised a sum of Rupees 70,000 in Fasli 1282, to cover expenses and profits. But in reality we have on no occasion raised the price or obtained more for our liquor than the minimum price laid upon us. Where the Tahsildar's report show retail prices to be in excess of this, the difference represents the commission or profit which shopkeepers have taken for their trouble. It amounts at the highest to only 2 Annas per seer, and looking at the average monthly sales, gives no more than a fair livelihood at the best.

2. We have no objection to state, for the information of Government, what our expenses and profits actually are. Taking as an example the thirty Under Proof liquor, the following are the particulars :—

| | Rs. | A. | P. | Rs. | A. | P. |
|---|---|---|---|---|---|---|
| Selling price per gallon ... ... ... ... ... ... | | | | 3 | 0 | 0 |
| Duty per gallon ... ... ... ... ... ... ... | | | | | | |
| Cost of manufacture ... ... ... ... ... ... | 1 | 8 | 0 | | | |
| Shipping, Freight, Landing and Cartage to depôts ... | 0 | 11 | 2 | | | |
| Establishment ... ... ... ... ... ... ... | 0 | 2 | 0 | | | |
| | 0 | 8 | 4 | | | |
| | | | | 2 | 13 | 6 |
| Leaving us as surplus per Gallon... | | | | 0 | 2 | 6 |

against all contingencies. These figures are based on last year's experience, but it is difficult to say what the liquor may *now* cost us looking at the way in which the price of rice has doubled and is daily increasing.

3. The difficulty and expense of introducing the system into a district like Vizagapatam have been so great, that we have not been able with all our efforts to obtain a larger margin than the above, a margin which, without the assistance we receive from the share of Toddy, and Vippa leases granted to us, would not suffice to pay a reasonable interest on the heavy outlay we have had to incur.

4. It does not, therefore, require argument to prove that without a proportionate increase in selling prices we could not afford to pay a higher rate of excise duty than the present ; and in view of the efforts the Board is making to multiply Toddy Shops and increase the consumption of that beverage, we beg to record it as our mature opinion, that any increase in the price of arrack would assuredly diminish sales, and with them revenue to a very marked extent. The effect of increasing the sales of toddy will not be immediately apparent, but toddy is now largely sold at 4 Pie, per seer, while the price of the cheapest and weakest description of arrack is 6 Annas or 18 times the price of toddy, a difference even now greater than arrack can compete with.

5. With reference to this, attention may perhaps be drawn to the great difference that exists between our selling prices and those of the contractors under the old system, but no legitimate comparison can be made between the two. Arracks of their manufacture depended for its inebriating effects, not on alcohol but on drugs ; and it was this adulteration, coupled with the utterly uncertain strength of their liquor, that enabled them to obtain the maximum of effect with the minimum of spirit. One object Government had in placing the Abkári under European management was to ensure the issue of sound and wholesome liquor. This must make it more costly to the consumer, as nothing but pure spirit of a fixed and known strength is now issued.

6. We wish also to refer to an oral remark made by you in conversation with our Mr. C. N. Minchin. You were of opinion that Shipping Charges and Freight could not fairly be included in cost, as it was for our own convenience that we preferred making our liquor at Aska rather than on the spot. But this is a matter which would be self-correcting ; if cost was found to be increased by employing Aska, it would be to our own interest to give it up. We did at one time work a distillery at Bimlipatam, on the native principle, to manufacture liquor from rice, to suit native tastes, but when the liquor was brought to the test of Syke's Hydrometer, and brought up to the actual strength required, the cost was found to be ruinously high, and to amount to over 2 Rupees per gallon against 18 Annas as above. Without the European science brought to bear on the manufacture at Aska, we could not successfully work the task we have undertaken.

III. Referring to the so-called outstanding's Balances, we went fully into the question in our letter to yourself of the 2nd January 1871, and as we requested you to submit our communication to the Board, there is perhaps no occasion for our entering so fully into the subject now, as we would otherwise have done. We take, however, the liberty of annexing a copy of that letter.



2. The balance due to Government is on the Vippa Leases for Gunapore, Ryaghada and Parvatipore. The leasing of these taluqs only *commenced* after half of the first fasli had expired, and very much of it was not completed till quite the end of the fasli, so that the ryots will have to pay three years rent out of little more than two years sales.

3. They must, therefore, under the circumstances have time, and as we stand towards them in the same relation as Government in the other neighbouring taluqs of Jeypore, in which the Abkári is similarly worked under "Amany" having let it out to the ordinary Abkári ryots, village by village, we cannot accept more responsibility for the stability of the sub-renters in one case than in the other.

4. At the same time we quite understand the necessity that is imposed on us to show no inattention or indifference in the matter, and actual results will satisfy you that we are successfully keeping our Agent's attention closely directed to it. For Fasli 1282 the balance outstanding on the 31st December last was only Rupees 9,285-3-11 out of a total demand of Rupees 40,779-5-3, and collections have also been made for Fasli 1283, and paid into your treasuries to the extent of Rupees 7,698-13-6.

5. In other words, we have collected in nine months Rupees 39,192-14-10 or very nearly the full amount of the first year's lease. If the ryots have been able to pay up already so large a proportion of their kists, there can be no reasonable doubt of their ability to keep to their original engagements and pay up three faslies' rent in two and a half years, but it will be paid in the customary instalments, and not with the monthly regularity at which you compute the demand.

IV. We have the honour to lay before you a few of the principal causes that operate to prevent or retard us from obtaining full success in the introduction of the excise system into this district.

1*st. Illicit trade.*—There is no doubt that this is *the one obstacle* to the perfect success of the system, and that more effectual measures for its suppression are absolutely needed for the protection of the revenue.

The Police as a body give us next to no assistance in the matter, and it is, we believe, undoubtedly through their connivance that the trade has attained to its present importance.

In saying this we do not for a moment include the officers of the corps ; on the contrary, could they imbue their men with their own zeal and spirit, Government would be well served, but it is too evident that the inducement offered to the Police to remain in pretended ignorance of what is going on under their very eyes, more than counteracts any other inducement held out to them for the zealous performance of their duties ; and we would beg you to consider whether it is not time to apply to Government, through the Board, for more actively stringent measures, as well against connivance at the trade as against the trade itself.

We have the honour to enclose an Extract from the "Englishman" Newspaper of the 7th March last, which will show the Board what steps have recently been taken in this matter in Bengal, and we venture to suggest the necessity for some such order being passed *and enforced* in those districts into which the excise system has been introduced in this Presidency also.

The absence also of any reward to informers is prejudicial to the interests of the revenue, because no inducement is offered to the village communities to make common cause in the matter with Government, and confines such information as may voluntarily be offered to motives of personal ill-will only. For it cannot be doubted that a certain prospect of reward would induce many in every village where illicit stills exist to turn informers, or else compel offenders to buy up silence all round to an extent, that would make the trade no longer the easy and profitable one that it is.

Another great obstacle to the conviction of offenders is, the necessity for a Magisterial Warrant before action can be taken. We will give an example : One of our Inspectors receives positive information that an illicit still or illicit liquor, or both is to be found in a given spot ; he

goes to the Head Constable of the nearest station and asks his assistance, is told that nothing can be done till he has accompanied the Police to the Sub-Magistrate's Office and obtained a search warrant; while engaged in obtaining this, intimation is sent to the offender of what is going on (for these men are always careful to secure friends in Government Offices) and immediately all the liquor is destroyed or deposited in some friend's house, and the stills, which are only common earthen pots, and very portable, likewise conveyed and concealed elsewhere. The Police arrive, in due force, and of course find nothing. Our Inspector in the meanwhile learns what has been done, informs the Police, and asks them to search others spots he will name, they reply that their warrant only names one spot, but if he will take the responsibility of all legal damages they may incur, they will accede to his request. The thing has been done in such hot haste, that the Inspector has had no time to satisfy himself of the absolute truth of his information, and no less mistrusts the Police themselves, and hence naturally declines the risk, and so the Burlesque ends, and the illicit manufacturers are more emboldened than ever in their trade. This sort of thing is of common occurrence, and has had perhaps more effect than anything else in neutralizing our efforts to suppress the trade. Is it any wonder if even our own Inspectors find it more to their interest to receive hush-money than to make themselves public laughing stocks? The illicit trade is going on more or less in every corner of the district, but the worst talugs are those of Palconda, Chiprapili, Gujpatinagram, Sroonyavarapa cottah and Veeravilbi.

2. *The consumption of Toddy.*—We have gathered from our correspondence with yourself, that the Board is under the impression that the sale of toddy has been kept down below the necessities of the people, in fact sacrificed to arrack, because the number of shops now sanctioned is below the number sanctioned in 1865.

Our information goes to show that the full number sanctioned in that year was never opened, because the shops were in excess of the number actually wanted. Between that year and Fasli 1282, when our engagement commenced, both toddy and arrack were farmed by one and the same renter, and it was to his interest to meet the wants of both classes of drinkers, and to open the full relative number required of each kind without exceeding either. Now, the Toddy Renter has no interest in the arrack sales, and his object, therefore, is to try and increase the sales of toddy only for his own benefit, and he has fancied himself encouraged to do so by the inquiries which the Board has made. All this agitation, however, in our opinion, is only *making* a demand for toddy that would not otherwise exist, and we think this will not in any case be difficult when toddy is fixed at a price of only 9 Pies per seer, while the lowest quantity of arrack is fixed at 6 Annas; as a fact the actual price of toddy is more usually one dub or 4 Pies per seer.

The number of toddy shops now opened is about seventy in excess of Fasli 1279, which represents at least 700 more toddy sellers.

The present relative proportion of toddy and arrack shops is, 578 toddy shops against 499 arrack. Each of our arrack licenses is only permitted to cover one individual, while a toddy license covers the place, and permits as many sellers as the place will hold; the actual number runs from ten to thirty per shop, so that 578 toddy shops represent as many as 6,000 toddy sellers against only 499 arrack sellers.

We have, as you are aware, entirely surrendered ourselves to the Board's wishes with regard to opening as many toddy shops as you think fit, but there can be no doubt, we think, that if they are increased, the actual result will be to bring about a new state of things to the great detriment of the revenue, and when once toddy has been set flowing through the land and all the lower classes are invited by its quantity and cheapness to abandon for it the consumption of arrack, it will be much more difficult to wean them back from their newly acquired taste, than it was to produce it in the first instance.

We have not touched upon the demoralization that must naturally ensue; that being a subject not within the province of this communication.

3. The restriction of our sales to the larger towns and villages only.

*Proceedings of the Madras Government, Revenue Department,*
*6th May* 1874.

We explained to you some months ago our difficulties in this respect and applied for permission for our shop-keepers to sell under their licenses in surrounding hamlets also.

Our information is to the effect that our inability to do this places us at a great disadvantage as compared with former renters, for though they were legally under the same restrictions as we are, they had no hesitation to stoop to practices which enabled them to evade the law and supply liquor at all sorts of places and times. We cannot follow them in this respect, but our sales suffer, and illicit trade flourishes in consequence; and we, therefore, urge that our application may be early considered, and sanction accorded to us to supply openly, what was formerly and must otherwise still be provided clandestinely.

We are aware that your hesitation arises from the fear that to sanction our request would be equivalent to having liquor hawked about the country at all times and places; but we submit that liquor wanted will be obtained in whatever manner is found easiest; and that the refusal to grant our request will not stop consumption but only tend to foster illicit trade.

It appears hard also that from mere accident of locality, a dweller in the country should be debarred from openly obtaining what he requires for family and ceremonial purposes without walking miles to get it; while his more favoured brother in the neighbouring town can find half a dozen licensed sellers within easy reach.

The demoralization would be, one would think, the greater in the former case, because of the clandestine element which is brought into play.

4. Lastly, we complain of the state of expectation and suspense in which the whole district is kept by the present very uncertain tenure of our lease, and the baneful effect this uncertainty has on our operations.

You are not unaware of the very great opposition we encountered at first starting from all the old renters and their friends up and down the district.

They understood that our engagement was dependent from year to year on our reaching a high minimum in our sales, and they resorted to every possible device to thwart us, to set the people against the new system, and to foster illicit trade.

It was very largely due to their influence that the opposition to Rum and demand for Rice liquor was originally made, under the belief that we could only carry on our operations if we issued Rum.

When we succeeded in manufacturing Rice liquor wholesale and our engagement was confirmed for another fasli, this opposition subsided for a time, but with the publication of that last unfavourable order of Government, the idea has once again got possession of the native mind, that our days are numbered, and the old opposition is revived. In a confidential report, one of our Agents writes to us as follows, under so recent a date as 26th January last:—"The district is quietly getting into the old hands again, and as nobody believes that you will keep the Abkári, everything is being got in readiness for the former Contractors to commence work on the shortest notice," and this is confirmed from other quarters also.

We would also point out the disheartening effect this state of uncertainty naturally has on the liquor-selling castes whom we have to employ; they cannot work heartily for us, while they feel that our position is only temporary, and that to proceed with energy against illicit distillers, would bring them into collision with the very men to whom they would have to look for re-employment in case of a return to the old system.

Nothing, therefore, is more against our success, than the very experimental nature of our lease; and on our side it debars us from introducing many improvements into our works which would only be warranted if we had a certain market for our liquor.

We have worked the excise system under all these disadvantages long enough to show the Board that revenue has at all events not fallen off under our management, and we would now earnestly solicit as much in the interests of the revenue, as any other, that our lease may be con-

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We have worked the excise system under all these disadvantages long enough to show the Board that revenue has at all events not fallen off under our management, and we would now earnestly solicit as much in the interests of the revenue, as any other, that our lease may be con-

firmed for a stated period of five years. We trust your own acquaintance with our necessities and the district will enable you to support our application with your approval.

V. In conclusion, we have the honour to request your attention to the following remarks on our operations in the Taluqs of Gunapur, Rayaghada and Parvatipore:—

1. It was because of their close proximity to Jeypur which is under Government management on the old system, and the certainty that the use of a new liquor could not be introduced suddenly, that we applied for permission to lease them out ourselves. But we have from the first seen what beneficial effect on the revenue would follow, the substitution of Rum for Vippa liquor, when the latter costs only 8 Annas a Gallon, and we have, therefore, taken an agreement from each village Renter to sell a given quantity of Rum in his village annually, with the object of introducing it to notice.

We are beginning now to have confidence that we shall succeed in this matter, looking at what is going on in the other taluqs; for whereas there was at first a general outcry against Rum and demand for Rice liquor from many parts of the district, we are credibly assured that the demand is now in the opposite direction as soon as the quality and purity of the Rum has been understood and appreciated.

By analogy we argue that when once Rum has been fairly introduced into the Hill Taluqs also, it will gradually take the place of the nauseous Vippa liquor and the introduction of the excise system be made possible. This matter is receiving our unremitting attention, with the expectation that we shall one of these days be asked to extend our attention to Jeypur also.

2. In Parvatipur a large portion of the taluq has been kept under the excise system, and we have had to exercise a control over the surrounding Mootahs, with the object of preventing Vippa liquor from finding its way into the tracts under the Rum Depôt. In time, the tastes of the people will obviate the necessity which now exists for such control.

3. The Taluqs of Gunapur, Rayaghada and Parvatipore only the boundaries of the Palcondah, Bobily, Salur, Marengy, Kovvapam, Pachipenta and Sungivalsa Zemindaries. If these taluqs were not under our control, it would be impossible for us, from the similarity of the population in the hill tracts of these Zemindaries, to prevent the flow of Vippa liquor into them. As it is, we have been obliged to obtain permission to lease out portions of these hill tracts in Palcondah, Salur and Bobily, but our hope is, in time, to see wholesome liquor superseding the Vippa Flower everywhere; and in the meantime we are doing what we can to restrict the limits within which the latter is consumed. To do this effectually, the control which we have over the three taluqs in question is necessary to us.

We regret the delay that has unavoidably occurred in sending on this report, and as time is of great importance in view of the consideration of the whole matter which Government and the Board are about to take, and your absence from Head-quarters in the Hill districts will necessarily increase the delay before it can reach Government through the usual channel, we are taking the liberty to send a copy direct to the Secretary of the Board of Revenue in anticipation of your approval.

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Enclosure No. 3.—Extract from the "Englishman" of 7th March 1873.

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Submitted for the information of Government in continuation of Board's Proceedings, dated 9th February 1874, No. 254.



No. 90. Order thereon, 6t

| Separate Revenue, No. 10. |
|---|
| *Abkari.* |

tam, called for in G. O., 13th December 1

2. It appears from this that the re actually Rs. 1,24,003-9-0 instead of Rs. Minchin and Co., therefore, paid within the Board as a minimum, though they w minimum.

3. The Collector and Board both a celled. The Board's reasons are concise ings.

4. Under the opinion thus expres Collector's report, the Government conc the renters the third fasli, 1874-75.

5. It seems clear that Messrs. Mi below present rates, or pay a higher dut

6. No changes in the Agreement the lease. It must be distinctly unders not prepared to renew it on the same te observations should be borne in mind b submit full information by December n determine what should be done.

7. It is to be remarked that part of the vast, but sparsely populated, J greater portion of this Zemindari is of Government, and yielded last Minchin and Co., they are allowed, considerations, to sub-rent, paying appears that they have sub-rented i to do, their own position being recommends that Government sho with the other part of Jeypore, at portion of the 25 per cent. which this, but the Government are de Collector is the correct one. Th Minchin and Co. are unable to co Deputy-Tahsildars of the differen

8. The most important poi of the Toddy from the Abkári f question has not been finally sett views of the Board upon the repo It is desirable that no time shoul

374, No. 561.

m the first of the papers above the Board submit the report rs. Minchin and Co.'s manage- the Abkári Excise in Vizagapa- 420.

he first fasli of the lease was ly as at first stated. Messrs. the 1¼ lakh recommended by 25,000 below the Government

the arrangement be not can- paragraph 4 of their Proceed-

he circumstances stated in the l raise no objection to allowing

%. cannot be expected to sell

for, pending the expiration of ever, that the Gove ment are now in force, and the following who will be good enough to to enable the Government to

apur and Rayagadda Taluqs) ri is under the renters. The Abkári directly by the officers t. The part under Messrs. culty of reaching it and other per cent. of the rent. It hich they had no authority erminable), and the Collector their own hands, as is the case t period, thus saving a great e renters. The Board oppose that the view taken by the practically at present Messrs. vithout the assistance of the

m, however, is the separation the Collector. The general ernment in possession of the G. O., 5th July last, No. 695. ssing the question, so that no

hindrance may occur to the
the present, it is observed, f
Board's Proceedings, 25th Fe
above) that they have entirel
regard to opening as many
will take care that the req
to during the ensuing fasli

9. One point more re
as to the position of Messrs.
The former regards them
The effect of the latter view i
not be "liable for sums whic
able." There can be no que
indicate that the sum to be p
farms are sub-rented, but
districts, as appears from the
Co.'s letters, the Governmen
their lease in Vizagapatam
hold the position of Agents.
Toddy rents are not separate
the contract must be observed,
for which the farms were sold.

10. The Board will stat
Minchin and Co.'s letter, dat
figures for the three years 186
ber 1873, No. 1,420. The r
restriction of sales to the la

the Abkári leases as they fall in. For
Minchin and Co.'s letter recorded in
, No. 423 (the second paper recorded
d themselves to the Board's wishes with
as may be thought fit. The Collector
the district in this respect are attended

The Collector and the Board disagree
Co. with reference to the Toddy farms.
latter consider them merely *Agents*.
Board to be that as Agents they would
tivity, they have found to be irrecover-
terms of the contract, which clearly
cent. of the sums for which the Toddy
course has been allowed in other
vations and from Messrs. Minchin and
the view that for the remainder of
hin and Co. should in this respect
early understood, however, that in case
in future leases, the strict wording of
make the renters liable for the amounts

pointed out in paragraph 1 of Messrs.
y 1874, Jeypore was included in the
gin of paragraph 3, G. O., 13th Decem-
me letter in regard to illicit trade and
llages should also receive attention.

ct.)

ned.) C. G. MASTER,
*Acting Secretary to Government.*

To the Board of Revenue.

No. 254.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 9th February 1874.

Read the following letter from J. F. SNAITH, Esq., Principal Assistant Collector, for Acting Collector of Vizagapatam, to J. GROSE, Esq., Secretary to the Board of Revenue, dated 20th January 1874, No. 58 :—

I HAVE the honour to report upon the working of the Excise system in this district for the half year ending December 31st, with special reference to G. O., No. 1,420, dated 13th December 1873.

1. I would first point out an omission in my letter embodied in those Proceedings, viz., a sum of Rupees 4,513-2-4 being the duty on rum issued into this district from the Depôt at Chicacole, in Ganjam. The total Abkári revenue for last Fasli 1282 is—

| | RS. | A. | P. |
|---|---|---|---|
| Duty on Arrack from Chitavulsah Depôt ... | 53,795 | 11 | 5 |
| Do. do. from Chicacole ... ... ... | 4,513 | 2 | 4 |
| Vippu Farms ... ... ... ... ... ... | 40,779 | 5 | 3 |
| Toddy ... ... ... ... ... ... ... ... | 24,915 | 6 | 0 |
| | 1,24,003 | 9 | 0 |
| Jeypore under Government management... | 33,741 | 0 | 0 |
| | 1,57,744 | 9 | 0 |
| I erroneously gave the total as .. | 1,19,040 | 7 | 1 |

2. In paragraph 3 of the G. O., the Government say that the total collections of the last year are Rupees 30,000 below the minimum fixed by Government, and Rupees 60,000 below the average collections in the years immediately preceding Messrs. Minchin and Co's. contract. The figures, however, on which this is based are erroneous; the average is stated to be Rupees 1,76,540. These figures include the revenue of the Jeypore country and some miscellaneous items connected with Abkári.

The proper figures for the three years are—

| | RS. |
|---|---|
| Fasli 1279 (1869-70)... ... ... ... ... ... | 1,63,631 |
| ,, 1280 (1870-71)... ... ... ... ... ... | 1,61,341 |
| ,, 1281 (1871-72)... ... ... ... ... ... | 1,61,200 |
| | 3,4,86,172 |
| Average... | 1,62,057 |

It is unfortunate for the excise system that these three years immediately preceded its introduction, and comparison is always made with them in order to test the results of the new system. These amounts for which the Abkári sold in those years is not a fair criterion of the amount of revenue which can fairly and honestly be realized in the district. Mr. Melville, in his letter March 30th, 1872, in Board's Proceedings, dated 8th April 1872, "says there is no doubt but that the Abkári rents in this district have been run up by reckless competition, and if they were put up to action in the coming fasli, they would not fetch the prices that

they did on the last occasion. Several of the renters have been ruined, and one or two to my knowledge have lost by their engagements." It cannot therefore be said that these figures represent the actual receipts from Abkári, part of it and apparently a considerable part came out of the pockets of the renters themselves.

Taking the three years previous to these, I find that the average receipts were Rupees 105,093 including Jeypore, the average for Jeypore was Rupees 11,992, so that the average for the taluqs now included under the excise system was Rupees 93,106. The amount of receipts under Messrs. Minchin and Co's. contract compares as favourably with the receipts of these three years, as it does unfavourably with the three subsequent years.

3. Up to the end of December there was a balance of Rupees 45,899 against Messrs. Minchin and Co.

| Rs. | |
|---|---|
| 14,495, | on account of last fasli. |
| 31,634, | on account of the previous six months. |

Since December 31st they have, however, paid Rupees 15,017 during the present month, leaving now

| Rs. | |
|---|---|
| 9,285, | on account of arrears. |
| 20,027, | on account of current. |

These are on account of the Vippu Farms of Gunapur, etc. the rents made at the end of last fasli for three years. Three years rent has in many cases to be paid in two, and they are not paid up in regular instalments. The demand against them is calculated by debiting against them every month 1/12th of the total amount of the yearly rents.

4. I proceed to estimate the probable receipts for the present fasli founded upon the receipts of the half year ending December 31st. The amount of duty from the Vippu Farms, and Toddy Farms is known, and the value of the excise duty is taken at double the amount received during the last six months. The quantity of liquor issued during the half year is 21,174 gallons of liquor of various degrees of strength, equivalent to 17,564 gallons of 30° under proof, according to the computation adopted by Government in their order. The duty paid is Rupees 25,028-10-1, also Rupees 30 from Chicacole Depôt. The amount paid during the same six months of the previous year was Rupees 28,556, the difference may be accounted for by the fact that as the duty is paid at the depôt, a larger quantity was issued for the supply of shops during the first year of the lease. The actual consumption is certainly not less. Doubling this amount, the total probable receipts for the present fasli will be as below—

| Rs. | A. | P. | |
|---|---|---|---|
| 50,057 | 4 | 2 | for Arrack Chittavulsah. |
| 76 | 0 | 0 | from Chicacole Depôt. |
| 25,560 | 0 | 0 | from Toddy farms. |
| 55,067 | 2 | 4 | from Hill tracts of Gunapur, Rayaghada, etc. |
| 1,30,760 | 6 | 6 | |

In addition to this, there is Rupees 32,732 for Jeypore, double the amount collected during the present half year.

The total Abkári for the district, including Jeypore is therefore Rs. 1,63,492-6-6; of course the increase of the revenues in Jeypore is not connected with Messrs. Minchin and Co., but I hope that the Government will consider the amount Rupees 1,30,760 as a fair and reasonable revenue for the district.

5. The Government in paragraphs 5 and 6 of their order, are of opinion that the diminution of revenue is owing to the absence of a maximum price for the liquor.

Taking the 30° under proof liquor when the duty is 1/8th as an example, the Government estimate that Messrs. Minchin and Co., have a margin of two in cases where the liquor is sold for 3/8ths, and 1/8th where it is sold for Rupees 3.

The prices shown in the Account submitted to the Board, are the prices at which the liquor is sold by the shop-keepers to the public, and not the price at which it is sold from Messrs. Minchin and Co.'s., depôts to the shop-keepers. The liquor is invariably sold by Messrs. Minchin and Co, to the shopkeepers at Rupees 3 per gallon, and any excess over that represents the profit of the shop-keeper, when the price is Rupees 3 it is sold by the Depôt Gumastah. No shop-keeper could afford to sell it for Rupees 3.

The question is whether a maximum price of 1/12th per gallon can be fixed or whether a higher rate of duty can be imposed than the present 1/8th per gallon.

I am informed by Messrs. Minchin and Co., that their present profit upon each gallon of liquor is 2 Annas 10 Pie per gallon. The liquor is sold for Rupees 3, 1/8th is paid to Government for duty. Cost of manufacture at Aska is 11 Annas 2 Pice per gallon. Shipping, freight, landing, and cartage to depôts comes to 2 Annas, per gallon, and establishment 8 Annas. The profits therefore on the 38,000 30° under proof spirit sold during the last fasli would amount to Rs. 6,730.

If therefore the Government duty were raised to 1 Rupee 12 Annas a gallon, there would be a loss instead of a profit to the Company; and unless the cost of manufacture, etc., can be considerably reduced, they would be unable to pay the additional 4 Annas per gallon. It is impossible to say to what extent the cost of manufacture, etc., is capable of reduction without competition, and there is no one to compete with them in so large an undertaking.

If too the maximum price be fixed at 2 Rupees 12 Annas per gallon, *i. e.* the price to be paid retail by the actual consumers to the public, Messrs. Minchin and Co. would have to sell it to the shop-keepers for less. At present, the profit of the shop-keepers varies from 6 Annas to 8 Annas per gallon, and if therefore Messrs. Minchin and Co., were compelled to sell at even 2 Annas 6 Pice per gallon and pay Government 1/8th, they would have 14 Annas left for the cost, manufacture, freight and collection. They would therefore be compelled to work at a loss.

Under their present management, I do not think therefore that the Company could bear their profits to be reduced either by fixing the maximum at 2 Rupees 12 Annas or raising the duty. If the maximum price 2 Rupees 12 Annas per gallon be fixed, it would be necessary to lower the rate of excise duty. This would

increase, but it is impossible to say without actual experiment whether the additional consumption at lower rates would cause an increase or diminution of the revenue.

4. The profits derived last year from the sub-renting of the Vippu Farms in the Agency tracts amounted to Rupees 13,593-1-9 including the cost of collection which is not large; during the present year they amount to Rupees 18,355-11-5.

As the Board are aware (*vide* correspondence in margin) these tracts were originally included in the general Abkári Agreement, but it was found impossible to sell any other liquor than the Vippur liquor to which the people were accustomed, and Messrs. Minchin and Co., were permitted to rent out the taluqs, village by village, receiving 25 per cent. for collection. This arrangement was made to escape from the difficulty which had arisen from including these tracts with the ordinary tracts, and I think that had the difficulty been foreseen, this part of the country would have been exempted from the excise system, and the Abkári collected by renting the taluqs to a renter as before or by taking it under the management of Government and renting it village by village in the same way as Jeypore of which they form a part.

* G. O., dated 23rd November 1872, No. 1,611. Board's Proceedings, 18th January 1873, No. 75.
Board's Proceedings, 20th March 1873, Miscellaneous No. 1,688.
Board's Proceedings, 1st July 1873, No. 1,154.

There appears to me no reason for paying this 25 per cent. to Messrs. Minchin and Co. I calculate that the rents would be collected by Government for less than Rupees 5,000. This includes the necessary establishment of a Gumastah and peons together with an allowance to each of the three Deputy-Tahsildars for collecting. Practically at present Messrs. Minchin and Co. are unable to collect their rents without the assistance of the Deputy-Tahsildars of the different taluqs.

They have however rented the villages for a term of three years, one year beyond the present, and I would not suggest that the rents should be taken from them during this time; but I myself see no necessity for the continuance of the arrangement after the expiry of the three years. These tracts might be managed in the same way as Jeypore.

7. In regard to the Toddy Farms, the total amount for which they sold this year was Rupees 34,080, and of this Messrs. Minchin and Co. receive 25 per cent. or Rupees 8,520.

I do not know the reasons for introducing the clause regarding the toddy into the Agreement, but I conclude that it was partly with a view to keeping the whole Abkári under one management, and partly to add to the profits of the renters in so large an undertaking.

8. The Board have frequently of late impressed upon Collectors the necessity of keeping the Arrack and Toddy Farms distinct; but under the present terms of their agreement, Messrs. Minchin and Co. have a right to object to the opening of any additional shops without their consent. If they are allowed to continue the sub-renting of the Toddy Farms, they should agree to allow the Collector and the Board full liberty to open as many toddy shops as they may consider necessary for the requirements of the district.

If the Toddy Farms be sub-rented by Government, they would be the gainers by the 25 per cent. paid to Messrs. Minchin and Co., and the only reason for letting them through Messrs. Minchin and Co. is, that it is a portion of the original agreement, and one of the sources to which they look for a portion of their profit. In one respect they differ from the Vippu Farms when Messrs. Minchin and Co. were unable to carry out the agreement as it originally stood, and the present system is a compromise to avoid loss both to Government and the renters.

8. There is one point in which I would ask the decision of the Board, viz., the relation of Messrs. Minchin and Co., to Government in regard to the Toddy and Vippu Farms: are they renters and liable for the amount for which the farms are sold or merely Government Agents to collect the rents and responsible only for collections? Messrs. Minchin and Co. consider themselves as mere Agents. This description of their position is opposed to the words of their contract. Clause 5 says "I will pay to the Collector 75 per cent. of the sums for which I may sub-rent the Toddy Farms." This means that they pay 75 per cent. whether collected or not, and they are responsible for the stability of the sub-renters to whom they sub-let the farms. Messrs. Minchin and Co. deny their responsibility for more than the collections and allege that this was the intention of the clause; it is however not so expressed, and I would ask the Board to determine their position. The same percentage being paid in the case of the Vippu Farms, I assume that the responsibility was intended to be the same in both cases.

9. The probable receipts of the present fasli will amount to Rs. 1,30,760-6-6. I hope, however, that the Board will not on that account condemn the present system; it is unfortunate that comparisons are instituted with the fallacious figures of 1279 fasli; this point has already been frequently urged by my predecessors. Even though the maximum fixed by Government has not been reached this year, the receipts show a steady increase on the former year, and were the Government to cancel the contract and introduce the old system of renting, there can be no guarantee that amounts will be exceeded. The liquor now supplied is undoubtedly of a better quality, the whole management is in good hands, the revenue is easily and punctually collected, and many of the evils of the old system are avoided. I hope that the Board will be of opinion that the contract should be continued and will urge their opinion strongly upon the Government.

10. The two usual statements, one showing the retail price of liquor sold, the other showing the amount of liquor issued from the distillery and the duty collected are enclosed.

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ENCLOSURES Nos. 1 and 2.—Statements.

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SUBMITTED to Government with reference to G. O., 13th December 1873, No. 1,420, and 16th January 1874, No. 65.

2. The Collector of Vizagapatam reports that the probable receipts under Messrs. Minchin and Company's Abkári Agreement for the current fasli are Rupees

1,30,760. This is less than the minimum fixed by Government, viz., Rupees 1,50,000 and therefore Government have the power to stop the present arrangements on the 30th June by giving notice of their intention to do so on or before the 1st May.

3. The Collector recommends that the arrangement should not be put a stop to. He shows that the collections for Fasli 1279-1281 were abnormally high, and that the minimum fixed by Government was more than they could have expected to realize under the old system. Mr. Melville was of the same opinion. Mr. Daniel further calls attention to the fact that the Jeypore Abkâri receipts will raise the total revenue of the district to Rupees 1,63,192.

4. The Board entirely concur with the Collector on this point. The revenue is increasing and will increase more rapidly now that the experimental system is fully established. The liquor is of a better quality. The accounts kept are full of new information as to the consumption of spirits, a subject on which information is much wanted. The management is in good hands, the revenue is easily and punctually* collected, and there are no complaints from the Police. Even from a financial point of view, the Board consider the experiment successful for they are convinced that less would have been collected if the district had been rented out in the usual way.

* The arrears shown as outstanding are for sub-rents which have not been collected and which have to be paid to Government only after they have been collected.

5. It remains to consider whether in continuing the arrangement with Messrs. Minchin and Co., Government should take advantage of the present opportunity to alter the terms of the agreement.

6. In their Order of the 12th December 1873, No. 1,429—Government suggested either that a maximum price for the sale of liquor should be fixed, or that the excise duty should be raised. The figures given by the Collector settle the question, if Messrs. Minchin and Co. are to be believed, for they could not afford to supply liquor at less than the minimum now fixed (which has been to them both a maximum and a minimum), and an excise duty as high as that levied in Chingleput, North Arcot and South Arcot would deprive them of more than all their profits. In their Proceedings of the 20th December 1873, No. 2,618, paragraph 7, the Board gave reasons for doubting whether Messrs. Minchin and Co. should be directed to sell below present rates or pay a higher duty, and they are now satisfied that this should not be done.

7. The Collector raises a question whether the management of the Vippu Farms (or the divisions in which Messrs. Minchin and Co. have been allowed to rent out the Abkâri under the old system) and the Toddy Farms should be left in the hands of Messrs. Minchin and Co. or managed by Government. A small gain would certainly be effected if, now that the trouble of renting out by villages, etc. has been done, the collections were made by Government officials, but this gain would be more than counterbalanced by the evils (practical as well as moral) attending a direct interference in Abkâri matters which it has long been the policy of Government to abstain from everywhere except in the Town of Madras.

8. The only change in the Agreement which the Board would advise is a requirement that Messrs. Minchin and Co. should allow as many shops to be established for the sale of Toddy as the Collector may consider necessary to supply the wants of the poorer classes who consume a cheaper liquor than arrack. Even this is of no practical importance, for Messrs. Minchin and Co. have always been ready to increase the number of such shops when asked to do so, though under their contract they would have been entitled to refuse to allow a larger number than were in existence when the district was managed under the old system.

9. In paragraph 8 the Collector inquires whether Messrs. Minchin and Co. are liable for the full amount at which the Vippu and Toddy Farms have been rented or only for the amount which they collect. The Board have always understood that in such matters the distillers contracting with Government have been the Agents of Government, and are not liable for sums which after due activity they have found to be irrecoverable. The percentage of the collections given to them is large enough to ensure activity and it is not too large considering the trouble of renting and collecting. In the case of the Chingleput Contractor there can be no doubt as to the obligation. He manages the Toddy sales through shop-keepers and pays to Government 25 per cent. *of the actual sales* after deducting expenses. It was intended that the engagement should be the same in all the other districts where the excise experiment is being tried, except in this one respect, that the other Contractors were to sub-rent the Toddy instead of managing it themselves.

10. The method adopted by the Collector of taking 1/8th of the sub-rents as the demand for each month in the year is likely to show large arrears as due in some months in which Messrs. Minchin and Co. can expect to collect very little. He should ascertain whether the demand could not better be divided into unequal kists as is found necessary in the case of land revenue.

(A true Copy and Extract.)

A Grote
Secretary.

To the Secretary to Government, Revenue Department,
with two original Statements, to be returned.
" the Acting Collector of Vizagapatam.

Ext. G. A. Turton.

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4. The Board entirely concur with the Collector on this point. The revenue is increasing and will increase more rapidly now that the experimental system is fully established. The liquor is of a better quality. The accounts kept are full of new information as to the consumption of spirits, a subject on which information is much wanted. The management is in good hands, the revenue is easily and punctually* collected, and there are no complaints from the Police. Even from a financial point of view, the Board consider the experiment successful for they are convinced that less would have been collected if the district had been rented out in the usual way.

* The arrears shown as outstanding are for sub-rents which have not been collected and which have to be paid to Government only after they have been collected.

5. It remains to consider whether in continuing the arrangement with Messrs. Minchin and Co., Government should take advantage of the present opportunity to alter the terms of the agreement.

6. In their Order of the 12th December 1873, No. 1,139, Government suggested either that a maximum price for the sale of liquor should be fixed, or that the excise duty should be raised. The figures given by the Collector settle the question, if Messrs. Minchin and Co. are to be believed, for they could not afford to supply liquor at less than the minimum now fixed (which has been to them both a maximum and a minimum), and an excise duty as high as that levied in Chingleput, North Arcot and South Arcot would deprive them of more than all their profits. In their Proceedings of the 20th December 1873, No. 2,618, paragraph 7, the Board gave reasons for doubting whether Messrs. Minchin and Co. should be directed to sell below present rates or pay a higher duty, and they are now satisfied that this should not be done.

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(A true Copy and Extract.)

J. Grote
Secretary.

To the Secretary to Government, Revenue Department,
with two original Statements, to be returned.

" the Acting Collector of Vizagapatam.

Enl. G. A. Turton.

No. 423.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 25th February 1874.

Read the following letter from Messrs. MINCHIN BROTHERS and Co., Abkári Renters of Ganjam and Vizagapatam, to J. GROSE, Esq., Secretary to the Board of Revenue, dated Bimlipatam, 12th February 1874 :—

FOR the reasons stated in the closing paragraph of the accompanying Report addressed to the Acting Collector of Vizagapatam, we have the honour to forward a copy for the information of the Board and Government, in anticipation of the Collector's approval.

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ENCLOSURE No. 1.

From Messrs. MINCHIN BROTHERS and Co., Abkári Renters of Ganjam and Vizagapatam, to J. R. DANIEL, Esq, Acting Collector of Vizagapatam, dated Aska, 2nd January 1874.

WE have the honour to acknowledge receipt of your letter, No. 1,762 of the 17th November last, the delay in replying having been due to our Mr. C. Minchin's absence at Madras, and our wish to confer with him before doing so.

2. We have now the honour to say, in reply, that you have correctly understood our impression to be that in the matter of the Toddy and Vippa Farms which we have sublet, our responsibility is confined to the payment to Government as it is collected of three-fourths of the amount of the total collections only, and not of three-fourths of the amount for which the farms are leased, whether collected or not.

3. We submit that we are the Agents of Government in the matter, not Contractors, and point to what has been the practice in the Ganjam District in support of this.

4. The extension of the excise system to Vizagapatam was subsequent to, and on the model of, the system adopted in Ganjam; and as the practice there has been to consider us Agents and to expect us only to pay 75 per cent. of Toddy collections as made, we certainly considered in extending our agreement with Government to Vizagapatam that the same terms were to hold good in both districts.

5. In the matter of the Vippa Farms of the Jeypur Taluqs and of the Hill Tracts of Salur and Palcondah, we must very strongly submit that no other reading of the agreement is possible under the terms under which we sublet them. We caused our Agents to journey through the taluqs and let out the whole, village by village, to the ryots themselves, so as to ensure the realization for Government of the full kist obtainable, and we have reported in full the bids so obtained.

6. We have kept back nothing against bad seasons, or bad debts, or profit beyond the one-fourth which Government allows us for our trouble, and nearly the whole of this will disappear in our expenses of leasing and collecting. That we could not be expected under such circumstances to take the risk of contracts, will be evident from a comparison of the results obtained by us, and by the sale of the farms at public auction.

7. We find on looking into the records at our disposal, that in Fasli 1273, the amount realized for the three Jeypore taluqs at public auction was Rupees 24,209 only, while we have reported Rupees 57,514 for Fasli 1282, Rupees 68,593 for Fasli 1283, and Rupees 68,846 for Fasli 1284.

8. The difference consists in this, that we, on behalf of Government, have let out the farms in detail, in the same way as the Renters did for themselves; but we have reported the whole

without reserve, while taking it for granted that the Renters obtained a Rent Roll of Rs. 60,000, they offered only a little over one-third of their collections and retained two-thirds against their risks, expenses and profits.

9. From what we see of the nature of the country and people, it is evident to us that the Contractor only exercised a wise discretion in reserving so large a proportion against risk.

10. We have quoted Fasli 1278 because that was the last fasli with which a comparison can fairly be made. In Fasli 1279 the farms were put up for three faslies at once, and the Agent of the purchaser, through a stupid misinterpretation of his wishes, bid madly on his Principal's account up to Rupees 60,000; being held to his bid, the purchaser lost the whole of his wealth during the three years that it ran, and was in the end compelled to apply to the Board for a remission of the balance due; all this is now a matter of history, and will serve to show you what ruin might be staring us in the face, if your understanding of our liability was admitted.

11. Further, standing as we do, in the same relationship to the ryots as the former Contractors, we are obliged to allow them to pay us their Kists in the customary instalments in October, January, April and June, the custom with them being to pay their rents out of the sales at their festivals, and the cost of living and manufacture of liquor out of the daily sales.

12. And seeing that we are demanding three years' Kists out of two years' sales, we cannot be harder on them than is customary.

13. On this account we had the honour to submit that instead of entering monthly in the demand column one-twelfth of the total Kist, and treating as arrears any portion of this not paid, the plan we have adopted in rendering the accounts should be conformed to, of leaving us to pay up monthly the Government share of our collections, and suspend judgment on the success of our operations till afterwards.

14. We fully concur with you that it is very desirable to have no uncertainty in the matter; and as we cannot but think our interpretation of our liability will be acknowledged both by the Board and by Government to be just, we have the honour to request that you will submit this letter for their consideration.

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Enclosure No. 2.

From the same Officer, dated Bimlipatam, 7th February 1874.

Referring to G. O., No. 1,429 of 13th December 1873, and Board's Proceedings, No. 2,618 of the 20th idem, we have the honour to submit the following explanatory report of our Abkári operations up to the end of the year 1873:—

The Government Order in question is based on more than one discrepancy which has crept into the figures with which our results are compared. In the first place, the fact has been apparently overlooked that the minimum, on obtaining which the continuance of our lease on existing terms was to depend, was for the "Abkári of the Vizagapatam District," and consequently inclusive of the Jeypur receipts, and although Jeypur is included in the figures for the three years 1869—1872, with which the results of 1873 are compared, it has been altogether omitted from the calculation of revenue obtained in 1873. In addition to this, a further discrepancy has crept into the Statement furnished from your office, and on which Government has calculated the revenue for last year. The amount contributed by us in Fasli 1232 (1872-73) should have been stated at Rupees 1,24,033-9-0, not Rupees 1,19,040-7-1.

2. We take the opportunity to lay before you the following Statement of Revenue obtained from Abkári in this district for the three years preceding the three quoted by Government:—

*Fasli* 1276 (1866-67.)

| | Rs. | Rs. | A. | P. |
|---|---|---|---|---|
| Vizagapatam ... ... ... ... ... ... ... ... | 90,350 | | | |
| Jeypur ... ... ... ... ... ... ... ... | 11,800 | | | |
| | | 1,02,150 | 0 | 0 |

*Fasli* 1277 (1867-68.)

| | Rs. | Rs. | A. | P. |
|---|---|---|---|---|
| Vizagapatam ... ... ... ... ... ... ... ... | 90,350 | | | |
| Jeypur ... ... ... ... ... ... ... ... | 11,800 | | | |
| | | 1,02,150 | 0 | 0 |

*Fasli* 1278 (1868-69.)

| | Rs. | Rs. | A. | P. |
|---|---|---|---|---|
| Vizagapatam ... ... ... ... ... ... ... ... | 98,620 | | | |
| Jeypur ... ... ... ... ... ... ... ... | 12,376 | | | |
| | | 1,10,996 | 0 | 0 |
| | | 3/ 3,15,296 | 0 | 0 |
| Average for three years... | | 1,05,098 | 10 | 8 |

From Fasli 1279 to 1281 the average, as stated in the Government Order under review, ran up to Rupees 1,76,537.

3. The fictitious nature of this sudden increase has already been explained to the Board by different Collectors, and it is certain that the above average does not represent the mere Abkári revenue. It was the result of ignorant and rash bidding at public auction, and was only paid at the cost of absolute ruin to some and heavy loss to the majority of the Renters.

4. In view of this sudden bound from 1,05,000 to 1,76,000, Government fixed the minimum to be expected for the Abkári of the district at Rupees 1,50,000; the Collector had named Rupees 1,09,883, as the average of eight years, and the Board proposed to make it Rupees 1,25,000.

5. Deducting from this acknowledgedly very high minimum Rupees 24,935, the amount actually contributed by Jeypur in the year immediately preceding our lease, there remained to be collected from us Rupees 1,25,065, and it cannot be considered other than satisfactory that in the first year of our operations, we should have so nearly contributed the full minimum expected of us, based though it was on rents obtained by the ruin of former contractors. Taking Jeypur into account, the total Abkári has exceeded the Government minimum by Rupees [illegible], thus—

| | Rs. | A. | P. |
|---|---|---|---|
| Duty on Arrack... ... ... ... ... ... ... ... | 58,308 | 13 | 9 |
| Vippa Farms ... ... ... ... ... ... ... ... | 40,779 | 5 | 3 |
| Toddy ... ... ... ... ... ... ... ... ... | 24,915 | 6 | 0 |
| Jeypur ... ... ... ... ... ... ... ... ... | 33,741 | 0 | 0 |
| | 1,57,744 | 9 | 0 |

6. Taking as a basis the receipts during the past six months of the current fasli, we may state the probable revenue for 1283 at Rupees 1,63,492-6-2, or Rupees 13,500 in excess of the above minimum, thus—

| | Rs. | A. | P. |
|---|---|---|---|
| Duty on Arrack ... ... ... ... ... ... ... ... | 50,133 | 5 | 2 |
| Toddy Farms ... ... ... ... ... ... ... ... | 25,560 | 0 | 0 |
| Vippa Farms ... ... ... ... ... ... ... ... | 55,067 | 1 | 0 |
| Jeypur ... ... ... ... ... ... ... ... ... | 32,732 | 0 | 0 |
| | 1,63,492 | 6 | 2 |

II. In the G. O., under review, there is a further misunderstanding with reference to the selling prices of our liquor. Government have taken the *retail* selling rates to represent our receipts, and have calculated that we have realised a sum of Rupees 70,000 in Fasli 1282, to cover expenses and profits. But in reality we have on no occasion raised the price or obtained more for our liquor than the minimum price laid upon us. Where the Tahsildar's report show retail prices to be in excess of this, the difference represents the commission or profit which shopkeepers have taken for their trouble. It amounts at the highest to only 2 Annas per seer, and looking at the average monthly sales, gives no more than a fair livelihood at the best.

2. We have no objection to state, for the information of Government, what our expenses and profits actually are. Taking as an example the thirty Under Proof liquor, the following are the particulars :—

| | RS. A. P. | RS. A. P. |
|---|---|---|
| Selling price per gallon ... ... ... ... ... ... ... | | 3 0 0 |
| Duty per gallon ... ... ... ... ... ... ... ... | 1 8 0 | |
| Cost of manufacture ... ... ... ... ... ... ... | 0 11 9 | |
| Shipping, Freight, Landing and Cartage to depôts ... | 0 2 9 | |
| Establishment ... ... ... ... ... ... ... ... ... | 0 8 4 | |
| | 2 13 6 | |
| Leaving us as surplus per Gallon... | | 0 2 6 |

against all contingencies. These figures are based on last year's experience, but it is difficult to say what the liquor may *now* cost us looking at the way in which the price of rice has doubled and is daily increasing.

3. The difficulty and expense of introducing the system into a district like Vizagapatam have been so great, that we have not been able with all our efforts to obtain a larger margin than the above, a margin which, without the assistance we receive from the share of Toddy, and Vippa leases granted to us, would not suffice to pay a reasonable interest on the heavy outlay we have had to incur.

4. It does not, therefore, require argument to prove that without a proportionate increase in selling prices we could not afford to pay a higher rate of excise duty than the present; and in view of the efforts the Board is making to multiply Toddy Shops and increase the consumption of that beverage, we beg to record it as our mature opinion, that any increase in the price of arrack would assuredly diminish sales, and with them revenue to a very marked extent. The effect of increasing the sales of toddy will not be immediately apparent, but toddy is now largely sold at 4 Pie, per seer, while the price of the cheapest and weakest description of arrack is 6 Annas or 18 times the price of toddy, a difference even now greater than arrack can compete with.

5. With reference to this, attention may perhaps be drawn to the great difference that exists between our selling prices and those of the contractors under the old system, but no legitimate comparison can be made between the two. Arracks of their manufacture depended for its inebriating effects, not on alcohol but on drugs; and it was this adulteration, coupled with the utterly uncertain strength of their liquor, that enabled them to obtain the maximum of effect with the minimum of spirit. One object Government had in placing the Abkâri under European management was to ensure the issue of sound and wholesome liquor. This must make it more costly to the consumer, as nothing but pure spirit of a fixed and known strength is now issued.

6. We wish also to refer to an oral remark made by you in conversation with our Mr. C. N. Minchin. You were of opinion that Shipping Charges and Freight could not fairly be included in cost, as it was for our own convenience that we preferred making our liquor at Aska rather than on the spot. But this is a matter which would be self-correcting; if cost was found to be increased by employing Aska, it would be to our own interest to give it up. We did at one time work a distillery at Bimlipatam, on the native principle, to manufacture liquor from rice, to suit native tastes, but when the liquor was brought to the test of Syke's Hydrometer, and brought up to the actual strength required, the cost was found to be ruinously high, and to amount to over 2 Rupees per gallon against 13 Annas as above. Without the European science brought to bear on the manufacture at Aska, we could not successfully work the task we have undertaken.

III. Referring to the so-called outstanding's balances, we went fully into the question in our letter to yourself of the 2nd January 1874, and as we requested you to submit our communication to the Board, there is perhaps no occasion for our entering so fully into the subject now, as we would otherwise have done. We take, however, the liberty of annexing a copy of that letter.

2. The balance due to Government is on the Vippa Leases for Gunapore, Ryaghada and Parvatipore. The leasing of these taluqs only *commenced* after half of the first fasli had expired, and very much of it was not completed till quite the end of the fasli, so that the ryots will have to pay three years rent out of little more than two years sales.

3. They must, therefore, under the circumstances have time, and as we stand towards them in the same relation as Government in the other neighbouring taluqs of Jeypore, in which the Abkâri is similarly worked under "Amany" having let it out to the ordinary Abkâri ryots, village by village, we cannot accept more responsibility for the stability of the sub-renters in one case than in the other.

4. At the same time we quite understand the necessity that is imposed on us to show no inattention or indulgence in the matter, and actual results will satisfy you that we are successfully keeping our Agent's attention closely directed to it. For Fasli 1282 the balance outstanding on the 31st December last was only Rupees 9,285-3-11 out of a total demand of Rupees 40,779-5-3, and collections have also been made for Fasli 1283, and paid into your treasuries to the extent of Rupees 7,698-13-6.

5. In other words, we have collected in nine months Rupees 39,192-14-10 or very nearly the full amount of the first year's lease. If the ryots have been able to pay up already so large a proportion of their kists, there can be no reasonable doubt of their ability to keep to their original engagements and pay up three faslies' rent in two and a half years, but it will be paid in the customary instalments, and not with the monthly regularity at which you compute the demand.

IV. We have the honour to lay before you a few of the principal causes that operate to prevent or retard us from obtaining full success in the introduction of the excise system into this district.

1*st. Illicit trade.*—There is no doubt that this is *the one obstacle* to the perfect success of the system, and that more effectual measures for its suppression are absolutely needed for the protection of the revenue.

The Police as a body give us next to no assistance in the matter, and it is, we believe, undoubtedly through their connivance that the trade has attained to its present importance.

In saying this we do not for a moment include the officers of the corps; on the contrary, could they imbue their men with their own zeal and spirit, Government would be well served, but it is too evident that the inducement offered to the Police to remain in pretended ignorance of what is going on under their very eyes, more than counteracts any other inducement held out to them for the zealous performance of their duties; and we would beg you to consider whether it is not time to apply to Government, through the Board, for more actively stringent measures, as well against connivance at the trade as against the trade itself.

We have the honour to enclose an Extract from the "Englishman" Newspaper of the 7th March last, which will show the Board what steps have recently been taken in this matter in Bengal, and we venture to suggest the necessity for some such order being passed *and enforced* in those districts into which the excise system has been introduced in this Presidency also.

The absence also of any reward to informers is prejudicial to the interests of the revenue, because no inducement is offered to the village communities to make common cause in the matter with Government, and confines such information as may voluntarily be offered to motives of personal ill-will only. For it cannot be doubted that a certain prospect of reward would induce many in every village where illicit stills exist to turn informers, or else compel offenders to buy up silence all round to an extent, that would make the trade no longer the easy and profitable one that it is.

Another great obstacle to the conviction of offenders is, the necessity for a Magisterial Warrant before action can be taken. We will give an example: One of our Inspectors receives positive information that an illicit still or illicit liquor, or both is to be found in a given spot; he goes to the Head Constable of the nearest station and asks his assistance, is told that nothing can be done till he has accompanied the Police to the Sub-Magistrate's Office and obtained a search

warrant; while engaged in obtaining this, intimation is sent to the offender of what is going on (for these men are always careful to secure friends in Government Offices) and immediately all the liquor is destroyed or deposited in some friend's house, and the stills, which are only common earthen pots, and very portable, likewise conveyed and concealed elsewhere. The Police arrive, in due force, and of course find nothing. Our Inspector in the meanwhile learns what has been done, informs the Police, and asks them to search others spots he will name, they reply that their warrant only names one spot, but if he will take the responsibility of all legal damages they may incur, they will accede to his request. The thing has been done in such hot haste, that the Inspector has had no time to satisfy himself of the absolute truth of his information, and no less mistrusts the Police themselves, and hence naturally declines the risk, and so the Burlesque ends, and the illicit manufacturers are more emboldened than ever in their trade. This sort of thing is of common occurrence, and has had perhaps more effect than anything else in neutralizing our efforts to suppress the trade. Is it any wonder if even our own Inspectors find it more to their interest to receive hush-money than to make themselves public laughing stocks! The illicit trade is going on more or less in every corner of the district, but the worst taluqs are those of Palcondah, Chiprapili, Gujpatinagram, Sroonyararapa cottah and Veeravilli.

2. *The consumption of Toddy.*—We have gathered from our correspondence with yourself, that the Board is under the impression that the sale of toddy has been kept down below the necessities of the people, in fact sacrificed to arrack, because the number of shops now sanctioned is below the number sanctioned in 1865.

Our information goes to show that the full number sanctioned in that year was never opened, because the shops were in excess of the number actually wanted. Between that year and Fasli 1282, when our engagement commenced, both toddy and arrack were farmed by one and the same renter, and it was to his interest to meet the wants of both classes of drinkers, and to open the full relative number required of each kind without exceeding either. Now, the Toddy Renter has no interest in the arrack sales, and his object, therefore, is to try and increase the sales of toddy only for his own benefit, and he has fancied himself encouraged to do so by the inquiries which the Board has made. All this again, however, in our opinion, is only *making a demand* for toddy that would not otherwise exist, and we [illegible] in any case be difficult when toddy is fixed at a price of only 8 Pies per seer, while the lowest quantity of arrack is fixed at 6 Annas; as a fact the actual price of toddy is more usually one dub or 4 Pies per seer.

The number of toddy shops now opened is about seventy in excess of Fasli 1279, which represents at least 700 more toddy sellers.

The present relative proportion of toddy and arrack shops is, 578 toddy shops against 499 arrack. Each of our arrack licenses is only permitted to cover one individual, while a toddy license covers the place, and permits as many sellers as the place will hold; the actual number runs from ten to thirty per shop, so that 578 toddy shops represent as many as 6,000 toddy sellers against only 499 arrack sellers.

We have, as you are aware, entirely surrendered ourselves to the Board's wishes with regard to opening as many toddy shops as you think fit, but there can be no doubt, we think, that if they are increased, the actual result will be to bring about a new state of things to the great detriment of the revenue, and when once toddy has been set flowing through the land and all the lower classes are invited by its quantity and cheapness to abandon for it the consumption of arrack, it will be much more difficult to wean them back from their newly acquired taste, than it was to produce it in the first instance.

We have not touched upon the demoralization that must naturally ensue; that being a subject not within the province of this communication.

3. The restriction of our sales to the larger towns and villages only.

We explained to you some months ago our difficulties in this respect and applied for permission for our shop-keepers to sell under their licenses in surrounding hamlets also.

Our information is to the effect that our inability to do this places us at a great disadvantage as compared with former renters, for though they were legally under the same restrictions as we are, they had no hesitation to stoop to practices which enabled them to evade the law and supply liquor at all sorts of places and times. We cannot follow them in this respect, but our sales suffer, and illicit trade flourishes in consequence; and we, therefore, urge that our application may be early considered, and sanction accorded to us to supply openly, what was formerly and must otherwise still be provided clandestinely.

We are aware that your hesitation arises from the fear that to sanction our request would be equivalent to having liquor hawked about the country at all times and places; but we submit that liquor wanted will be obtained in whatever manner is found easiest; and that the refusal to grant our request will not stop consumption but only tend to foster illicit trade.

It appears hard also that from mere accident of locality, a dweller in the country should be debarred from openly obtaining what he requires for family and ceremonial purposes without walking miles to get it; while his more favoured brother in the neighbouring town can find half a dozen licensed sellers within easy reach.

The demoralization would be, one would think, the greater in the former case, because of the clandestine element which is brought into play.

4. Lastly, we complain of the state of expectation and suspense in which the whole district is kept by the present very uncertain tenure of our lease, and the baneful effect this uncertainty has on our operations.

You are not unaware of the very great opposition we encountered at first starting from all the old renters and their friends up and down the district.

They understood that our engagement was dependent from year to year on our reaching a high minimum in our sales, and they resorted to every possible device to thwart us, to set the people against the new system, and to foster illicit trade.

It was very largely due to their influence that the opposition to Rum and demand for Rice liquor was originally [illegible] could only compete our opponents if we issued Rum.

When we succeeded in manufacturing Rice liquor wholesale and our engagement was confirmed for another fasli, this opposition subsided for a time, but with the publication of that last unfavourable order of Government, the idea has once again got possession of the native mind, that our days are numbered, and the old opposition is revived. In a confidential report, one of our Agents writes to us as follows, under so recent a date as 26th January last;—"The district is quietly getting into the old hands again, and as nobody believes that you will keep the Abkári, everything is being got in readiness for the former Contractors to commence work on the shortest notice," and this is confirmed from other quarters also.

We would also point out the disheartening effect this state of uncertainty naturally has on the liquor-selling castes whom we have to employ, they cannot work heartily for us, while they feel that our position is only temporary, and that to proceed with energy against illicit distillers, would bring them into collision with the very men to whom they would have to look for re-employment in case of a return to the old system.

Nothing, therefore, is more against our success, than the very experimental nature of our lease; and on our side it debars us from introducing many improvements into our works which would only be warranted if we had a certain market for our liquor.

We have worked the excise system under all these disadvantages long enough to show the Board that revenue has at all events not fallen off under our management, and we would now earnestly solicit as much in the interests of the revenue, as any other, that our lease may be confirmed for a stated period of five years. We trust your own acquaintance with our necessities and the district will enable you to support our application with your approval.

V. In conclusion, we have the honour to request your attention to the following remarks on our operations in the Taluqs of Gunapur, Rayaghada and Parvatipore:—

1. It was because of their close proximity to Jeypur which is under Government management on the old system, and the certainty that the use of a new liquor could not be introduced suddenly, that we applied for permission to lease them out ourselves. But we have from the first seen what beneficial effect on the revenue would follow, the substitution of Rum for Vippa liquor, when the latter costs only 8 Annas a Gallon, and we have, therefore, taken an agreement from each village Renter to sell a given quantity of Rum in his village annually, with the object of introducing it to notice.

We are beginning now to have confidence that we shall succeed in this matter, looking at what is going on in the other taluqs; for whereas there was at first a general outcry against Rum and demand for Rice liquor from many parts of the district, we are credibly assured that the demand is now in the opposite direction as soon as the quality and purity of the Rum has been understood and appreciated.

By analogy we argue that when once Rum has been fairly introduced into the Hill Taluqs also, it will gradually take the place of the nauseous Vippa liquor and the introduction of the excise system be made possible. This matter is receiving our unremitting attention, with the expectation that we shall one of these days be asked to extend our attention to Jeypur also.

2. In Parvatipur a large portion of the taluq has been kept under the excise system, and we have had to exercise a control over the surrounding Mootahs, with the object of preventing Vippa liquor from finding its way into the tracts under the Rum Depôt. In time, the tastes of the people will obviate the necessity which now exists for such control.

3. The Taluqs of Gunapur, Rayaghada and Parvatipore only the boundaries of the Paleondah, Bobily, Salur, Marengy, Kovapam, Pachipenta and Sungivalsa Zemindaries. If these taluqs were not under our control, it would be impossible for us, from the similarity of the population in the hill tracts of these Zemindaries, to prevent the flow of Vippa liquor into them. As it is, we have been obliged to obtain permission to lease out portions of these hill tracts in Paleondah, Salur and Bobily, but our hope is, in time, to see wholesome liquor superseding the Vippa [illegible] and in the meantime we are doing what we can to restrict the limits within which the latter is consumed. To do this effectually, the control which we have over the three taluqs in question is necessary to us.

We regret the delay that has unavoidably occurred in sending on this report, and as time is of great importance in view of the consideration of the whole matter which Government and the Board are about to take, and your absence from Head-quarters in the Hill districts will necessarily increase the delay before it can reach Government through the usual channel, we are taking the liberty to send a copy direct to the Secretary of the Board of Revenue in anticipation of your approval.

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Enclosure No. 3.—Extract from the "Englishman" of 7th March 1873.

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Submitted for the information of Government in continuation of Board's Proceedings, dated 9th February 1874, No. 251.

(True Copies and Extract.)

J. Gale
Secretary.

To the Acting Secretary to Government, Revenue Department,
with one original enclosure, to be returned.

Copy to the Acting Collector of Vizagapatam.
" to Messrs. Minchin and Co.

Ed. G. A. Turton.

Revenue 1874. Despatch

# Board of Revenue,

## MADRAS.

No 746

PROCEEDINGS, 25TH FEBRUARY 1874, No. 42

Recd 24 March 74

Encl

R.G.

S.O. No. 561 - 6 May 1874.

Received 5

FEBRUARY.

No. 423.

*Abkári*—of Vizagapatam District.—Letr from Abkári Renters Messrs. Minchin Broth and Co., forwarding copy of report made y them to Collector of their Abkári operations o to end of 1873, submitted to Government.

Con No 526/74

89.

Rec 27th March 1874

Ans 2nd April 1874

that the Revenue for the first Taluk of the Circar was actually Rs 125,000 instead of Rs 119,000 as at first stated. Messrs Monckton & Co therefore paid within a fraction of the 1/2 Lakh recommended by the Board as a minimum though they were still Rs 25,000 below the Govt minimum.

3. The Collector and Board both advise that the arrangement be not cancelled. The Board's reasons are concisely given in paragraphs 4 & 5 of their Proceedings.

4. Under the circumstances explained and the circumstances stated in the Collector's report the Government cannot entertain any objection to



to allowing the Pattas for the third Fasli 1874-75.

5. It seems clear that Messrs Monckton & Co cannot be expected to sell at present rates in addition to paying the duty. No change in the Agreement can be called for pending the expiration of the lease. It must be distinctly understood however that the Govt are not prepared to renew it on the same terms as those now in force, and the following observations should be borne in mind by the Board who will be good enough to endeavour to obtain information by Decennial Settlement in order to enable the Govt

to

to determine what
should be done.

7th It is to be remarked
that part of (the Gun
apur and Rajagicolah
Talugs) of the most
but sparsely populated
by poor Zemindars
& under the Ryotwar
The greater portion of
the Zemindars is mi
gaged in its Cultiva
chiefly by the Coffees
& Gent and yielded
last Fasli Rs 33,791.
The land under Coffee
Mine bin &c they are
allowed, owing to the
difficulty of reaching
it, and other consider
ations, to subsist, pay
ing first 50 per cent
of the rent. It appears
that they have subsist
ed it for three years

Cathrick

(which they had no authority
to do, their own position being
precarious and terminable)
and the Collector recommends
that Government should take
it into their own hands as
is the case with the other
part of Salem at the end
of that period, thus saving
a great portion of the 50
percent which now goes
to the Renters. The Board
agree with this but the Govern
ment are decidedly of
opinion that the rent
taken by the Collector is
the correct one. They do
here that practically
at present Major Munro
& Co are unable to collect
their Rents without the
assistance of the Deputy
Tahsildars of the different
Talugs

The

8 The most important points for consideration however is the separation of the Soddy from the Abbari farm as proposed by the Collector. The general question has not been finally settled nor are the Government in possession of the views of the Board upon the reports alluded to in G.O. 5th July last No 695. It is desirable that no time should be lost in discussing the question so that no hindrance may occur to the disposal of the Abbari leases as they fall in. For the present it is observed from Mess.rs Minchin & Co's letter recorded in Board's Proceedings 23rd February



February 1874 No. 423 (the second paper recorded above) that they have entirely surrendered themselves to the Board's wishes with regard to opening as many Soddy-shops as may be thought fit. The Collector will take care that the requirements of the District in this respect are attended to during the ensuing Faslee.

9 One point more requires notice. The Collector and the Board disagree as to the position of Mess.rs Minchin & Co with reference to the Soddy Farms. The former regards them as renters, the latter consider them merely Agents. The effect of the latter view

view is stated by the Board to be that as Agents they would not be "liable for "sums which after due "activity they have found to be irrecoverable." There can be no question as to the terms of the contract which clearly indicate that the sum to be paid is 75 per cent of the sums for which the Soldiy farms are sub-rented, but as a different course has been allowed in other Districts, as appears from the Board's observations and from Messrs Minchin & Co's letters, the Government acquiesce in the view that for the remainder of their lease in Vizagapatam Messrs Minchin & Co

should



should in this respect hold the position of Agents It must be clearly understood however that in cases Soldiy rents are not separated from Abkari in future leases the strict wording of the contract must be observed which would make the renters liable for the amounts for which the farms were sold.

10. The Board will state whether as pointed out in para 1 of Messrs Minchin & Co's letter dated 7th February 1874 Joypore was included in the figures for the three years 1869-72 in margin of paragraph 3 G.O. 13th December 1873 No 1420 The remarks in the same

letter

letter in regard to illicit trade and restriction of sales to the larger towns and villages should also receive attention.

Gen

14 Jo Statistics Rec'd Dec 28 Aug/74

88-90.

C 29th April 74. R 6th May 74.

~~Chairman~~

Wm.

I am not satisfied with the accuracy of the Masters Calculations as to the profits of the Contractors on Exercised that is distilled — liquor, and have no doubt whatever that the Monopoly of distilling for these large Districts is considerably more profitable than he supposes.

Add. all the Arrangements noticed by the Board in Para 4 of their Proceedings as to the Conditions and administration of this part of the District Duties

Alehouse Lysters and I would decist from any Enhancement of the already-sufficient duty. I would Continue the Monopoly of distilling and supplying Rum in the District to the respectable Firm for another Year or Even for 3 Years on the same terms as respects distilling thereby enabling an Extension of work, employment of Machinery &c.

But the Connection of Messrs Brandon & Co with the Farm of a Revenue from Vessels Cyprus in Cyprus Trade and from the Fisheries

of Lobby for the Whole District should be lay peremptorily close at the End of this Session. These Cyprus are wholly distinct from distilling and Manufacture of Spirits - to which the Capital & Science of European Towns are properly & beneficially applicable - being the Natural home-fermented Cyprus or Wines of the Country, into whose production little or no manufacture Enters. Lastly Especially is the Subject of no Trade and as practically simply a wholesome fermented drink of low alcoholic Power which must be

of the drunk in the premises.
In and cannot be a proper
an object of support or control by a
of European Farm of
the wholesale Distillers
the Rs Lunatic Asylum can
can have any real interest
or interest in the trade
re in liquor of this kind
for possession any fitness
or for the detailed
or management of such
a system of Revenue.
The liquor is as above
described and the
Management of the
system is only suited
to Native Contractors.
It is a regular Native
of business to Contract
in spring from Village
to Village arranging
with the Village Toddy
Drawers for the

* The facts are, according to the
Law, they had themselves to
let out the right of selling toddy
by public competition, or in
such manner as the Collector may
direct - maintaining all
existing toddy shops.
75 per cent of the amount
realised goes to the State.
AG.

for the sale of and
in Collecting from day
to day a Revenue from
the small profits or
arranging the petty
village farms & to con-
tract with the wholesale distillers
& Renters for the liquor
Revenue Monies of the Ganjam
& Vizagapatam) Mr Pitchard
(Chief Assistant) Morrison Esq
(Assistant Agent) also con-
Can have no sort of
Sympathy and in fact
only, desire, measure
the opportunities afforded.
They practically manage
the farms in a great
measure through
the Government and
Village public Servants
and that, as widely
known, at a cost
quite

Equitable of proportion
to the gain to the State.
The rent & sole depends
with which there
seems but little
connection with the Toddy farms
is that they are thereby
enabled to prevent
their neighbours who have
toddy & force them
free-water or the
poor at an enormous
profit to themselves
and most serious
detriment to public
Convenience & Morality.
I have no doubt that
the home of the Cokkari
System has been in
no small degree
enhanced by the union
Amalgamation of these
two - wholly destructive
to members of the

administration
the one hand and
the habitual forcing
of distilled spirits
& the seduction of
fermented liquor by
these men in their double
character of distillers
and farmers of Revenue
from Toddy.

The Board have
been severely full
enough in the way they
have placed this case
before Government for
Vegetation affords
a remarkable instance
of the way that these
Amalgamations work
In 1866 after Comp. C
Examination of the
whole question between
the Police, Revenue, and
Magisterial

Magisterial Debenture
& the Board of Revenue
it was arranged that
between 600 & 700 tons
shd be required
in the District and
should be licensed.
— a list was carefully
prepared and revised
This number is obviously
very limited for a
population of 1½ Millions
occupying some 3000
villages scattered
over a vast area of
Country — But on begin
in 1872 it was found
that Means Brinkmann &
allowed only 119 to deal
shops for the entire
District, that being
the number which
some previous distiller
Contractor had
reduced

R B Sewell from Memory.

— a ratio —

The Board may think
Principles to have
been departed from
Note for Lobley v. Board
of Wexford: 9 Feb 74
A Way of putting it —

That this sitting may be left to
the Coll. to arrange with
the Contractor

reduced them without
Consultation of the Board
or Collector. In the
meantime there was
no lack of Arrack
Shops — a somewhat
more liberal Spirit
than was forced on Mr Kinahan
by the Board of Revenue
to the Old Cork System
through the danger of
which this discovery
entailed, but the
number now allowed
is still inadequate
and I respectfully
ask Confidence in
the assertion contained
in Para 8 of the Board's
Proceedings of 1st inst
I cannot forbear
the Collector's
remark to great the
people at the hands
of

of, and to the personal
detriment of the
interests of the Members
of a Farm who are
to all intents & purposes
the friends of the
Service from total
bloteum.

The Land Sacrifice
of the interests of the
poor to these large
distillery interests
seems Elsewhere.
The Enlarge Distillers
recently that every
Locality Clerk and
more with difficulty
induced to allow
Even a few to be opened
& Shebeens in North Cork
(Corbett & Morrow in) and
probably in Clonakilty
(Pritchard) and

Note in Clonakilty
where the Locality Bill
has been retained &

In fact the original
interests possessed by
the large distillers in
the Locality Farm is, I fear,
the protection, if not
forced sale, of distilled
Spirits and the opportunity
afforded by the Landgrabbers
should be withdrawn
so soon as possible in
Enniskillen. This
measure may cause
some slight Reduction
of the Public Revenue duty
but the Reduction is
will arise from a
right Cause - diminished
and natural Consumption
of Spirits - whereas the
difference will probably
be recouped by increased
Revenue from the more
orderly and

fermented to daily
under distinct and
perhaps rival Governments.

The only other point
deserving of notice
is the fact that Messrs Pinchin and Co
apparently seek to have
their Contract construed
in the same sense
as the singularly favourable
terms granted by the
Government — as they are
in opposition to the
views of the Board —
Mr Pritchard in Chief puts
and the Board not to
unjustly prefer
to follow the precedent
thus made. In addition
to adding interpretations of
the terms of Mr Pritchard's
Contract should be
considered in the
interest

Ship's Pilotage Bill Subsequent
Letter from Mr Sayers
dated 4th Nov 1874 enclosing
Report of Messrs Pinchin and Co
on Mr Pritchard's
Letter of 7th.

interest of the Colonies
& administration and
as the strict wording
of Mr Pinchin's deed
enables this arrangement
we should enforce it.
But it is obvious
to remark that altho'
the terms of Messrs Pinchin's
Mr's Contract are
more stringent, the
terms of their Contract
generally are
less onerous to the Colony
& to the Pilots
than the Contract
25 per cent for Masters
than

their own rents & profits.
Such Contracts are
Void & to the
Revenue Administration
of this Presidency
25/2 [illegible]
NM

In dealing with
this case he must
recollect that
Messrs Binnekin &
have a 3 year lease
on certain conditions
all of which they
have fulfilled with
one exception - viz
the minimum
income. For case
if they should cancel
all their leases (of
which one year has
to run) in this Island

As I understand this or
Complaint we may cancel
the Engagement but I confess
I doubt as to the proprietor
as regards Ruin. Such
is that the 600 Rupees
of the Tody Farm under
Embardos Messrs Binnekin &
Lagen that will be on for
one year as proposed
I think after the
discussion of this
Separation
7/3

that the Govt engage
for certain - as I
think & have Orders
also think - for the
default - I think
known that it
will not be fair to
Messrs Binnekin & Co to
cancel the lease
on the ground that
for some time
the Tody Farm Govt.
not be included
in the Office Arrack
Farm - This is virtually
letting a small
Element into a
Contract already
in force for 2 yrs.
I should have hesitated
even in the letting the

Revs. Bd. Ren. No 252
D/ 9/2 - 74.
Received 17th only.

Vizagapatam
Nellore
Madura

for Form of Lease
see G.O. 516-72
No 883.

The lease held by Mr Murchison for the Abkari of Vizagapatam was for 3 years - on the experimental Excise system - It is terminable at the end of any Fasli by notice given by Govt. not later than 1st May previous.

2. For the first Fasli in 1872-3, Mr. has paid us Rs 1,19,040 only - the minimum proposed by the Bd being Rs 1,25,000 & that sanctioned by Govt, Rs 1,50,000. The Govt were alarmed at this and called for a Report for the last half of 1873, as to the continuance of the contract being considered.

3. This Report is now furnished - It now appears that the Revenue for the first Fasli was actually Rs 1,24,003-9, instead of Rs 1,19,040 only as at first stated. Mr Murchison therefore paid within a fraction of the 1¼ Lac recommended by the Bd as a minimum, so he was still 25000 Rs below the Govt minimum -

I agree with the Bd. for the reasons stated in the particular case is concerned - But

and adhere to the 3rd Para

G.O. 13/12/73 - No 1420 (74-5) to Nellore

See Madura 25 Rs 1873

M. & Co.

as the real test of the success of the system

lease can be considered

The question of discontinuing

has such advantages

all interest with
toddy farmers must
be treated separately.
It is a peculiar class
I remember has left
Bills under consid-
eration every
inspection that can
be decided by
~~Government~~
G.O. 23/11-72. No 1611
upon disconnecting
the arguments pro
& in the interest
of the poorer class,
& which are clearly
held by the Collectors

4. The Collr & Bd Ltr
advise that the Arrangement be not
cancelled, & dispense with them. The
Bd concisely give their reasons at Para 4
of their Proc.

5. It seems clear too that Mr Munchin
cannot be expected to sell below present
rates or pay a higher duty.

6. It is to remarked that part
only (the Zemindaree & Rayagadda
talukas) of the vast but sparsely
populated Jeypore Zamindary &
Vizagapatam, is under Mr Munchin.
Great part of this Zamindary is
managed in its abkari directly by
the officers of Govt & yielded last
Fasli Rs 33,741. The part under
Mr Munchin he is allowed, owing
to the difficulty of reaching it &
some other considerations, to subrent,
paying Govt 75 per cent of the rent.
It seems he has subrented it for
three years (which he had no authority to
do, his own position being precarious,
& terminable) and the Collr recommends
we shd take it into our own hands,
as we do into the other part of Jeypore,
at the end of that period - thus saving
a great deal of the 25 per cent we now

appear to me
to be indirectly wrong.
It is probably true
that some people
do suffer by the
charge: - but it
would be indirectly in the
improved condition
of the people:
in any case, the
well-being of the
people is more important
than even the Revenue.
I shd myself be disposed
to delude, from other
lesser & subsidiary offers,

forego Munchin's pocket.
The Bd oppose this, but I strongly
recommend it. It is a very wild &
difficult country - the Bd talk of the
general abstention of Govt from this
kind of thing: but as the Collr remarks,
"practically at present Mr Munchin
"is unable to collect his rents without
"the assistance of the Tahsildars of
"the different talukas."

6. The clause in the proposed new
agreement advocated by both Collr
& Bd that as many toddy shops
(for the sale of the poorer classes)
shd be opened as the Collr decides
will, I suppose, be approved by Govt.

7. There is one more point. Munchin
agent (Clause V of his lease) - "shall
"pay to the Collr 75 per cent of the
"sums for wh I may subrent the
"Toddy farms" - & also the Farms
in the Jeypore talukas under his
control. This is as clear as possible;
but, contrary to the Collr's opinion,
the Bd wish to support Munchin
in his construction that his means
of his rent - that, in fact, he is not
answerable for the sums wh, after due
activity, may be found irrecoverable.
I submit this interpretation is

[illegible] Contractors
such cases altogether [illegible]
to inform the
Bd of Mechanics. Brunel

March 11/74 This seems the only course
can think of

I.O.

inadmissible. How can Munchin
be said to be only our agent in the
matter? does one give a lease to one's
agent, retaining him as such?
It is rent he has to pay us - "reddendum" - and this must always be
a certainty, or capable of being
reduced to a certainty - How can
you do this with such slippery
terms as "due security"?

I.K.B. Feby 20/74

The original contract was for
3 years - on certain conditions - I
am disposed to concur with the
Board & for us to allow Munchin
for the 3d year 1874/5 - it being
distinctly understood that the
pt. with this determine absd
shall be done - The Bd should
send this decision in Dept. hand
furnishing full information - but
further I would recommend the propriety
of requiring Munchin to deposit in Treasury
Bonds for the Contract price during

Memo

Navigation Officers — Mr Innes's case

Elections - As the Letter is the case in January last by Mess. the Ds under a Limitation agreement - and the Board says that this was understood by them & the character of the arrangement, he must think, as Justice - that future agreement should be less liberal.

L. Ds
9-3.

Sapples
7/3 JM

Since these papers were circulated to the Honble Mess. Robinson & Sims the Board dated sent in a Letter from Chesr. Lincolns which is now put up

CM
6.3.74

The only important question there discussed is whether the Firm are to have 75% of the sales or of the

£20 Navy 74 - R 23 - RC 5 & 15 - Mr Gow & Hon. Mr R. Cavendish on HC 23 - R 6 - March 74 - RC 6 - R 12 -

Allotments - As the Letter is the only in favour held by Messrs Mc Cl under a Limitation agreement - and the Board says that this was understood by them when the character of the arrangement, the result & think, as Justice - but future agreements should be less liberal.

L. Bd
9.3.

Supplt
7/3 JBA

Vizagapatam & Cocanada
Mr Innes

Since these papers were circulated to the Board Robinson & Sims the Board have sent in a letter from their Chairman of which is now put up

C Ellis
6.3.74

The only important question then circulated is whether the Firm are to pay 75% of the sales or of the

C 28 Dby/74 - R 23 - RC 5 H.S. R 5 Fort St. Hook 2 in Ro Cuddalore 14 - R 15 - R 6 March/74 - RC 6 - R 12

Album