M.R.O. 1—20,002—12-8-65.

(1) Number of Pages 70

(2) Date of repair 3-1-69

(3) Initials of the Referencer 15.4.68

MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. ~~B.P. No.~~ 244 Press ~~Mis.~~

Dated 18-2-1876 ~~196~~ .

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue-Department, 18th February 1876.

No. 232. Read the following Proceedings of the Board of Revenue, dated 5th February 1876, No. 359 :—

Read the following :—

From A. WEDDERBURN, Esq., Collector of Coimbatore, to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated 20th January 1876, No. 19.

IN reply to the Proceedings, Board of Revenue, dated 7th January 1876, No.—, paragraph 4, I have the honor to inform the Board of Revenue that the sale of the toddy contract which took place on the 1st April 1875, or twelve days previous to the call for tenders for the arrack contract, was conducted on the advertised condition, that shops shall not be opened except at the places determined by the Collector; this condition followed the execution of the agreement; by paragraph 6 of the conditions of sale, " as soon as the agreement has been executed, the Collector will issue a license." I certainly gave the intending toddy bidders reason to believe that reasonable facilities for the vend of toddy would be afforded; such they well knew were not given when the contracts were combined, and doubtless this had a material effect in raising the bid for toddy to nearly double what the roughly estimated amount of revenue from former (restricted) sales had been.

2. It had been all along admitted, first, that toddy was a more wholesome beverage than arrack; it is, secondly, by its cheaper price more within the reach of the bulk of the poorer laboring class of the population; it affords (like beer or cider) nourishment as well as a stimulus, and was most likely when freed to have a larger than supposed sale; thirdly, that its sale had been designedly suppressed by the former contractors to admit of greater profits being made by the sale of arrack. I may here allude to an illustration in Oodumulpettah Taluq where only one toddy-shop existed in an area of 361 square miles, and for a population of 123,650, or one-eighth of a million. It cannot be said that one shop was sufficient " for the legitimate wants of the people."

Vide paragraph 3, Proceedings of the Board of Revenue, dated 7th June 1873, No. 958—paragraph 6, G.O., dated 8th December 1874, No. 1,520.

3. In fact, the very object of Government in separating the contracts was apparently to allow of a freer sale of toddy, which could not be free if a man, owing to absence of shops for sale, had to come a distance of ten to fifteen miles for it.

4. The precise number of shops to be licensed, inclusive of course of the increase in them, could not under the new system, for want of data, be determined* before the sale of the toddy contract. The places for the new shops had to be settled and approved; both the proposals and the decisions necessarily involved a considerable time—months in the first and several days in the last instance; a similar indulgence (owing to the novelty of their undertaking) was, although their shops were settled, granted to the arrack contractors; the successful bidders themselves had personally to make subsequent arrangements with underholders or shopkeepers on the subject; all that was stated or known before the sale of toddy was, that a " reasonable

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* NOTE.—The upset price was the merest guess work.

facility" would be granted to the successful bidders for the sale of the liquor, of which they were to have the monopoly.

5. Whether one toddy shop to two arrack shops is an unreasonable indulgence to the toddy contractors is for Government to decide. The fairest course on a change of system would have been to place the means of sale of both commodities on an exact equality as to numbers of shops, in order that the people might have the power of choice of the liquor they preferred, as would be done in the case of beer and gin in England.

6. As regards sour and unwholesome toddy being sold, the provision that has been made to ensure that shops are only licensed in places where fresh toddy can be supplied has a tendency to prevent such a result. If any well authenticated case of unwholesome toddy being sold is brought to notice, it would result in the closing of the shop.

7. It will not escape notice that after the enhanced sale of the toddy contract, which was well known everywhere, certain arrack contractors offered a larger tender by Rupees 30,500 per annum than the one which was accepted. It is within my personal knowledge that these persons were well aware that increased, or in other words reasonable, facilities for the sale of toddy would be given, they accepted the situation, but were only anxious that increased facilities for the sale of country beer, the deleterious* character and popularity of which are well known, might not be allowed. I believe that country beer or "spiritwash" would even supersede toddy.

8. The toddy contract was knocked down in public auction to the highest bidders on the 1st April 1875; the sealed tenders for arrack were received on the 20th April 1875.

9. I need hardly inform the Board that the arrack contract is a most speculative business, depending, as it so materially does, in common with, though in a greater degree than, toddy, on the condition of the agricultural and laboring class of the population; a drought, temporary cessation of field, or other labor stops sales; the lower natives drink freely when they have wages; any cessation in the labor demand at once tells first on the spirit shops, whose liquor is more highly priced than toddy. It also depends on the success with which arrangements for retail can be made.

10. I believe that the south-west monsoon, and even the north-east, was very scanty this year; that the dry crops will be very poor generally; and that the sales of arrack in several of the southern districts have been consequently less; for rain means cultivation, and drought, want of work, of demand for goods, and pressure.

11. In Bellary, in the year 1866, the south-west monsoon failed; the arrack contract also simultaneously commenced, 1st July; there was no rain for three months, and no sale of liquor whatever for that period and sometime after. I do not mean that any similar pressure now prevails, but it is a fact that our monsoons have been scanty this year. This was under the old system, the new is a much more expensive one to the arrack contractors, for they have had great expenses in constructing a central and sole distillery whence liquor has to be forwarded at great expense over 100 miles or more in a district nearly 8,000 square miles in area, or equal to one-fourth part of Scotland; whereas formerly it was made very cheaply on the spot, and without any expenses of highly paid private, and also of public excise, supervision or of carriage. The very cheapness of local manufacture admitted of a stronger spirit being sold for a profit, and I need not add that the popularity of liquor is in ratio to it strength and cheapness.

12. The old system was cheaper to the contractors and consequently more profitable to Government; and in a fiscal point of view, and disbelief in any Governmental power to control the consumption of liquor, I recommended its continuance; the new may afford a better data as to actual consumption, which cannot be controlled, but dilution may still, and as I have been given to understand doubtless does, exist to the very great detriment of sales; and at all events the first issue of Columbo arrack (no other being ready) to people who are used to "Puttai" (or arrack with an infusion of Acacia bark) was not popular, and native taste has to be accommodated if sales are to be effected.

13. The old system against my advice was suddenly changed, placing the new contractors even at a disadvantage of want of time and opportunity to make sufficient arrangements for their sales; this was shown by the abnormal extension of time allowed for the submission of the lists of their places of sale, (*vide* Proceedings, Board of Revenue, dated 29th September and 12th October 1875,) which old contractors under the old system would have had less difficulty in effecting; even under the old system, however, in practice it was found that some months were consumed in such arrangements; on a new contract being taken the subrenters had to be conciliated and brought to terms, and this took time.

14. As the case now stands, I would make a suggestion, which is, not to attempt by the denial to the poorer classes of toddy, which they prefer and which is more wholesome, by reduction of places of sale for it, to force the consumption of an arrack which the people concerned may dislike, or cannot well afford to purchase, but to make a remission to the arrack contractors who have miscalculated the demand for their liquor. The "Sudder or Head Distillery" system has this one advantage, that an excise duty can be collected on the actual issue and strength of the liquor as it is passed from the distillery. Government has stated, paragraph 2, G. O., dated 8th December 1874, No. 1,520, "that these are objects which it is well worth to secure, even at some temporary loss of revenue."

15. Government are not interested in the extended sale of arrack, nor are the people really benefitted by it.

16. An increased temperance, if possible, is the interest of both parties; of Government, in the diminution of crime so much fostered by alcholic drink; and of the people, in the saving of wages wastefully consumed in expensive liquor. These objects however are beyond the power of Governmental control.

17. This remission might be thought unfair by others who tendered at higher rates, and might perhaps not have found themselves in the position of the memorialists; but as the sale was not knocked down to the highest bidder, but a selection was by the Board of Revenue made of tenders, Government have doubtless the power to grant such relief as they may choose to afford in the matter.

Revenue Board's Proceedings, No. 1,004, of 22nd April 1875.

18. I recommend this course as a reasonable solution of an unavoidable difficulty.

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* *Vide* Chemical Examiner's Report, printed with Revenue Board's Proceedings, No. 2,802, of 7th October 1875.

19. I have shown how the sudden application of the memorialists as tenderers under a change of system (*i.e.*, tenders for the sudder system) after I had recommended, and the Board approved*, the continuance of the old for a further term of three years, led to a sudden change of system, and to a state of things unfavorable even to the memorialists themselves, owing to want of time. Moreover, if spirits are carried more than 100 miles over bad roads and in sparsely inhabited taluqs they cannot be sold at such profit as when made on the spot; the delay in supply when the change was so sudden, the novelty of the undertaking in having to make agreements with salesmen, the change at first in the article supplied as well as a demand, limited perhaps by the state of the season in some places, and by the weakness of the liquor in others, all these were undoubted difficulties. There is no reason, however, that contractors should pay Government for the excise duty on spirit they have not been able to sell; the Government tax is designed to be a check on consumption as well as a reasonable tax on a luxury.

20. Whether, if the tax be collected on issue only, the memorialists should have the monopoly, will suggest itself. It may be that others might at less expense to themselves make a profit, and yet be able to pay the cost of Government supervision in some extra distilleries. The sudder distillery system is not so well suited to a monopoly, but is in effect an excise system, and, from the great extent of this district, there might be other distilleries as there would doubtless be in Great Britain.

21. I make this remark in case the great loss of revenue that must ensue if it be collected only on the issues of the memorialists be objected to.

22. There will then be an undoubted sacrifice of anticipated revenue by charging only the excise on the liquor issued, but the advantages of a lessened consumption of alcohol have been so often dwelt upon that such sacrifice of revenue may have a materially counterbalancing advantage.

23. Say that the memorialists pay only on actual issues, and that no improvement over the past six months appears, the revenue will be lessened by half or by Rupees 1,35,000 per annum, which might have a damaging effect on general finance.

24. Should the issues also be only half of what the contemplated supply was to have been, there is the great temptation to smuggling offered by such a state of things as demoralizing as drunkenness.

25. If Government let the memorialists off a guaranteed minimum, Government would have a right to license other distilleries in the district.

26. At all events to break faith with the toddy contractors, who must have expected a greater freedom in sale than was countenanced by the former system, would not be a step in the right direction. Perfect freedom in trade, even of a monopoly, should be the rule; the supply should equal the demand, and if the people prefer toddy to arrack it seems unfair to limit their choice.

27. Under the new system of arrack, the revenue is by an excise duty, and, if the contractor has miscalculated his issues, consideration might be given to a fact which is directly ascertainable by the system itself, the revenue being collected only on the actual issue from the sudder distillery, as it would have been

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* Revenue Board's Proceedings, No. 2,954, of 10th October 1874—*Vide* also paragraph 3 of Proceedings, No. 34, of 7th January 1875.

also in addition if the further issues had exceeded the guaranteed excise revenue, which was necessarily guess work.

28. The new system of sudder distillery was undoubtedly designed to check the supposed excessive consumption of spirits, and to afford Government a clue to the amount so consumed.

29. But by its very nature, and by being limited, in an area of 8,000 square miles, to issue from a single distillery for the use of 1¾ millions,—equal to half of the Scottish population, who are supplied by numerous distilleries, making large sales and profits,—it is of course more expensive to work; it involves the expense of police guards and gaugers, and if the liquor is dear and weak has a liability to call into existence smuggling, which cannot exist when spirits are distilled in nearly every village where they are sold, and where the interest of every petty locally licensed distiller who had paid for his privilege was opposed to the sale of unlicensed and untaxed spirit; where the supply exactly equalled and at once met the demand; where doubtless, as shown in my letter of the 25th September 1874, in Board's Proceedings, No. 2,954, of 10th October 1874, the overwatering of spirit would have checked sales; and where (as even in the present sudder system) it is the interest of the monopolist to sell as much as he can, and not as alleged to minimise the supply.

30. Hydrometers, even if supplied to every one of the 1,438 shops, would scarcely be understood by the uneducated consumers, who have, when practised drinkers, a more available test in their own palates and subsequent sensations, and if the visits of the superior Government officers were to be relied on as check, by the use of such instruments, their movements are foreseen and provided against (the diluted liquor would be poured out), while, if subordinate native agency be employed, it would be a fertile source of extortion.

31. It is of course a most benevolent object to rule that spirits shall be sold only of a certain strength and at a certain price, but it is scarcely practicable to carry out this object, and as I before wrote, if the supply does not suit the consumer, he has his own remedy—a cessation of purchase, most ruinous to the monopolist who has guaranteed a fixed amount.

32. On the whole, both systems have their advantages, while the old was characterised by simplicity, economy, and profit, and by the absence of all inducements for, and by a most efficient check against, smuggling or consumption of unexcised spirit.

Proceedings of the Madras Government, dated 26th January 1876, No. 109, Revenue Department:—

Abstract.—*Increase in the number of Toddy-shops in the Coimbatore District.*—Awaiting the further information called for from the Collector on the complaint of the Abkári renters regarding the —, together with the Board's opinion thereon.

The Collector's letter will be submitted to Government in continuation of Board's Proceedings, dated 7th January 1876, No. 36, recorded in the Government Order read above.

2. The Collector was called upon to report whether any expectations of an increased number of shops were entertained, or whether any ground was given for them at the sale of the toddy contracts, and whether sour and unwholesome toddy is sold to any considerable extent.

3. It appears that the toddy contract was sold on the 1st April, or twelve days before there was even a call for tenders for the arrack contract on the excise system, which it had been determined at the last moment to substitute for the farming system at the earnest solicitation of Messrs. Lecot and Co. and Saravanamuttu Pillai themselves, *vide* their application recorded in G. O., dated 23rd March 1875, No. 474. Mr. Wedderburn distinctly states that bidders for the toddy contract were given to understand that reasonable facilities for the vend of toddy would be afforded; and as it was well known that the sale of toddy had been greatly suppressed under the old system, and that the number of shops was insufficient, such intimation could only have been interpreted to mean that an increased number of shops would be allowed under the new system. That considerable extension of sale was anticipated is shown by the fact that the toddy rents are nearly double the upset prices fixed with reference to the estimated value of the toddy traffic at a rough guess. The intimation that reasonable facilities for the sale of toddy, which, under the circumstances, implied an increase in the number of shops, was, in the Board's opinion, proper, and they consider that it is out of the question to interfere now and reduce the number of shops, as desired by the arrack renters. The number of toddy shops appears to be still rather below than above requirements.

4. As regards the sale of sour and unwholesome toddy, it does not appear that any complaint of this nature has been made, or that there is any reason to suppose that such a practice prevails, although it is impossible to prove that sour toddy is never offered for sale.

5. Mr. Wedderburn points out that the arrack contract is a speculation, and that there have been sundry disturbing causes this year, besides the increased facility for the purchase of toddy, to which the falling off in the arrack sales may be attributed, *viz.*, a bad season, introduction of a new system, new contractors, hurried and imperfect arrangements, &c., as is shown by the necessity for the issue of Colombo arrack at the outset, and the abnormal extension of time required for taking out licenses. The contractors have fixed on what the Board consider a reasonable increase in the number of toddy shops as the sole cause of their unfulfilled expectations. Even were they right in this assumption, as there was no stipulation, express or implied, that the number of toddy shops would not be increased, but, on the contrary, a probability that they would be, the contractors have no claim against Government on this account. The increase of toddy-shops may have had something to do with the failure on the part of the arrack renters to realize all their expected profits, but it is clearly not the only cause.

6. It is for Government to decide whether any relief should be afforded to the arrack renters or not, and what measures should be adopted; in justice to the people the Board deprecate any interference with the toddy-shops.

7. The Collector, whilst pointing out that higher bids were made for the contract, and that perhaps others might have been more successful, suggests that, if it is decided to afford relief to the contractors, it would be better to release them altogether from the obligation to make up the prescribed minimum payment and confine the Government demand to the excise duty on the actual issues of liquor, at the same time depriving them of the monopoly, in fact, apparently either to introduce the Sudder Distillery system, a term which Mr. Wedderburn has erroneously applied to the present system, or to license other distilleries in different parts of the district. The exact nature of the proposal is not very clear, but the Board are decidedly of opinion that no increase in the number of contractors should be allowed. The new excise system is still in the experimental stage, and it should be thoroughly tried on its own merits and on a uniform system in all the districts into which it has been introduced, one essential feature in the system being that each district should be worked by a single contractor, who should arrange for manufacture and sale throughout the district. To this arrangement the Board would adhere.

8. The Board consider that it would be wrong to assume that the rate of sales for the last six months is a true gauge of the actual consumption of the district. It is well known that the season has been unfavorable, which must have affected the sales largely; moreover, the contractors are new to the district, and it is not to be expected that they have been able within so short a time to organize and work any really effectual system for the detection and suppression of smuggling. The nature of the country in some parts is such that it must be most difficult to stop illicit trade altogether. It would be premature therefore to judge of the value of the contract by the results of the first six months, and any measure of relief which it may be deemed advisable to afford should be purely temporary.

9. If Government determine on granting relief, the Board recommend that it should take the form of a suspension in the demand of the minimum revenue guaranteed by the renters. They are averse to the proposal to dispense with the guarantee altogether, as it affords the only security that contractors will really exert themselves to supply the wants of the remote parts of the district. The profits of supplying Collegal, Sathiamungalum, and other distant tracts must be very small compared with those derived from the more populous taluqs, and without some such stimulus as a guaranteed minimum there would be great danger of the less remunerative tracts being neglected.

10. The Board propose, therefore, for the consideration of Government, that the renters should be allowed to pay only the duty on the actual issues for the next six months or year, leaving the question of remission of the difference between the duty and the guaranteed minimum to be settled hereafter, should necessity for such a concession be clearly shown. It is possible that the sales may improve so as to enable the memorialists to meet their legal liabilities in full without loss to themselves before the period of the contract expires. The Government do not, of course, wish to ruin the contractors by enforcing payment of duty on a quantity of spirits largely in excess of the issues for sale, but it must be borne in mind that the contract was given to the memorialists notwithstanding a far higher bid by others; that any relaxation of the rule will be claimed by

other contractors similarly situated; and that the memorialists have no legal claim to any indulgence, as the terms of their contract have not been in any way violated, their losses having arisen solely from their own miscalculation of the profits to be made out of the transaction.

11. It would be manifestly unfair to others who might wish to engage in the trade that the present renters should simply have the monopoly of supply with no liabilities, and the utmost concession which the Board can recommend is a *temporary* suspension of the enforcement of the guaranteed minimum, the exercise of all the rights under the contract being reserved to Government at their discretion.

(True Copies and Extract.)

(Signed) C. A. GALTON,
Acting Secretary.

No. 233. ORDER THEREON, 18th February 1876, No. 244.

Separate Revenue, No. 24.
Abkari.

It is observed that the Toddy farm of Coimbatore was sold on 1st April, and the Arrack tenders were put in on the 12th idem. The number of Toddy-shops formerly allowed was 494; and the second condition in the advertisement of sale, which implies that the places at which shops would be allowed in future had been *determined* by the Collector, and might be known on application to him, was practically disregarded; for on the 16th August, or a month and a-half after the commencement of the fasli, the Collector informs the Arrack contractors, in reply to a complaint of the undue extension of Toddy-shops, that "the list of Toddy-shops to be licensed will be duly considered." At present 305 have been added to the 494 abovementioned. The Board of Revenue will provide that the list shall be actually fixed before any farm is sold in every district.

2. The Governor in Council is nevertheless clearly of opinion that the prayer of the Arrack contractors for restricting the Toddy-shops to 494 is inadmissible. The object of the separation of the farms (Toddy and Arrack) was to preclude the systematic suppression of the Toddy trade in the interests of Arrack which so long prevailed, and of this the memorialists must have been generally informed. In Coimbatore there are, exclusive of Municipal Towns, 1,342 villages, of which from twenty-five to thirty show a population above 5,000. The total population is $1\frac{3}{4}$ millions, and it may be feared that even the higher number of 754 Toddy shops will hardly suffice for the due supply of the mild, natural, fermented beverage of the country to the people of the district.

3. Some relief, however, is doubtless due to the memorialists, quite apart from the consideration of the increase in the Toddy-shops, upon which they have relied. The new excise system has been introduced for the first time in Coimbatore, and they have guaranteed to pay a *minimum* amount, without any opportunity of calculating with fair approximation what that minimum should be. There is no intention on the part of Government to take undue advantage of the miscalculation which has evidently been made. His Excellency in Council resolves to direct that in full satisfaction of all complaints, and on the understanding that the Collector shall be at liberty to

provide for the legitimate wants of the people as regards Toddy as he sees best, the memorialists shall be allowed to pay for the first eighteen months of their contract on the *issues* of Arrack only, the strict terms of the contract being enforced for the remainder of its currency. If the memorialists are not satisfied with this offer, they are at liberty to cancel their agreement from the end of the present fasli year, provided they give notice of their intention to do so on or before the 15th March proximo.

(True Extract.)

Secretary to Government.

To the Board of Revenue.
„ the Accountant-General.

Exd. F. R. Bantleman.

Govt. of 1876. Madras

REVENUE.

To The BOARD of REVENUE, &c., &c., &c.

Dated February, 18 .

Recd. Encl.

G.O., 18th February 1876, No. 244.

FEBRUARY.

Nos. 232-233.

Coimbatore Arrack Contract.—Intimating that the prayer of the contractors for restricting the Toddy-shops to 494 is inadmissible, but, for the reasons stated, resolving to allow them to pay for the first eighteen months of their contract on the issues of Arrack only, the strict terms of the contract being enforced for the remainder of its currency.

Vide No. 837/76

246

Coimbatore Collector's Office,
20th January 1876.

From [illegible] Wedderburn Esqre,
[illegible]tor of C[illegible]mbatore

To, H. [illegible] Stokes Esqre,
Acting Secretary to the Board of Revenue
Madras

Sir,

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para 6 - G.O. 8th
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The fairest course, on a change of system, would have been to place the means of sale of both commodities on an exact equality, as to numbers of shops, in order that the people might have the power of choice of the liquor they preferred, as would be done, in the case of beer and gin, in England.

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7. It will not escape notice that after the enhanced sale of the toddy contract, which was well known everywhere – certain arrack contractors offered a larger tender by Rs 30,500 per annum, than the one which was accepted –

It is within my personal knowledge, that these persons were well aware that increased, or in other words, reasonable facilities, for the sale of toddy would be given, they accepted the situation, but were only anxious that increased facilities for the sale of country beer, the deleterious× character, and popularity, of which, are well known, might not be allowed - I believe that country beer, or "spiritwash" would ever supersede toddy.

× Vide Chemical Examiner's report printed with Rev. Board's Proc. Nº 2802 of 7th Octr/75

× Vide G.O. 9th Decr /75 Nº 1786-

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on the success with which arrangements for retail can be made.

10. I believe that the South West monsoon and even the N. East was very scanty this year, that the dry crops will be very poor generally, and that the sales of arrack in several of the Southern Districts have been consequently less— for rain means cultivation, and drought want of work, of demand for goods and pressure.

11. In Bellary in the year 1866, the S. W. monsoon failed— the arrack Contract also simultaneously commenced 1st July— there was no

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rain for 3 months, and no sale of liquor whatever, for that period, and sometime after— I do not mean that any similar pressure now prevails, but it is a fact that our monsoons have been scanty this year— This was under the old system, the new is a much more expensive one to the arrack Contractors, for they have had great expenses in constructing a central or sole Distillery, whence liquor has to be forwarded at great expense, over 100 miles or more, in a district nearly 8000 square miles in area, or equal to one fourth part of Scotland— whereas formerly, it was made very cheaply on the spot, and without any expenses of highly paid private, and also of public excise, supervision, or of carriage — The very cheapness of local Manufacture admitted of a stronger Spirit being sold — for a profit, and I need not add that the popularity of liquor is, in ratio to its strength and cheapness.

12. The old system was cheaper to the Contractors, and consequently more profitable to Government, and, in a fiscal point of view, and disbelief in any Governmental power to control the Consumption of liquor,

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I recommended its continuance — the new may afford a better data as to actual consumption, which cannot be controlled, but dilution may still, and as I have been given to understand, doubtless does, exist, to the very great detriment of sales; and, at all events, the first issue of Colombo arrack (no other being ready) to people who are used to "puttai" (or arrack with an infusion of acacia bark) was not popular, and native taste has to be accommodated — if sales are to be effected.

13. The old system, against my advice, was suddenly changed,

placing the new Contractors, even, at a disadvantage, of want of time, and opportunity, to make sufficient arrangements for their sales— this was shown by the abnormal extension of time allowed for the submission of the lists of their places of sale—(Vide Proceedings Board of Revenue dated 29th September and 12th October 1875), which old Contractors, under the old system, would have had less difficulty in effecting;— even under the old system, however, in practice, it was found that some months were consumed in such arrangements, on a new

Contract

Contract being taken—the Sub-renters had to be conciliated and brought to terms, and this took time.

14. As the case now stands, I would make a suggestion, which is, not to attempt, by the denial to the poorer classes, of toddy, which they prefer, and which is more wholesome, by reduction of places of sale for it, to force the consumption of an arrack, which the people concerned may dislike, or cannot well afford to purchase— but to make a remission to the arrack contractors, who have miscalculated the demand for their liquor. The "Sudder or Head Distillery" system

has this one advantage, that an excise duty can be collected on the actual issue and strength of the liquor, as it is passed from the Distillery - Government has stated para 2, G. C. 8th December 1874, No 1520, "that these are objects which it is well worth to secure, even at some temporary loss of Revenue."

15. Government are not interested in the extended sale of arrack - nor are the people really benefitted by it.

16. An increased temperance, if possible, is the interest of both parties - of Government, in the diminution of crime, so much fostered by alcoholic drink - and of the people, in the saving of wages, wastefully consumed, in expensive liquor - These objects, however, are beyond the power of Governmental control.

17. This remission might be thought unfair by others, who tendered at higher rates, and might perhaps not have found themselves, in the position of the memorialists, but as the sale was not knocked down to the highest bidder, but a selection was, by the Board of Revenue, made of tenders, Government have doubtless the power to grant such relief, as they may choose to afford, in

Rev: Bd Proc:
No 1004 of 22d
April 1875 -

in the matter.

18. I recommend this course, as a reasonable solution of an unavoidable difficulty.

19. I have shown how the sudden application of the Memorialists, as tenderers, under a change of system, (i.e. tenders for the sudder system) after I had recommended, and the Board approved,× the continuance of the old, for a further term of 3 years, led to a sudden change of system, and to a state of things unfavorable even to the Memorialists themselves; owing to want of time – Moreover, if spirits are carried more than 100 miles, over bad roads, and in sparsely inhabited Talugs, they cannot be sold at such profit, as when made on the spot, the delay in supply, when the change was so sudden, the novelty of the undertaking, in having to make agreements with salesmen, the change at first, in the article supplied, as well as a demand, limited perhaps by the state of the season, in some places, and by the weakness of the liquor in others, all these were undoubted difficulties – There is no reason however, that contractors should pay Government for the excise duty on spirit they have not been able to sell – the Government tax

× Rev: Bd Procs No 2954 of 10th Octr 1874 – Vide also para 3 of Procs No 34 of 7th Jany 1875.

tax is designed to be a check on consumption, as well as a reasonable tax on a Luxury.

20. Whether, if the tax be collected on issue only, the Memorialists should have the Monopoly, will suggest itself. It may be that others might, at less expense to themselves, make a profit, and yet be able to pay the cost of Government supervision, in some extra Distilleries. The Sudder Distillery system is not so well suited to a Monopoly, but is, in effect, an excise system, and from the great extent of this district there might be other distilleries – as there would, doubtless, be, in Great Britain.

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21. I make this remark, in case the great loss of revenue that must ensue if it be collected only on the issues of the Memorialists, be objected to –

22. There will then be an undoubted sacrifice of anticipated revenue by charging only the excise on the liquor issued, but the advantages of a lessened consumption of alcohol, have been so often dwelt upon, that such sacrifice of revenue may have a materially counterbalancing advantage.

23. Say that the Memorialists pay only on actual issues, and that no improvement over the past 6 months appears, the revenue

will be lessened by half or by Rs 135,000 per annum – which might have a damaging effect on general finance.

24. Should the issues also be only half of what the Contemplated supply was to have been, there is the great temptation to smuggling, offered by such a state of things, as demoralizing as drunkenness –

25. If Government set the memorialists off a guaranteed minimum, Government would have a right to license other Distilleries, in the District.

26. At all events, to break faith with the toddy Contractors, who must have expected a greater freedom in sale, than was ~~a~~ countenanced

countenanced by the former system, would not be a step in the right direction. Perfect freedom in trade, even of a Monopoly should be the rule – the supply should equal the demand, and if the people prefer toddy to arrack, it seems unfair to limit their Choice.

27. Under the new system of arrack, the revenue is by an excise duty, and if the Contractor has miscalculated his issues, consideration might be given to a fact, which is directly ascertainable by the system itself – the revenue being collected only on the actual issue from the Sudder Distillery – as it would have been also, in addition,

if the further issues had exceeded the guaranteed excise revenue, which was, necessarily, guess work.

28. The new system of Sudder Distillery was undoubtedly designed to check the supposed excessive consumption of spirits, and to afford Government a clue to the amount so consumed.

29. But, by its very nature, and by being limited, in an area of 8000 square miles to, issue from a single Distillery, for the use of 1¾ millions - equal to half of the Scottish population, who are supplied by numerous Distilleries, making large sales and profits, it is of course more expensive to work -

it

it involves the expense of police guards and guagers - and, if the liquor is dear, and weak, has a liability to call into existence, smuggling, which cannot exist, when spirits are distilled in nearly every village, where they are sold, and where the interest of every petty locality licensed distiller, who had paid for his privilege, was opposed to the sale of unlicensed, and untaxed spirit - where the supply exactly equalled and at once, met, the demand - where doubtless as shown in my letter of the 25th September 1874, in Board's Proceedings Nº 2954 of 10th October 1874, the overwatering of spirit, would have checked sales, and where, (as even in the present Sudder System) it is the interest of the monopolist, to sell as much as he can, and not, as alleged, to minimise the supply.

30. Hydrometers, even if supplied to every one of the 1,438 shops, would scarcely be understood by the uneducated consumers; who have, when practised drinkers, a more available test, in their own palates – and subsequent sensations, and if the visits of the superior Government Officers were to be relied on, as a check, by the use of such instruments, their movements are foreseen,

and

and provided against (the diluted liquor would be poured out), while, if subordinate native agency be employed, it would be a fertile source of extortion.

31. It is of course a most benevolent object to rule, that spirits shall be sold only of a certain strength, and at a certain price, but it is scarcely practicable to carry out this object – and as I before wrote, if the supply does not suit the consumer, he has his own remedy – a cessation of purchase most ruinous to the monopolist, who has guaranteed a fixed amount

32. On the whole, both systems

have their advantages, while the old was characterised by simplicity, economy, and profit and by the absence of all inducements for, and by a most efficient check against smuggling or consumption of unexcised spirit.

I have &c

(Signed) A. Wedderburn
Collector.

(True Copy)

Ag Secretary

Enclosure in Proceed-
-ings of the Board of
Revenue, to the Secretary
to Government, R.D.
dated 5th February 1876

Rev 509/76

Copy of letter from the
Collector of Coimbatore
of 20th January 1876
No. 19, replying to
Board's Pro: of 7th
January/76 regarding
Arrack & Toddy Con-
-tracts of the District.

SO 18th February 1876
No. 244.

Revenue Department

Proceedings of the Board of Revenue
dated 5th February 1876. No. 359

Read letter from the Collector of Coimbatore dated 20th January 1876 No. 19 replying to Board's Proceedings of 7th January 1876 regarding Arrack and Toddy contracts of the District.

Read also Proceedings of the Madras Government, Revenue Departt. dated 26th January 1876, No. 109, awaiting the further information called for from the Collector on the complaint of the Abkarri renters regarding the increase in the number of Toddy shops in the Coimbatore District together with Board's opinion thereon.

The Collector's letter will be submitted to Government in continuation.

continuation of Board's Proceedings dated 7th January 1876 No. 31 recorded in the G.O. read above

2. The Collector was called upon to report whether any expectations of an increased number of shops were entertained or whether any ground was given for them, at the sale of the Toddy contracts and whether sour and unwholesome toddy is sold to any considerable extent.

3. It appears that the Toddy Contract was sold on the 1st April or 12 days before there was even a call for tenders for the arrack contract on the excise system which it

it had been determined at the last moment to substitute for the farming system at the earnest solicitation of Messrs. Lecot & Co. Saravanamuttu Pillai themselves, vide their application recorded in G.O. dated 23rd March 1875, No. 474. Mr. Wedderburn distinctly states that bidders for the Toddy Contract were given to understand that reasonable facilities for the vend of Toddy would be afforded and as it was well known that the sale of Toddy had been greatly suppressed under the old system and that the number of shops was insufficient. Such intimation could only have been interpreted to mean that an increased number of shops would be allowed under the new system. That considerable extension of sale was anticipated is shown by the fact that the toddy rents are nearly double the upset prices fixed with reference to the estimated value of the toddy traffic at a rough guess.

The intimation that reasonable facilities for the sale of Toddy which under the circumstances

implied

implied an increase in the number of shops was in the Board's opinion proper and they consider that it is out of the question to interfere now, and reduce the number of shops, as desired by the arrack renters. The number of Toddy shops appears to be still rather below than above requirements

4 As regards the sale of sour and unwholesome toddy it does not appear that any Complaint of this nature has been made or that there

is any reason to suppose that such a practice prevails although it is impossible to prove that conr. toddy is never offered for sale.

5 Mr Wedderburn points out that the arrack contract is a speculation and that there have been sundry disturbing causes this year, besides the increased facility for the purchase of toddy to which the falling off in the arrack sales may be attributed namely a

bad

bad season, introduction of a new system, new contractors hurried and imperfect arrangements &c. as is shown by the necessity for the issue of Columbo arrack at the outset, and the abnormal extension of time required for taking out licenses. The contractors have fixed on what the Board consider a reasonable increase in the number of Toddy shops as the sole cause of their unfulfilled expectations, Even were they right in this assumption, as there was no stipulation, express or implied that the number of Toddy shops would not be increased, but on the Contrary a probability that they would be, the contractors have no claim against Government on this account. The increase of Toddy shops may have had something to do with the failure on the part of the arrack Renters to realize all their expected profits, but is clearly not the only cause.

6. It is for Government to decide whether any relief should be afforded to the arrack

arrack renters or not, and what measures should be adopted; injustice to the people the Board deprecate any interference with the Toddy shops.

7. The Collector, whilst pointing out that higher bids were made for the contract and that perhaps others might have been more successful, suggests that if it is decided to afford relief to the contractors it would be better to release them altogether from the obligation to make up the

prescribed minimum payment and confine the Government demand to the excise duty on the actual issues of liquor at the same time depriving them of the monopoly. in fact, apparently either to introduce the Sadr Distillery system, a term which Mr Wedderburn has erroneously applied to the present system, or to license other distilleries in different parts of the District. The exact nature of the proposal is not very clear, but the Board are decidedly of opinion that no increase in the number of Contractors should be allowed. The new

Excise

excise system is still in the experimental stage and it should be thoroughly tried on its own merits and on a uniform system in all the Districts into which it has been introduced, one essential feature in the system being that each District should be worked by a single contractor, who should arrange for manufacture and sale throughout the District To this arrangement the Board would adhere.

8. The Board consider that it would be wrong to assume that the rate of sales for the last six months is a true gauge of the actual consumption of the District. It is well known that the season

has been unfavourable, which
must have affected the sales
largely; Moreover the contractors
are new to the District and it
is not to be expected that they
have been able within so short a
time to organize and work any
really effectual system for the
detection and suppression of smuggling.
The nature of the country in some
parts is such that it must be
most difficult to stop illicit
trade altogether. It would be
premature therefore to judge of
the value of the contract by the
results of the first six months, and
any measure of relief which
it may be deemed advisable to afford
should

should be purely temporary.

9. If Government determine
on granting relief the Board
recommend that it should take
the form of a suspension in the
demand of the minimum revenue
guaranteed by the Renters. They
are averse to the proposal to dispense with the guarantee altogether
as it affords the only security that
contractors will really exert themselves to supply the wants of the
remote parts of the District. The
profits of supplying Collegal, Sattimangalam and other distant
tracts must be very small compared
with those derived from the more
populous Táluqs, and without some
such stimulus as a guaranteed minimum
there would be great danger of the be

remunerative tracts being neglected.

10. The Board propose, therefore, for the consideration of Government that the renters should be allowed to pay only the duty on the actual issues for the next six months or year, leaving the question of remission of the difference between the duty and the guaranteed minimum to be settled hereafter, should necessity for such a concession be clearly shown. It is possible that the sales may improve so as to enable the Memorialists to meet their legal liabilities in full without loss to themselves before the period of the contract expires. The Government do not of course wish to ruin the contractors by enforcing payment

of

of duty on a quantity of spirits largely in excess of the issues for sale, but it must be borne in mind that the contract was given to the Memorialists notwithstanding a far higher bid by others; that any relaxation of the rule will be claimed by other contractors similarly situated; and that the Memorialists have no legal claim to any indulgence, as the terms of their contract have not been in any way violated, their losses having arisen solely from their own miscalculation of the profits to be made out of the transaction.

11. It would be manifestly unfair to others who might wish to engage in the trade that the present Renters

should simply have the monopoly of supply with no liabilities and the utmost concession which the Board can recommend is a temporary suspension of the enforcement of the guaranteed minimum, the exercise of all the rights under the contract being reserved to Government at their discretion.

(True Extract)

Acting Secretary

To,
The Secretary to Government
Revenue Department
with copy of Collector's letter

P.O 23 Mar/75 No. 314 – 15
L 26 Jany/76 . 219 – 20.

Revenue 1876 Septr

No. 509

Proceedings of the

Board of Revenue

Dated 5th Feby/76
Despd. 5 – " – "
Recd. 7 – " –
enl 5

Abkarri – of Coimbatore Distt.
Submitting to Govt., with Bd's re-commendations on the subject, Collr's report on certain points in connection with the complaint of the arrack renters against the increase which has been allowed in the No. of Toddy Shops in the Do.

SO 18th Febry/76 No. 244.

No. 232

c. 14. Feb/76 ~~at 78 Feby~~

The prayer of Messrs Leoth & Co's appeal is quite inadmissible. It amounts to a plea to restore matters to the Status quo which it was the distinct object of the Separation of the farms to defeat, under which the mild natural fermented beverage of the Country, Toddy, was systematically sacrificed in the interest of distilled Spirits. They wish the maximum number of Toddy shops to be limited to 494. The Collector has raised it to 754.

There are 1842 villages – Exclusive of municipalities – in Coimbatore District, of which between 25 & 30 have more than 5000 inhabitants

Each. The population is 1 3/4 millions. For such a population Even the higher number of shops licensed by the Collector is no adequate provision. — There is therefore no sound plea for indulgence on this score. More than Equitable Consideration has been shown and the supply of toddy is still far below reasonable limits. There are 2 Spirit shops for Every Toddy shop. The Board show that there is no legal claim for indulgence and so the whole resolves itself into Considerations arising out of miscalculation on the part of the Contractors & Government Officers. The Minimum Exceeds what Experience shows to be reasonable. And it ~~is~~ is obvious that if we ruin these Contractors we should gain little, for the next bid would be below in proportion. I think therefore we should relieve them.

It was probably impossible to guess with fair approximation the right minimum in first years — indeed it was not attempted in the Districts into which the Excise System was first introduced 3 years ago. The first farms Enabled a fair Calculation before the minimum was settled last year. And I think that the farms of Districts into which the system is newly introduced are Entitled to the same Considerations and the same opportunity of Calculating what they may offer with Equitable fairness to both the Government & themselves.

I therefore willingly agree to the solution proposed in the Revenue Secretary's Memo for orders; and would not object to extend the consideration for 6 months further on the understanding that the Collector shall be at liberty to provide the legitimate wants of the people throughout the District in the matter of Toddy shops. This will allow both Government and the farmers of Toddy and Arrack respectively to judge of the demand for both the kinds of liquor in which they respectively deal.

15/2 W.R.

G.O. - 266

I entirely agree with Sir W. Robinson that we can't deprive the people of Toddy - if it is sold in a proper state - I would accept the proposal in draft but make the term 18 months, instead of one year. It must be remembered that the Contractors have spent large sums in constructing works at Pothanore.

17/2/72

Rev. Depn

Procg of the Bd Rev. –
d/5th/2– 76

It is quite clear that poor arrack Contractors have a good grievance, and are entitled to relief.

The 'Toddy' was sold on 1st April; the 'Arrack' tenders were put in on the 12th.

The 2nd Condition in the 'toddy' advertisement is that "a list of the places "determined by the Collr for shops, may "be obtained on applicn to him." The Contracts both for toddy & arrack commence from 1st July – and yet on the 16th August – in reply to a complaint from the arrack people that toddy shops are springing up everywhere – the Collr says "the "list of shops to be licensed will be "duly considered". Wh consideration has ended by an addition of 305 to the 494 allowed formerly.

In disposing of a similar complaint from Salem, the Bd may well say "the "lists of toddy shops shd have been "drawn up by the Collr before the sale"

Bd Pro No 2432
d/27 Aug '75.

II. Of course, when tendering for the arracks, [illegible] must have inquired the number of toddy shops – the answer wd have been 494.

and it is quite unreasonable to say that, because of the separation of the two farms, they ought to have been prepared for an increase of 805.

III. The Bd's recommendation that the Contractors shd pay on their issues for 6 months or a year — this suspension of the guaranteed minimum being temporary, & subject to the right of Govt. to come down on them by & by for the minimum — appears inadequate. Whatever is conceded shd. be done once for all. It is a case, I think, for amicable settlement. We can't shut up the Toddy shops that have been opened. I think the offer following might be made to them —

"We will levy on yr. issues for the first year, in full satisfaction of all yr. complaints — if you won't agree to this, we are ready to cancel yr. agreement, on yr. giving us notice within the 15th. March."

Feb. 14/6.

Coimbatore Abkari

G.O. N 244

509

Special –
[illegible]

G.O. N 20

C. 14: Feb/76 Rd. 18 Feby/76

No. 244 Rev. Dept.

~~Dated 18th February 1876~~

Read Procs. Bd. Rev.
d/5th Feby/76.

~~Resolution~~

It is observed that the Toddy farms of Coimbatore was sold on 1st April; & the Arrack tenders were put in on the 12th idem. The number of Toddy shops formerly allowed was 494; and the 2d Condition in the Advertisement of Sale, wh. implies that the places at wh. Shops wd. be allowed in future had been determined by the Collr. & might be known on appln. to him, was practically disregarded, for on the 16th August, or a month & a half after the commencement of the Fasli, the Collr. informs the Arrack contractors, in reply to a complaint of the undue extension of Toddy shops, that "the list of Toddy shops to be licensed "will be duly considered". At present 305 have been added to the 494 above mentioned. The Bd. of Rev. will provide ~~that~~ the list shall be actually fixed before ~~any~~ Farm is sold, in every district.

2. The G. in C. is nevertheless clearly of opinion that the prayer of the Arrack contractors for restricting the Toddy shops to 494 is inadmissible. The object of the separation of the Farms (Toddy & Arrack) was to preclude the systematic suppression of the Toddy trade in the interests of Arracks, wh. so long prevailed; in Coimbatore

and of this the memorialists must have been generally informed.

There are, exclusive of Municipal towns — 1342 villages, of which from 25 to 30 show a population above 5000. The total population is 1 3/4 millions, and it may be feared that even the higher number of 754 Toddy Shops will hardly suffice for the due supply of the mild, natural, fermented beverage of the country, to the people of the district.

3. Some relief ~~is~~, however, is doubtless due to the Memorialists, quite apart from the consideration of the increase in the Toddy Shops, upon which they have relied. The new Excise system has been introduced for the first time in Coimbatore, and they have guaranteed to pay a minimum amount, without any opportunity of calculating with fair approximation what ~~that~~ the minimum shd. be. There is no intention on the part of Govt. to take undue advantage of the miscalculation which has evidently been made. H. Ex. in C. resolves to direct that in full satisfaction of all complaints, & on the understanding that the Collr. shall be at liberty to provide for the legitimate wants of the people as regards toddy, as he sees best — the Memorialists shall be allowed to pay for the first 18 months of their Contract on the issues of arrack, only: — the strict terms of the Contract being enforced for the

35

remainder of its currency. If the Memorialists are not satisfied with this offer, they are at liberty to cancel their agreement from the end of the present Fasli year, provided they give notice of their intention to do so on or before the 15th March proxo.

18/2/6.

14 To The Bd. of Revenue M.S. Dis 18-2
Oe 28-2/76
6th Acctt Genl — Dis 28-2-76

Coimbatore

Anaek Contract

Vide c.N: 837/76

[illegible]

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