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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. 1530 Press
~~B.P. No.~~ ~~Mis.~~

Dated 27-10-1875 ~~196~~ .

Not to be folded or roughly handled

No. 164. Read the following Proceedings of the Board of Revenue, dated 25th October 1875, No. 2,955 :—

Read the following Proceedings of the Madras Government, dated 24th September 1875, No. 1,407, Revenue Department :—

ABSTRACT.—*Excise Duty on Spirits.*—Referring to the Board of Revenue for early consideration and report letter from the Government of India on the subject of —.

IN the foregoing Government Order, the Board are desired to report with reference to Section 11 of the Indian Tariff Act, on the duties of excise on spirits now in force in this Presidency, and what measures should be recommended for bringing that duty up to a rate as nearly as possible equivalent to that now fixed for the Customs duty on imported spirits.

2. Duties of the nature of excise are now levied only in the districts and places shown in the statement in the following paragraph. Except in the town of Madras, leases have already been concluded for three years from 1st July 1875, which make it impossible to introduce any change in the rates of excise duty during their currency. The Abkári revenue of all the remaining districts of the Presidency has been farmed under leases for the same period; so that it will not be possible to introduce any new excise arrangements before July 1878.

3. The rates at proof corresponding to those now levied in the several districts are given under Fasli 1285 in the marginal statement. It will be seen that only on the Nilgiris, Bellary, and Madras, do the rates at proof corresponding to those actually levied at all approach Rupees 4 per gallon. The figures given as excise duty in the town of Madras are the differences between the cost price of the several liquors to Government and the price at which each is issued to the shopkeepers. The enhancement in the case of puttai in Fasli 1285 is due partly to a decrease in the cost price from 12 to 10 Annas per gallon; and partly to the raising of the issue price in the outside limits, to equalize selling prices with

Districts.	Fasli 1285 (1875-76.)	Faslis 1284 and 1285.	Fasli 1284 (1874-75.)	
	Duty at Proof.	Strengths sold.	Duty at Proof.	Average Duty levied on Liquor as sold.
	Rs. A. P.		Rs. A. P.	Rs. A. P.
Ganjam	2 0 6	30 U.P. & 60 U.P.	2 0 0	0 13 6
Vizagapatam ...	2 3 0	Do. do.	2 0 0	1 4 11
Nellore	2 3 0	Do. do.	... ...	... ...
Chingleput ...	3 3 5	30 U.P.	2 8 0	1 12 0
North Arcot ...	3 4 6	20 U.P.	2 8 0	2 0 6
South Arcot ...	2 13 9	30 U.P. & 45 U.P.	2 8 0	1 9 8
Tanjore	2 13 9	30 U.P. & 60 U.P.	... ...	... ...
Salem	3 2 0	20 U.P.	... ...	... ...
Coimbatore ...	2 8 0	30 U.P. & 20 U.P.	... ...	... ...
Nilgiris	3 15 0	20 U.P.	... ...	... ...
Bellary Cantonment	3 15 0	30 U.P. & 60 U.P.	... ...	... ...
Town of Madras—				
Puttai. Outside	3 9 2	30 U.P.	2 9 2	1 12 10
Puttai. Inside..	4 7 5	30 U.P.	4 4 7	3 0 0
Colombo... ...	4 12 0	25 U.P.	4 12 0	3 9 0

those prevailing under the new arrangements in the adjoining district of Chingleput. The difference between cost and issue prices, however, is not the true excise; as the charges of the Abkári Department which distributes the liquor and manages the supply ought to be deducted, since if Government retired from the direct management, the whole difference between the prices of supply and issue could not be realized.

In Fasli 1284, the whole charges were as follows for each gallon issued:—

—	Charged to the Liquor.	Other.	Total.
	RS. A. P.	RS. A. P.	RS. A. P.
Colombo	1 8 9	0 2 0	1 10 9
Puttai...	0 12 7	0 2 0	0 14 7

The cost of puttai is now 2 Annas less; and therefore the rates of excise at the actual strength sold and at proof are as shown below:—

—	As Sold.	At Proof.
	RS. A. P.	RS. A. P.
Puttai. {Outside High Court limits ...	2 5 5	3 5 5
Colombo... {Inside do. do. ...	2 15 5	4 3 9
... ...	3 2 1	4 7 6

4. The rates actually levied per gallon, however, are everywhere considerably less than those shown for proof strength in paragraph 3, varying according to the strength at which the liquor is consumed; and the Board do not think that it would be at all possible to make the rates even proportional to Rupees 4 at proof. The idea of ever raising them so far as to levy a duty of 4 Rupees per gallon irrespective of strength under proof is entirely chimerical. This will be apparent on a glance at the last column; which gives, for liquor excised in 1874-75, the average duty per gallon issued, at whatever strength. To introduce the proportional rates would involve an enhancement of the tax, as much as 100 per cent. in Ganjam and very great in other districts. Even as it is, it is known that considerable smuggling exists in the northern districts, and it is not improbable that this is the case elsewhere. It is at least certain that to repress illicit consumption requires the constant vigilance of the renters, and complaints by them have been loud in some districts. The Board have in consequence recently proposed some changes in the law, which have been approved by Government. It cannot be questioned that so considerable an increase in the taxation of licit spirit as the Government of India proposes would result in an immense impetus to illicit manufacture, and without in reality lessening consumption, might not improbably cause a loss of revenue.

Board's Proceedings, dated 9th June 1875, No. 1,561.
G. O., dated 26th July 1875, No. 1,110, Revenue Department.

5. The intention of Section 11 seems to be that the duty of excise should be as far as possible equalized with the duty of Customs; but the Board are unable to see the grounds for the principle. The difference in the duties cannot be regarded as protective of the country-made spirit, for the classes which consume it are, at present at least, different from those which use the imported liquor. The latter liquor could not, the Board believe, in any case compete with the former; as the cost of the country-made liquor will always be considerably less than that of the imported spirit when charges for freight and importer's profit are included. Moreover it cannot be considered advisable to encourage the consumption of cheap European spirit made from potatoes, &c., and doctored to represent brandy and rum; while a pure and wholesome saccharine spirit can be so cheaply made in the country. In Madras town, the cheap brandies imported now compete to a certain extent with Colombo arrack; and the Board hailed the recent increase of the import duty with satisfaction as tending to make the competition more difficult for the noxious spirits sold under the name of cheap brandy.

6. The Board are prepared, as shown by the enhancement of the rates of duty which have been made in the current Fasli in the old excise districts, as given in the above statement, to increase the rates when this can be done without danger of stimulating illicit manufacture; and they hope to be able to make further increase at the expiration of the leases now current. Till then, however, no change is possible.

(A true Extract.)

(Signed) H. E. STOKES,
Acting Secretary.

No. 165. ORDER THEREON, 27th October 1875, No. 1,530.

Separate Revenue, No. 26.
Abkari.

ORDERED that these Proceedings be forwarded to the Government of India with the intimation that His Excellency in Council concurs in the views expressed therein.

(True Extract.)

(Signed) L. A. CAMPBELL,
Under-Secretary to Government.

To the Board of Revenue.

Exd. F. R. Bantleman.

Revenue Department.

No. 4288.

1530/3

From Bd. of Rev. Dated 25 October 1875.

FOR ORDERS.

I do not see how the Bd. can take this step. Concur in the letter & proceed as there.

E R

Govt. of 1875] Madras.

REVENUE.

To

The BOARD OF REVENUE.

Dated October 27th.

Rec'd. Entd.

G. O. 27th October 1875, No. 1538.

OCTOBER.

Nos. 164-165.

Excise Duty on Spirits in force in Madras Presidency.—Ordering to forward to the Government of India Proceedings of the Board of Revenue on the subject of bringing the — to a rate equivalent to that fixed for Customs Duty on imported spirits, with the intimation that the Government concur in the views expressed therein.

FOR ORDERS.

Excise duty on Spirits now in force

5

No. 2,955.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 25th October 1875.

Read the following Proceedings of the Madras Government, dated 24th September 1875, No. 1,407, Revenue Department :—

ABSTRACT.—*Excise Duty on Spirits.*—Referring to the Board of Revenue for early consideration and report letter from the Government of India on the subject of —.

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3. The rates at proof corresponding to those now levied in the several districts are given under Fasli 1285 in the marginal statement. It will be seen that only on the Nilgiris, Bellary and Madras do the rates at proof corresponding to those actually levied at all approach Rupees 4 per gallon. The figures given as excise duty in the town of Madras are the differences between the cost price of the several liquors to Government and the price at which each is issued to the

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Salem	3 2 0	20 U.P.	... ...	... ...
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Nilgiris	3 15 0	20 U.P.	... ...	... ...
Bellary Cantonment	3 15 0	30 U.P. & 60 U.P.	... ...	... ...
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(A true Extract.)

Acting Secretary.

To the Acting Secretary to Government, Revenue Department.

Exd. W. H. French.

No 4288

Revenue 1875. Depte

Board of Revenue,

MADRAS.

PROCEEDINGS, 25TH OCTOBER 1875, No. 2,955.

Dept 20 Nov 1875.

Encl.

Received 3d Nov/75

OCTOBER.

No. 2,955.

Excise Duty on Spirits—now in force in Madras Presidency.—Submitting to Government views of Board with reference to letter from Government of India inquiring what measures they would recommend for bringing the — up to a rate as nearly as possible equivalent to that now fixed for the Customs duty on imported spirits.

Orders

No 1590 27 October 1875