

(1) Number of Pages 12
(2) Date of repair 3. 3. 69
(3) Initials of the Referencer 15.4.18

MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No.
B.P. No.

850

Press
Mis.

Dated

24. 6. 1876 196 .

Not to be folded or roughly handled

14

Proceedings of the Madras Government, Revenue Department,
24th June 1876.

No. 258. Read the following Proceedings of the Board of Revenue, dated 26th May 1876, No. 1,391 :—

Read the following Proceedings of the Madras Government, dated 1st April 1876, No. 459, Revenue Department :—

ABSTRACT.—*Country-made Spirits*.—Referring to the Board of Revenue for report letter from Messrs. Parry and Co., requesting that they may be placed in the same position as the importer of spirits from Europe and may be allowed to import to Madras — on the payment of the duty of Rupees 4 per Imperial gallon.

MESSRS. PARRY AND CO. ask that brandy manufactured by them in this country may be excised as spirits manufactured by the European process under Section 12, Act III of 1864, and its sale permitted throughout the country on payment of an excise equal to the import duty levied on foreign spirits, *viz.*, Rupees 4 per gallon. The Board declined to accede to a similar request preferred by the same firm in June 1875 on the ground that to do so would be an infringement of existing monopolies.

2. In support of their application Messrs. Parry and Co. now contend—

1st.—That spirits paying an excise of Rupees 4 cannot compete with spirits excised at Rupees 2-8-0.

2nd.—That as spirits can be produced in Europe as cheaply as in India, and the cost of carriage of spirit imported at 68° over-proof is practically nothing, there is no longer any reason for treating country-made spirits differently from imported foreign spirits.

3rd.—That the cane-brandy which they desire to place in the market would be a far more wholesome beverage than the cheap liquor imported from Europe.

They also point out, in their petition to the Board, that the local law can be evaded by sending the spirit to Pondicherry, Ceylon, Calcutta, or Bombay, and from thence re-importing it.

3. In the first place, it is evident that the unrestricted sale of Messrs. Parry and Co.'s brandy would be an infraction of the monopolies which have been granted. The liquor would be saleable only in the shops licensed to sell liquors other than those comprised in the Abkari farms, *viz.*, "country spirits and arrack." Under many of the existing contracts the liquor sold is manufactured by the renters in precisely the same way as Messrs. Parry and Co. will manufacture their proposed liquor, and, if the renters' spirit is "country spirit," so must Messrs. Parry and Co.'s be. The "European process" is not defined, nor is there any essential difference in the process, but the employment of more efficient apparatus results in the production of better liquor, which it was one of the objects of the new system to secure. "Country spirit" can, therefore, under the present practice, be interpreted only as spirit manufactured in the country.

4. In the second place Messrs. Parry and Co. are mistaken in supposing that there is no risk of the Abkari revenue suffering from the sale of their liquor, and they are in error in their statement that, except in the cases of the Nilgiris and

*Proceedings of the Madras Government, Revenue Department,
24th June 1876.*

Bellary Cantonment, the excise on proof spirit nowhere exceeds Rupees 2-8-0. The following rates are in force:—

		Duty.			Proof.		
		RS.	A.	P.	RS.	A.	P.
Chingleput		2	4	0	30° under-proof	=	3 3 5
North Arcot		2	10	0	20° do.	=	3 4 6
South Arcot		2	0	0	30° do.	=	2 13 8
Tanjore		2	0	0	30° do.	=	2 13 8
Salem		2	8	0	20° do.	=	3 2 0
Nilgiris		2	12	0	30° do.	=	3 14 11
Bellary		2	12	0	30° do.	=	3 14 11

Messrs. Parry and Co.'s liquor could probably be made and sold in Madras for Rupees 5-8-0 per gallon at proof and certainly for Rupees 6. The Board will proceed to show that the sale of Messrs. Parry and Co.'s spirit is likely to interfere greatly with many of the renters, and that it will specially affect the sales of

		RS.	A.	P.
Colombo		4	8	9
Puttai inside		4	1	9

arrack in the town of Madras, where the duty realized is higher than the import duty on foreign spirits. This

fact has been entirely ignored by Messrs. Parry and Co.

5. Taking the Mofussil first; in Chingleput the renter may sell up to Rupees 4-4-0 per gallon 30° under-proof. Messrs. Parry and Co.'s liquor could probably be sold throughout the district for Rupees 6 at proof, or Rupees 4-3-2 at 30° under-proof. In North Arcot Messrs. Corbett and Morison can sell spirit 20° under-proof at Rupees 4-12-0. Assuming the increased cost of Messrs. Parry and Co.'s brandy in that district to be eight Annas per gallon, a liberal allowance, its price would be Rupees 6-8-0 at proof, or Rupees 5-3-2 at 20° under-proof. If it could be put into the district for Rupees 6 at proof, which is possible, it could be sold at 20° under-proof for Rupees 4-12-10. In Salem the maximum selling price for arrack 20° under-proof is Rupees 5 per gallon, which would admit of Messrs. Parry and Co.'s liquor competing if it could be laid down in the district for Rupees 6-8-0 at proof. On the Nilgiris it would probably not cost more than Rupees 7 at proof, and might be sold for about Rupees 5-8-0 per gallon at 20° under-proof. The maximum price there sanctioned is Rupees 5-4-0 for arrack at that strength.

6. It is thus shown that, apart from the fact that to grant Messrs. Parry and Co.'s request would be to allow them to sell "country spirit," the monopoly of which has been granted to others, the operations of the renters might be seriously interfered with in some places. The name of brandy would, no doubt, attract a considerable class of consumers, who would otherwise take arrack at a high strength and price; further, the liquor could be sold at prices either within or so near those which the renters are authorized to charge, if they can secure them, that the concession to Messrs. Parry and Co. would amount to depriving the renters of the possibility of realizing the maximum price for which they have stipulated.

7. In the town of Madras the Indian brandy would, no doubt, displace Colombo arrack, the result being a loss of revenue to Government. Colombo arrack is now sold at 25° under-proof for Rupees 5-4-0 per gallon, of which Rupees 3-6-7

*Proceedings of the Madras Government, Revenue Department,
24th June 1876.*

represent duty. Indian brandy costing Rupees 5-8-0 at proof could be sold at 25° under-proof for Rupees 4-2-0, of which only Rupees 3 would be duty. At 10° under-proof, the ordinary strength of brandy, it could be sold for Rupees 4-15-2, of which Rupees 3-9-7 would be duty. It will thus be seen that the competition of

* Colombo pays Rupees 4-8-9 at proof. this liquor with Colombo arrack would be most formidable, whilst the latter*

pays a higher rate of duty by more than twelve per cent. The sale of Indian brandy will affect the consumption of puttai arrack also within the inside limits though in a lesser degree. The minimum selling price of the latter at 30° under-proof is Rupees 4-4-0, of which Rupees 2-14-0 represent duty; the former could be sold at the same strength for Rupees 3-13-7, of which Rupees 2-9-7 represent duty. By the admission of this liquor into the town, therefore, the stability of a revenue amounting to eleven and-a-half lakhs will be endangered; moreover its consumption cannot be confined to the town, and the extent to which the revenue may be affected cannot be estimated.

8. Adverting to the second argument advanced by Messrs. Parry and Co., the Board have no information as to the cost of manufacture in Europe and carriage to India. Admitting, however, for the sake of argument, that imported spirits can be put into the market at as cheap a rate as country-made brandy, Messrs. Parry and Co. must be aware that the sale of the former is not absolutely unrestricted, and that in the Mofussil licenses for the sale of European liquors are only granted to shopkeepers at places where there are European residents or to keepers of hotels and refreshment rooms on the railways or frequented lines of road.

9. As regards the evasion of the local law by exportation to other ports in British India with a view to re-importation, the Board observe that such a course, though perhaps within the letter of the law, which is somewhat vague, is not in accordance with its spirit, and any such infringement of his license would render the holder liable to its discontinuance.

10. As regards the third argument, the Board are not in a position to say whether or not country-made cane-brandy would be a more wholesome article than the cheap imported liquor, but they imagine that such is probably the case, and there is certainly this to be said in favor of Messrs. Parry and Co.'s proposal, that the manufacture of country brandy would be more under State control, and provisions might be made to secure the supply of a pure spirit to the public.

11. The Board have already shown, however, that no change can be made at present without infringing the existing monopolies and without seriously interfering with the profits of monopolists. They pay for the monopoly of the sale of country spirit, and, if country spirit of a superior quality can be sold within their limits at about the same price simply on payment of a higher rate of duty, they will undoubtedly have fair ground for complaint. In the town the dowles of the shopkeepers could not be enforced, and the entire system would be disorganized.

12. The Board regret to be obliged to report unfavorably on the present application as they consider the substitution of a pure spirit distilled in the country for the lower class of imported spirits a desirable measure, and are anxious to encourage local industries to the utmost. Having the stability of the excise

Govt. of 1876 Madras

REVENUE.

To

THE BOARD OF REVENUE.

&c., &c., &c.

Dated June, 24th.

Recd.

Encl.

G.O., 24th June 1876, No. 850.

JUNE

Nos. 258-259.

Country-made spirits.—Ordering Messrs. Parry and Co., to be informed that a report on their application for permission to import to Madras—has been received from the Board of Revenue; that the Government agree with the Board that a compliance therewith would jeopardise the stability of the present excise; and that the proposals made must accordingly be rejected.



No. 1,768.

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

Read the following letter from Messrs. PARRY and Co., to H. E. STOKES, Esq., Acting Secretary to the Board of Revenue, dated Madras, 18th June 1875:—

WE take the liberty of addressing you with reference to the sale of brandy and other like spirits manufactured in this country. As the law now stands, we are precluded from selling such spirits in the Madras Presidency, while the Governments of Bengal and Bombay permit us to import them on an equality with Europe-made spirits. The reason we understand is to protect the abkari revenue, but this is annulled by the action of Government permitting all spirits made in Europe to be imported, so that a cheap common spirit of proof strength made of potatoes but called brandy can be purchased in bulk in bond at Madras at $1\frac{1}{4}$ to $1\frac{1}{2}$ Rupees per gallon, and these cheap spirits are finding annually a larger market in India.

2. We would also point out that the local law can be evaded by sending the spirit to Pondicherry, Ceylon, Calcutta or Bombay, and from thence re-importing it. What is now said to us by Government is, "we permit the import of any spirit, totally irrespective of its being made from potatoes or the refuse of beet-roots, as long as it comes from Europe, but we forbid you to manufacture from the cane a pure spirit and sell it in the country, unless you go through the form of exporting it somewhere else first, and then having it transhipped back again." We think this law is a relic of former times when brandy and other spirits imported from Europe were the products of the grape, but now science has so changed that, that grape spirit is the exception.

3. Such being the case, we think we might be put on an equal footing with our competitors in Europe, and that it is to the advantage of the country to encourage local manufactures rather than pay for low French and German spirits.

4. The case of country-made beer, which has much less likeness to English than artificial brandies, &c., have to the real, make us more hopeful that the Government are desirous of giving a fair field to Indian industries.

5. We pray, therefore, that the Board will under the powers conferred on it by Clauses 2 and 3, Section 12, of Act 3 of 1864, allow us to pass out and sell our cane brandy or other European spirits at an excise of Rupees 3 per gallon proof.

THE Board are unable to comply with Messrs. Parry and Co's. request. To do so would be inconsistent with the monopolies which have been granted.

(A true Copy and Extract.)

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

To Messrs. Parry and Co.

Exd. W. J. Lewis.

No. 1,391.

PROCEEDINGS OF THE BOARD OF REVENUE, dated 26th May 1876.

Read the following Proceedings of the Madras Government, dated 1st April 1876,
No. 459, Revenue Department:—

ABSTRACT.—*Country-made Spirits*.—Referring to the Board of Revenue for report letter from Messrs. Parry and Co., requesting that they may be placed in the same position as the importer of spirits from Europe, and may be allowed to import to Madras — on the payment of the duty of Rupees 4 per Imperial gallon.

MESSRS. PARRY AND Co. ask that brandy manufactured by them in this country may be excised as spirits manufactured by the European process under Section 12, Act III of 1864, and its sale permitted throughout the country on payment of an excise equal to the import duty levied on foreign spirits, *viz.*, Rupees 4 per gallon. The Board declined to accede to a similar request preferred by the same firm in June 1875 on the ground that to do so would be an infringement of existing monopolies.

2. In support of their application Messrs. Parry and Co. now contend—

1st.—That spirits paying an excise of Rupees 4 cannot compete with spirits excised at Rupees 2-8-0.

2nd.—That as spirits can be produced in Europe as cheaply as in India, and the cost of carriage of spirit imported at 68° over-proof is practically nothing, there is no longer any reason for treating country-made spirits differently from imported foreign spirits.

3rd.—That the cane-brandy which they desire to place in the market would be a far more wholesome beverage than the cheap liquor imported from Europe.

They also point out, in their petition to the Board, that the local law can be evaded by sending the spirit to Pondicherry, Ceylon, Calcutta, or Bombay, and from thence re-importing it.

3. In the first place, it is evident that the unrestricted sale of Messrs. Parry and Co.'s brandy would be an infraction of the monopolies which have been granted. The liquor would be saleable only in the shops licensed to sell liquors other than those comprised in the Abkari farms, *viz.*, "country spirits and arrack." Under many of the existing contracts the liquor sold is manufactured by the renters in precisely the same way as Messrs. Parry and Co. will manufacture their proposed liquor, and, if the renters' spirit is "country spirit," so must Messrs. Parry and Co.'s be. The "European process" is not defined, nor is there any essential difference in the process, but the employment of more efficient apparatus results in the production of better liquor, which it was one of the objects of the new system to secure. "Country spirit" can, therefore, under the present practice, be interpreted only as spirit manufactured in the country.

4. In the second place, Messrs. Parry and Co. are mistaken in supposing that there is no risk of the Abkari revenue suffering from the sale of their liquor,

1875.
BOARD OF REVENUE
MADRAS.

PROCEEDINGS, 26th JUNE 1876, No. 1,768

Encl

Received

JUNE.
No. 1,768.

Cane Brandy of other European Spirits.—
Request of Messrs. Parry and Co. to be allowed to pass out and sell their—at an excise of Rupees 3 per gallon proof, rejected with remarks.

9/6 24 June 1876

and they are in error in their statement that, except in the cases of the Nilgiris and Bellary Cantonment, the excise on proof spirit nowhere exceeds Rupees 2-8-0. The following rates are in force:—

		Duty.			Proof.		
		RS.	A.	P.			
Chingleput	...	2	4	0	30° under-proof	=	3 3 5
North Arcot	...	2	10	0	20° do.	=	3 4 6
South Arcot	...	2	0	0	30° do.	=	2 13 8
Tanjore	...	2	0	0	30° do.	=	2 13 8
Salem	...	2	8	0	20° do.	=	3 2 0
Nilgiris	...	2	12	0	30° do.	=	3 14 11
Bellary	...	2	12	0	30° do.	=	3 14 11

Messrs. Parry and Co.'s liquor could probably be made and sold in Madras for Rupees 5-8-0 per gallon at proof and certainly for Rupees 6. The Board will proceed to show that the sale of Messrs. Parry and Co.'s spirit is likely to interfere greatly with many of the renters, and that it will specially affect the sales of

		RS.	A.	P.
Colombo	...	4	8	9
Puttai inside	...	4	1	9

arrack in the town of Madras, where the duty realized is higher than the import duty on foreign spirits. This

fact has been entirely ignored by Messrs. Parry and Co.

5. Taking the Mofussil first; in Chingleput the renter may sell up to Rupees 4-4-0 per gallon 30° under-proof. Messrs. Parry and Co.'s liquor could probably be sold throughout the district for Rupees 6 at proof, or Rupees 4-3-2 at 30° under-proof. In North Arcot Messrs. Corbett and Morison can sell spirit 20° under-proof at Rupees 4-12-0. Assuming the increased cost of Messrs. Parry and Co.'s brandy in that district to be eight Annas per gallon, a liberal allowance, its price would be Rupees 6-8-0 at proof, or Rupees 5-3-2 at 20° under-proof. If it could be put into the district for Rupees 6 at proof, which is possible, it could be sold at 20° under-proof for Rupees 4-12-10. In Salem the maximum selling price for arrack 20° under-proof is Rupees 5 per gallon, which would admit of Messrs. Parry and Co.'s liquor competing if it could be laid down in the district for Rupees 6-8-0 at proof. On the Nilgiris it would probably not cost more than Rupees 7 at proof, and might be sold for about Rupees 5-8-0 per gallon at 20° under-proof. The maximum price there sanctioned is Rupees 5-4-0 for arrack at that strength.

6. It is thus shown that, apart from the fact that to grant Messrs. Parry and Co.'s request would be to allow them to sell "country spirit," the monopoly of which has been granted to others, the operations of the renters might be seriously interfered with in some places. The name of brandy would, no doubt, attract a considerable class of consumers, who would otherwise take arrack at a high strength and price; further, the liquor could be sold at prices either within or so near those which the renters are authorized to charge, if they can secure them, that the concession to Messrs. Parry and Co. would amount to depriving the renters of the possibility of realizing the maximum price for which they have stipulated.

7. In the town of Madras the Indian brandy would, no doubt, displace Colombo arrack, the result being a loss of revenue to Government. Colombo arrack is now sold at 25° under-proof for Rupees 5-4-0 per gallon, of which Rupees 3-6-7

represent duty. Indian brandy costing Rupees 5-8-0 at proof could be sold at 25° under-proof for Rupees 4-2-0, of which only Rupees 3 would be duty. At 10° under-proof, the ordinary strength of brandy, it could be sold for Rupees 4-15-2, of which Rupees 3-9-7 would be duty. It will thus be seen that the competition of

* Colombo pays Rupees 4-8-9 at proof.

this liquor with Colombo arrack would be most formidable, whilst the latter*

pays a higher rate of duty by more than twelve per cent. The sale of Indian brandy will affect the consumption of puttai arrack also within the inside limits though in a lesser degree. The minimum selling price of the latter at 30° under-proof is Rupees 4-4-0, of which Rupees 2-14-0 represent duty; the former could be sold at the same strength for Rupees 3-13-7, of which Rupees 2-9-7 represent duty. By the admission of this liquor into the town, therefore, the stability of a revenue amounting to eleven and-a-half lakhs will be endangered; moreover its consumption cannot be confined to the town, and the extent to which the revenue may be affected cannot be estimated.

8. Adverting to the second argument advanced by Messrs. Parry and Co., the Board have no information as to the cost of manufacture in Europe and carriage to India. Admitting, however, for the sake of argument, that imported spirits can be put into the market at as cheap a rate as country-made brandy, Messrs. Parry and Co. must be aware that the sale of the former is not absolutely unrestricted, and that in the Mofussil, licenses for the sale of European liquors are only granted to shopkeepers at places where there are European residents or to keepers of Hotels and refreshment rooms on the Railways or frequented lines of road.

9. As regards the evasion of the local law by exportation to other parts in British India with a view to re-importation, the Board observe that such a course, though perhaps within the letter of the law, which is somewhat vague, is not in accordance with its spirit, and any such infringement of his license would render the holder liable to its discontinuance.

10. As regards the third argument, the Board are not in a position to say whether or not country-made cane-brandy would be a more wholesome article than the cheap imported liquor; but they imagine that such is probably the case, and there is certainly this to be said in favor of Messrs. Parry and Co.'s proposal, that the manufacture of country brandy would be more under State control, and provisions might be made to secure the supply of a pure spirit to the public.

11. The Board have already shown, however, that no change can be made at present without infringing the existing monopolies and without seriously interfering with the profits of monopolists. They pay for the monopoly of the sale of country spirit, and, if country spirit of a superior quality can be sold within their limits at about the same price simply on payment of a higher rate of duty, they will undoubtedly have fair ground for complaint. In the town the dowles of the shopkeepers could not be enforced, and the entire system would be disorganized.

12. The Board regret to be obliged to report unfavorably on the present application as they consider the substitution of a pure spirit distilled in the country for the lower class of imported spirits a desirable measure, and are anxious to encourage local industries to the utmost. Having the stability of the excise

revenue in view, however, they do not see how anything can be done at present, nor do they now see their way to any change of system on the expiration of the present leases, which would allow of the unrestricted sale of country spirit paying an excise equivalent to the duty on imported spirit under the new contracts. The excise duties in the Mofussil will probably be raised in the next rents, and the adjustment of prices so as not to infringe the monopolies granted will be a matter of considerable difficulty, which will increase in proportion to the enhancement determined upon.

(A true Extract)

C. J. Fischer
Acting Secretary.

To the Secretary to Government, Revenue Department,

with copy of the Board's Proceedings, dated 25th June 1875, No. 1,768.

*a quantity of
country spirit
in Madras
to be sold
in Madras
to be sold
in Madras*

*Madras
to be sold
in Madras
to be sold
in Madras*

Exd. J. W. Fischer.

*on the 25th June 1875
the Board of Revenue
has decided that
the duty on country
spirit should be
increased to 100
cents per gallon
and that the
duty on imported
spirit should be
increased to 100
cents per gallon
and that the
duty on country
spirit should be
increased to 100
cents per gallon*

4-010/1875-2

Board of Revenue
MADRAS.

June 1876. Depts

PROCEEDINGS, 26TH MAY 1876, No. 1,391.

20th June 1876

Received 4th June 1876

MAY.
No. 1,391.

Country-made Spirits.—Submitting to
the Board's views with reference to
the proposed increase of duty on
country spirit to 100 cents per gallon
and on imported spirit to 100 cents
per gallon.

20th June 1876