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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No. / ~~B.P. No.~~	891	Press / ~~Mis.~~
Dated 3-7-1876		~~196~~ .

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
3rd July 1876.

No. 18.

Dated 3rd July 1876, *No.* 891.

Separate Revenue, No. 2.
Abkari.

REFERRING to the recent remissions of Abkari Revenue which have been found necessary in certain districts, where the new system of excise has been introduced, His Grace the Governor in Council deems it desirable to appoint a special officer to inquire and report into the working of the new system during the past year. Understanding that the Hon. Mr. Dalyell is prepared to postpone his present privilege leave for the purpose of being employed in an inquiry of this nature, the Government are pleased to depute him to the duty accordingly. He will visit the districts more particularly concerned and any others, wherein the excise system is in force, in which he may consider personal investigation to be necessary.

(True Extract.)
(Signed) D. F. CARMICHAEL,
Secretary to Government.

To the Hon. R. A. Dalyell.
„ the Accountant-General.
„ the Board of Revenue.

Exd. F. R. Bantleman.

Govt. of India. 1876 Works.

REVENUE.

To

THE HON. R. A. DALYELL,
&c. &c.

Dated July 3rd.

Rec'd

Encl.

G.O. 3rd July 1876, No. 891.

JULY.
No. 18.

Encls.—Deputing the Hon Mr. Dalyell to inquire and report into the working of the new system of — during the past year.

891

3rd July/76

My dear Carmichael

I have written to Thornton Foreign Secy asking that the remainder of my leave may be cancelled as I am wanted for work under this Govt. I propose leaving the Forest tomorrow and commencing work on

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I should like then to take
the balance of my leave, so
that I hope you will say
something about them in the
order. It might perhaps
run something to this effect -
That on the recent reinstruction of Lobeing Rate
which have been found
necessary in certain Districts,
where the new system has
been introduced, render it
desirable that a special

(occubature on Monday next
It is as well that I should
lose no time in beginning
as the duty may occupy
more than two months,
and it would be a pity
to leave it half done, as
I might have to do, if did
not commence till September
In case, however, I am able
to get through it by the
middle or end of Septr.

Note by the Honorable R. A. Dalyell

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1 The Board of Revenue Excise Administration Report, for 1874-75, which has been forwarded for my observations, by the Revenue Secretary, relates to a state of matters which has now passed away, as in July, last year, a considerable change of system in Excise management were introduced in every District except that of Madras where the old mode of management were allowed to continue.

2 In nine Districts what were considered to be an improved farming system were

enquiry should be made into the working of the System during the past year, and as the first understand that I am required to postpone my leave for the purpose, they require to depute me on this duty &c. &c. The use of the word "postpone" will I think meet any difficulties Lordwick might make to my getting the balance of my leave if I get through the work in proper time to enable me to take it pressing nine of Whitehall

introduced, as regards spirits, and the toddy farms were sold separately. In the five Districts which had for three years been managed on what was called the Experimental Excise system, considerable improvements on that system were made. With one exception the toddy farms were separately disposed of, and the existing monopolist distillers, though continued in possession of their Districts, on special grounds, were required to enter into certain new stipulations, and to consent to new restrictions which, it was thought advisable to impose upon them in the interests of the state

revenue. In the six remaining Districts in which the old farming system had been in force, a similarly improved Excise system, involving the entire separation of the toddy and arrack interests, was introduced, for the first time, tenders being called for from would be monopolists guaranteeing a certain minimum revenue which they bound themselves to pay whether the gross amount of duty at the prescribed rate per gallon, on the spirits issued from their Distilleries, reached the sum or not

3 When such sweeping changes had been already made, it seemed to me to be hardly worth while

to enter into any detailed review of the figures relating to the old systems, and I accordingly requested that I might be favored with an intimation of the particular points on which my opinion was desired

4 I have now been supplied with Sir W Robinson's notes of 27th April and 10th May, and have also discussed the subject with him. There is no doubt much force in his remarks on the advantage of separating the arrack and Toddy Farms. I recommended this course in my General Report on celebrating

Cont

but was induced eventually, to concur in the Board's recommendation that they should continue to be ~~combined~~ ~~combined~~ because I feared that their separation at this particular juncture might endanger the success of the new system of management of the Arrack revenue, especially in those Districts where the Arrack is distilled from toddy. I am glad to find that this result has not followed the orders of Government directing the separation of the two farms, and that the figures obtained for the toddy at the auctions which were held this time last year seem to show that this Branch of the Excise, if properly

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⊗ nearly 20 lacs out of a gross revenue of about 52½ lacs

developed, is likely to be little less profitable to the Exchequer than the tax upon spirits

In the Chinglput District, promoted by Sir W. Robinson, the monopolist Distiller, Mr Pritchard, who has been allowed to retain the toddy farm, as a special case, has so worked it as to make it much the most profitable of the two, both for himself and the state. This result has been obtained by the simple expedient of taxing the toddy very much more heavily than in other Districts. It will be found stated in my General Arbkavary Report that during Mr Pritchard's late lease he levied

My own belief is that at all events at least of the Arrack accrued

about 6 pies a bottle. A moderate

In the Boards Administration Report the selling price is put at 5 a 6 per gallon, but I think the figures in my report were obtained from Mr Pritchard himself.

no less than 3 a 8 per gallon on toddy (the liquor being sold at and that 8 per gallon) in all other Districts, with the exception of Bellary and Tanjore, the taxes levied by the renters varied from 1 a to 2 a per gallon - a reference to the figures of the two last named Districts will also show that the high rate of their toddy revenue may also be ascribed to the same cause - as the late auctions the toddy revenue of Bellary was fixed at about 3½ lacs per annum - or against an arrack revenue of 3 lacs and in Tanjore about 3¼ lacs were bid for the toddy farm or against a guaranteed minimum arrack

revenue, under the
Excise system, of a little
over a lac and three
quarters. In both
Districts the average
selling price of toddy
was 6as per gallon,
which, if the cost of the
provision and sale of
the liquor is the same
as in Chingleput would
represent a duty levied
by the Renter of moless
than 5as per gallon.
With these facts before
them, I think it is
very desirable that,
as Sir H. Robinson
seems to wish, the Board
of Revenue should be
called upon to obtain
from collectors and
to submit to Government
with their next
Excise Report full
particulars

Record that Limit. This
Study will disclose the
large profits now being
realized by this class of
renters & more invalu-
able against the time of
next-auctions.

6

particulars of the
working of the toddy
farms in every taluq
of each District, with
details as to the descrip-
tion of the toddy con-
sumed, the locality
from which it is
procured, the cost of
production, and sale,
the average retail price
per gallon, and the
rate of revenue per
head of population
with any explana-
tions of variations
in different talukas
which they may be
able to offer

In regard to the
revenue derived from
arrack. Sir H. Robinson
fears that, under the
new system, there will
be a disposition to be
satisfied with profits

derived from localities readily supplied with spirits and that the concentration of manufacture for a whole District, at one Distillery must lead to this result. Although it is certainly desirable that in their next annual report the Board should give complete details of the consumption in each Survey of every District and should obtain and submit explanations as to the causes of deficient consumption wherever it may be apparent, I am not disposed to think that any real

(to neglect the supply of outlying parts of Districts and he thinks that

demand for spirits which may exist in any locality will not be supplied under the new system. I conceive that the tender of a minimum revenue must have the effect of securing this, for the tenderers before making their offers will doubtless ascertain, as nearly as possible, what is the highest rate of consumption which can be expected, if the entire District is fully supplied and will arrive at their tenders by multiplying this rate by the Government excise duty, per gallon. So long as competition among

among tenderers is allowed, every three years, I think the supply of most localities is pretty safe; and this is the distinction between our system and the Indian Distillery system of Northern India, where there is no such competition, and where, consequently, the Government have been recently obliged to re-establish the old farming system in outlying parts of some Districts. Moreover, the carriage of arrack is a very small item of expence and, as a rule, it would be a much more economical arrangement for distillers to convey their arrack,

I accept Mr D.'s views in the main - but still think that there is cause for immediate future diminution & Doubt (what is to be observed on the safe guard) of the

Appeals of careful Tahsildars in cases of this kind & all of this sort should be disappd. of Renters should be done away

at as high strengths, to Depôts at a considerable distances from their Central Distilleries than to establish more than one Distillery in a District

At the same time, it may be that there are some talooks so situated as to locality and consumption as to be, so to say, worthless to the Distillers and in such cases, all of which should be elicited by the Board's Enquiries, it may be necessary to adopt special arrangements to supply the people with spirits.

In my original recommendations for the improvement of the system on which the excise revenue of this

Yes & these localities should be carefully ascertained before Land & Drawn made

Presidency was managed. I recommended that the present improved farming system should be generally tried before any general introduction of the excise system, and I did so because I apprehended that certain localities might require to be specially dealt with, and it is probable that this will now be found to be the case, although when I concurred in the Board's recommendation to introduce the new system into six new Districts. I was under the impression that the adoption of the minimum

guarantee would meet all such difficulties for the reasons given above.

8 I do not share Sir W. Robinson's fears as to the unsatisfactory position of the Excise Revenue. Mr Carmichael has shown in the margin of the penultimate paragraph of Sir W's note of 27th April that the adoption of the new system in five Districts during the three years ending with 1873-74 has not had the effect of causing any general reduction of the revenue, the average gross revenue of these three years having been about 61 Lacs, against an average of about 57½ Lacs in the previous

three years. The introduction of the system into six additional Districts and the town of Bellary at the commencement of the present revenue year. (July 1875) increased the revenue demand in those Districts by upwards of two lacs, and the gross demand for the whole Presidency is about 6½ lacs, for the present year, as against the average collections of 6 lacs, first referred to, for the past three years. So far as the eleven Districts in which the new system is in force are concerned, I have lately obtained from the Board of Revenue the actual

collections up to the 31st March last, or nine months of the year, and though in six of these Districts there are deficiencies amounting in all to about 3/4 of a lac, in the other five there is a surplus of upwards of two lacs mainly owing to the minimum guarantee having been largely exceeded in North Arcot and South Arcot so that it may be fairly anticipated that by the end of the year the full demand will be realized or exceeded notwithstanding the failures which have occurred in Coimbatore and Tanjore*

9 So far as I am able to judge from the figures

* Salem will also have to be added now.

before me the new system is working well in the five old Excise Districts. Matters are improving a little in Ganjam and Vizagapatam, Chingleput is not losing ground, and North Arcot and South Arcot are doing remarkably well. Among the new Excise Districts the Nilgiris is the most prosperous and Salem the next,* but Tanjore is doing badly and Coimbatore very badly. It seems to me very advisable that the causes of failure in these two Districts should be very carefully investigated, and that the detailed

* It appears from a paper which was forwarded to me yesterday by Sir W. Robinson that the Renters of this District although paying up the full demand have done so out of capital and now ask to be allowed to pay duty only on their issues. This will involve a deficiency in this District also, which should certainly be carefully looked into, though when the tender was accepted and forwarded to Calcutta for my information I thought it would not [illegible] the means of the District [illegible] 20/6

working of the system in all these new Districts should be specially enquired into and compared. Though I think that this branch of the revenue is on the whole in a very satisfactory condition. I quite concur with Sir W Robinson in believing that the important changes in the system of management which have been lately introduced should be very carefully tested and watched, and I believe, with him, that this can best be done by appointing a Special Officer to the administration of the Dept. It will be in the recollection

of Government that I suggested
this in my original report,
and that the Board of Revenue
when submitting the report to
Govt urged it in the strongest
terms. Probably if as I understand
from Sir W. Robinson it is likely
that the Salt Commission
will recommend the nomination
of a Special Officer to the
charge of that Dept, it
would be convenient to
place him also in charge
of the Abkary.

W Dalyell Cl.
on leave

Noted
20th June 1876.

I think Mr. Dalyell's services could be
as to prepare a draft letter to the
Govt of India, stating that the
introduction of the new system has
on the whole been attended by beneficial
results. The operation of the system
requires for a short time careful
watching - and if Mr. Dalyell's ser-
vices can be spared I think it
would be of advantage that he
should again take a tour through
selected Districts - and report upon
the working of both the abkary
& Excise management. Such a tour
would probably not take more
than two months - and with
the personal enquiries he will make
& the statistics collected under his
direction we shall be enabled well
prepared to deal with
the questions when the next contracts
are made. R.E. 25/6/76

Sent to Hon: Sec to Govt 23d June Rep: &c.

to discuss - for be present -
F.S.P. 30/6/76 Council

No 891 R.D.

8/14

G.O. 3rd July 1876

Referring to the recent transfer
of Abkari revenue which have
been found necessary in certain
districts, where the new system
of Excise has been introduced,
His Excellency in Council deems it
desirable to appoint a Special
Officer to enquire & report into
the working of the new system
during the past year - Understand-
-ing that the Hon'ble Mr. Dalyell
is prepared to postpone his present
privilege leave for the purpose of
being employed in an enquiry
of this nature, the Govt are pleased
to depute him
to be duty accordingly - He will
visit the districts more particularly
concerned & any others, wherein
the Excise system is in force, in
which he may consider personal
investigation to be necessary -

Dft & Copy
to Hon'ble R.A. Dalyell Dated 3rd July
to accept Dated 13th July
14 Vs Vouchers

F.S.P. 3/6/76.