Revenue (1897) Department.

PRESS SERIES.

G.O., No. 373

DATED 22nd May 1897.

[Despatch Abstract.]

Abkari Revenue.

Approving the Board's proposals for the management of the — in the South Canara Dt. during the year 1897-98.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

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REVENUE DEPARTMENT.

1897.

Board of Revenue

(Separate Revenue),

MADRAS.

GOVERNMENT OF MADRAS
12 MAY 97

Printed May 10th.

Proceedings, No. 153, 14th April 1897.

APRIL.

Submitting to Government proposals for the management of the Abkári revenue in the South Canara district during the year 1897-98.

PROCEEDINGS OF THE BOARD OF REVENUE
(SEPARATE REVENUE).

READ—the following letter from W. H. WELSH, Esq., Collector of South Canara, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Baindur, 7th February 1897, Ref. on C. No. 498-Abk.:—

I have the honour to submit abkári proposals for the lease commencing 1st October 1897.

Toddy manufacture.—All the officers consulted are against raising the rates of tree-tax on the ground that the present rates are felt to be high by the Billavar or tapper class. These people are inclined to resort to other occupations, and their sons are not always trained to climb. The rates are felt high by tree owners who are said by the Udipi Circle Inspector to be not over ready to let trees for tapping, preferring the profit made out of the yield of cocoanuts. The rates are felt to be high by shopkeepers who sometimes resort to the device of watering their toddy, adding stale toddy to increase its intoxicating power, so as to sell it at the old price. If the price of toddy is raised, it is very hard upon the labourer who makes one of his meals entirely upon toddy.

2. The shopkeeper has hitherto avoided raising the price to the consumer. Yet the toddy shop rents which are so far above those of a few years ago keep up fairly. If the tree-tax were raised and the price of a quart of toddy raised there might be a serious loss of revenue. The General Duty Deputy Collector states that difficulty is experienced in his division, comprising the two taluks of Kasaragod and Uppinangadi, even in collecting the present rates. The revenue from tree-tax in 1894–95 was Rs. 1,54,437, in 1895–96 it decreased to Rs. 1,50,458, while in the past nine months of 1896–97 it is Rs. 99,025. Adding to the latter figures Rs. 49,671 the probable revenue for the remaining three months or the actual revenue of the corresponding three months of 1895–96, the total would still be only Rs. 1,48,696. These statistics do not encourage enhancement. Moreover, the effects of the scarcity which other parts of India are at present suffering from are also to a lesser extent felt here also by way of a general increase of prices of all commodities, so this would not be an opportune time for raising the tax. I do not know of any advantage expected to come from enhancement.

3. *Number of toddy shops.*—This need not be altered.

4. *Toddy shop licenses.*—I recommend that condition 19 should run thus:—

"No ingredients noxious to health shall be put into the toddy either to increase its intoxicating power or for any other reason. It shall not be watered."

The practice of watering toddy increases the labour of transport and impedes successful distillation. Distillers refuse to pay full price to tappers on the ground of adulteration. This offence may be difficult to detect, but it is the interest of everybody that it be prevented.

5. In condition 3 the time allowed, namely, fifteen days, is insufficient. Shopkeepers sometimes need more time for settling with tree owners and toddy-drawers. One month should be allowed.

6. *Arrack manufacture.*—The question is whether the Excise system should be introduced into the rest of the district, namely, the south of Kasaragod taluk and into Udipi circle. The Udipi Circle Inspector is against it. The Mangalore Circle Inspector recommends the extension, but he admits that the renter will find the total area too much to manage without the existence of warehouses and depôts under separate contractors.

7. I do not see that there would be any advantage to the revenue from extending the Excise area. The non-excise area is supplied at present with pure toddy spirit from the five stills. There would be loss in arrack shop rents, because Excise area liquor is unpopular. There would be no gain in tree-tax, because contractors do not seem inclined to utilize toddy spirit for supplying Excise areas. The present Mangalore contractors apparently have no intention of using sub-stills. They stick to jaggery. European contractors have jaggery in view. The toddy spirit brought from Malabar is not popular perhaps because metal stills are used. I conclude that if the excise area is extended there will be diminution in the quantity of toddy used for distillation. Consequently tree-tax will not expand.

8. If the revenue is to profit by extending the Excise system, it must be by enhanced duty on present or increased consumption. Consumption has fallen off in the Excise area. No doubt consumption in the present Excise area might increase a little if the possibility of smuggling in pure spirit from non-excise tracts were cut off. But consumption in the non-excise tracts would be sure to diminish largely. Supply to these tracts would be a difficult problem. Even the present excise area has been too much for the present contractors, and shopkeepers made a claim for loss owing to failure of supply which the contractor had to make good. The Circle Inspector has to watch the contractor's stocks vigilantly to prevent failure from their falling too low.

9. I do not think that an increase in the excise area would, in any way, add to the attractiveness of the contract. A copy of the Udipi Circle Inspector's report is enclosed. I agree with his views.

10. If the Board considers that the Excise system should be extended, then the Udipi Circle Inspector's suggestions would suit for the northern taluks; and Mr. Brookes' proposals (extracted) about the Kasaragod southern portion would do.

11. But I would recommend making no alteration next lease in the present excise and non-excise areas. A few villages have been added to the excise area recently by their transfer from Kasaragod to Uppinangadi taluk.

12. *Number of arrack shops.*—Experience shows that there are still too many. As recommended by the Divisional officers, ten arrack shops in Mangalore taluk and seven in Kasaragod taluk may be abolished.

13. *Manufacture of jaggery arrack.*—It is a question whether the differential duty on jaggery arrack should be raised. The Divisional officers all advise that this should be raised. I would recommend at least an enhancement to As. 6–8 on 30° under-proof next lease, and proportionately on other strengths. It is said that the renters make As. 4 or even As. 6 profit per gallon. There might therefore be an enhancement to As. 10, if it were desired to drive jaggery out of the manufacture. A larger enhancement than As. 6–8 is practicable if the Board sees fit to order it. But I agree with the Mangalore Circle Inspector that it is undesirable to add to the difficulties of introducing jaggery arrack which is making its way in the town and in Uppinangadi taluk and which must be our resource in that taluk. Experience shows that it pays well to manufacture it with the present differential duty and there is therefore a strong inducement to rivals to come in. If the renters were to buy locally manufactured pure jaggery (which they have done on a small scale to the extent of 60 candies), they may perhaps turn out a purer spirit. Even now their arrack is less offensive than that from Ránipéttai. The Mangalore Circle Inspector reports that they are buying jaggery from the local tappers. It would be a fortunate thing for the local industries if this arrangement were to become an established custom.

14. *Still-areas.*—If the Excise system is extended, there will be no more still-areas. I recommend, however, that the existing still-areas be left practically unchanged. The new lease may be for two years.

15. *Rates at which arrack is to be supplied to shopkeepers in Excise and non excise areas.*—There is a general consensus of opinion among the officers consulted that the present rate may continue both in excise and non-excise areas, and I see no sufficient reason to differ from them.

16. *Necessity of inserting a condition in the lease as to the selling price of arrack by shopkeepers to consumers in excise and non-excise tracts.*—The Mangalore Circle Inspector and General Duty Deputy Collector suggest that a condition be inserted in the license fixing Rs. 3-12-0 as the minimum selling price per gallon of 30° under-proof and proportionately for other strengths in excise area. The reason assigned by the Deputy Collector for the suggestion is that at present adjoining shopkeepers hesitate to bid against each other for fear that competitors might undersell and thus annoy them, but I think the absence of conditions of this kind is a great advantage. If my proposals are approved of, there will be no alterations in any of the details which affect the people. They will have the same rates of tree-tax, the same instalments and the same rules.

17. *Legalization of manufacture of cashew spirit.*—I do not see any reason against the legalization either in the manner proposed by Mr. Brodie in 1893 or by grouping villages containing large numbers of *Anacardium occidentale* trees into a number of still-areas and selling by auction the right of manufacturing cashew arrack in each area, the auction purchaser being required to sell the liquor in shops fixed for each area and specially licensed for the purpose. There is no objection to the ordinary arrack licensee having cashew spirit licenses, since the season lasts only two or three months. The cashew spirit would have to be of one strength, in sealed and numbered bottles, no one to possess more than three bottles, and this on a permit to be obtained from the renter authorizing transport and possession. I think that legalization is advantageous, because it utilizes one of the products of the country, abolishes a technical offence, to some extent husbands the supply of other spirit which might run short in the monsoon, and gratifies the population, some of whom fancy this spirit to be necessary for certain medical purposes.

18. It is, of course, very important that orders should reach this district as soon as possible, because the new lease begins on 1st October, while the interruption of communications due to the monsoon may begin in May.

Reference on the above, dated 16th February 1897.

Forwarded to the Deputy Commissioner, Southern Division, for *very early* remarks.

(Signed) R. H. SHIPLEY,
Acting Secretary.

To the Deputy Commissioner of Salt and Abkári Revenue,
Southern Division (with the Collector's report
with enclosures, in original, to be returned).

READ—again the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 856, dated 7th March 1897 :—

Read—the following letter from W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Tellicherry, 23rd February 1897, No. C. 21 :—

With reference to Board's Reference on General Register No. 1627, dated 16th February 1897, I have the honour to offer the following remarks on the abkári proposals of the Collector of South Canara.

2. *Paragraph* 1—*Toddy manufacture.*—I am in favour of an increase in the rate of tree-tax, so that it may gradually be brought up to the rates obtaining in Malabar. The decrease in realizations under tree-tax noticed by the Collector as a reason for not increasing the rate of tree-tax, is due to the displacement of toddy arrack by jaggery arrack and the consequent fall in the number of trees applied for for stills. It appears

to me an incongruous anomaly that Government should raise the tree-tax by 50 per cent. in other localities (in many of which the consuming classes are quite as poor if not poorer than in South Canara) and leave it at the excessively low rate now prevailing in South Canara, more especially as the system has been well and successfully established. I consider that the tax may well be raised to Rs. 2, Re. 1 and Rs. 4 for cocoanuts, palmyrahs and sagos for the next two years and raised to the full *old* rate in the next lease.

3. *Paragraph* 4.—I fail to see how the watering of toddy is to be prevented; the remedy lies with the consumer. If, as the Collector says, the consumer gets a watered beverage, he apparently does not pay the price of the pure article and therefore is not greatly harmed.

Paragraph 5.—The extension of time proposed under condition 3 may be allowed.

4. *Paragraph* 6—*Arrack manufacture.*—The heavy fall in the consumption of arrack in the Excise tracts, which is brought forward as the chief reason against the extension of the Excise system, is in my opinion more apparent than real. On the introduction of the Excise system in Malabar, there was the same apparent enormous fall in consumption which was rightly attributed by the Collector (Mr. Bradley I think) to the utter unreliability of the figures of consumption furnished by the renters. This great fall in South Canara excise tracts has not been followed by any increase in detection of illicit practices and the Assistant Commissioner reports that every official he has consulted is of opinion that there has been no increase in such practices. If the actual licit consumption had fallen off to the extent that the figures indicate, I am certain that, in South Canara, the natural result would have been an immediate resort to illicit distillation.

5. Mr. Welsh further deprecates the extension of the Excise system on the grounds of "No advantage to the Revenue," "probable fall in arrack shop rents," "no gain in tree-tax realizations." I submit two statements B and D received from the Assistant Commissioner, Calicut Sub-division, in another connection from which the Board will see that, in spite of the apparent fall in consumption in the new Excise area, there has been an increase in revenue in that area in the toddy year 1895-96 of Rs. 19,266-12-10 over the revenue of the previous year. There has also been an increase of Rs. 7,842-5-2 in the old town excise area. I am unable, therefore, to follow the Collector in his argument that there will be no increase of revenue as, judging from experience in the present excise area there will be a large gain to set against a *possible* loss in arrack shop rents and, I think, the Board will agree that it is far better to collect the Government dues by excise duty than by rents.

6. *Paragraph* 9.—I think the Collector is wrong here and that an increase in the excise area *would* add to the attractiveness of the contract and that if the whole district were placed under the Excise system we should have European firms coming forward to compete for the contract. I do not see why there should be such great difficulty in supplying the proposed new Excise areas with arrack from a central distillery at Mangalore. There is no reason whatever why the distribution of the liquor should be carried out entirely by the contractor. It will be sufficient for him to open up Excise warehouses, as suggested by Mr. Brookes, at Coondapoor, Malpe, Puthur and Kasaragod, the distribution from these warehouses to vend depôts being let out to approved persons on payment of a fee. The contractor would, of course, have to largely increase and improve his plant.

7. I would not, *for the present*, increase the differential duty on jaggery-arrack above the slight enhancement proposed by the Collector as the contract should, in my opinion, be made as attractive as possible to induce competition. For the above reasons, therefore, I am strongly in favour of introducing the excise system throughout the district from 1st October 1897. I would, however, beg to point out to the Board that it is essentially necessary that very early orders should be passed; the proposals are already very late as the ports will only be open for another three-and-a-

half months. This renders it difficult for any new firms to come forward, as they will have to make all the necessary arrangements for their plant before the ports close for the monsoon.

8. I have no remarks to offer on the Collector's suggestions if the existing order of things is to continue.

9. *Paragraph* 16.—I agree with the Collector.

10. *Paragraph* 17.—Legalization of manufacture of cashew-arrack.

I do not see that the Collector has made out any stronger case for the legalization of the manufacture of cashew-arrack than has been advanced and negatived by the Board in former years. I am strongly opposed to it.

Resolution—Mis. No. 856, dated 7th March 1897.

The future arrack policy of South Canara appears to the Board to depend on the question of whether jaggery-arrack is eventually to displace toddy- arrack there. The present contractors appear to have been making use of the option allowed them of distilling from jaggery instead of from toddy to the exclusion of toddy spirit. The Collector is requested to report fully how this change has been accepted by the consumer and whether any serious complaints or dissatisfaction exists in consequence of it. The Assistant Commissioner is requested to give his opinion also on the same point. The Collector is also requested to report whether if jaggery spirit is to exclude toddy spirit the wants of his district could not be supplied by importation by sea from Nellikuppam or elsewhere. It appears to the Board that the discretion to supply either sort now allowed to the contractor has practically resulted in the exclusion of toddy spirit for consumption and that if the latter is not to be reinstated under the next contract the possibility of doing without a local distillery at all may be considered with advantage.

2. A very early reply to this reference is requested: for, if any changes are to be made, they must be notified some time before the monsoon breaks or no new contractor will come forward.

(True Copy and Extract.)

(Signed) R. H. SHIPLEY,
Acting Secretary.

To the Collector of South Canara.
„ Assistant Commissioner of Salt, Abkári and Separate Revenue, Calicut Sub-division.
Copy to the Deputy Commissioner of Salt, Abkári and Separate Revenue, Southern Division.

READ—also the following letter from W. H. WELSH, Esq., Collector of South Canara, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Mangalore, 18th March 1897, IV Ref. on C, No. 498-Abk.:—

With reference to Board's Proceedings (Separate Revenue), Mis. No. 856, dated 7th instant, I beg to report the first point is how the displacement of toddy by jaggery arrack has been accepted by consumers and whether any serious complaints or dissatisfaction exists.

2. Nearly half the district is under the rented system and jaggery-arrack has not been tried there.

3. In the present Excise area jaggery arrack is universally disliked for its bad flavour and smell. Consumers use it simply because they cannot help it, there being no other substitute for toddy-arrack. The recorded opinions of my predecessors, the reports of Divisional officers, Tahsildars, Circle Inspectors and petitions of shopkeepers (abstract whereof marked A is enclosed), all bear testimony to the above facts.

Consumption has remarkably decreased in the extended Excise area consisting of Mangalore and Uppinangadi taluks and a portion of the Kasaragod taluk. During the abkári year 1895–96 (October 1895 to September 1896) when exclusively jaggery-arrack was manufactured, the consumption in the Excise area was only 45,514 proof gallons, whereas in the preceding year (October 1894 to September 1895), when a considerable proportion of the arrack issued was of toddy, it was as high as 64,251 proof gallons. The decrease is between a quarter and a third.

4. It was in October 1891 that the town excise renters, Messrs. Albuquerque were first allowed to manufacture jaggery-arrack. They were permitted to manufacture 2,000 gallons. The permission was granted as they represented that they could not obtain a sufficient supply of toddy in consequence of the difficulty of getting tappers to tap under the new tree-tax system which was first introduced in that year (from 1st October 1891) and the unwillingness of tree owners to rent trees to be tapped. The permission was subsequently repeated on the same grounds, and the last time it was extended was on 31st October 1892 "when the renters were allowed to issue jaggery-arrack to town shopkeepers for another month or until such time as he might be able to get sufficient toddy for distillation." Under this permission the renters freely continued to manufacture jaggery-arrack until October 1894, when the question was raised whether the restricted concession allowed to the renters in 1892 could be held to extend up till then or to apply to a new lease. The Mangalore Circle Inspector, who was referred to, replied as follows: "If arrack is to be manufactured solely from toddy the distillers will have to mark between five and six thousand trees. I made enquiries if such a large number is procurable within an easy distance of the distillery and I am told it is. But the tappers refuse to manufacture and deliver toddy to the distillers as they complain of not being properly paid by them. The distillers pay on the outturn of arrack secured from the toddy delivered to them, which the tappers, of course, do not believe in. They want payment for the toddy delivered, and say that if Government pay them accordingly they are prepared to supply toddy for the distillery but not otherwise." Thereupon my predecessor distinctly gave the renters to understand that "the concession will be continued only upon to the 15th December 1894, after which arrack must be manufactured from toddy alone." The renters appealed to the Board who permitted them to issue arrack made of the stock of jaggery actually in hand; and so the manufacture and issue of jaggery-arrack continued until the end of the lease, *i.e.*, until the end of September 1895. In the current lease it is optional with the renters to manufacture either from jaggery or toddy subject to payment of a differential duty of 6 annas on a gallon of 30° under-proof and proportionately for other strengths in case jaggery-arrack is manufactured and supplied. It seems to me that if the renters be just in their dealings with the tappers, and work the sanctioned sub-stills, they would experience no difficulty in obtaining a sufficient supply of toddy to meet their full requirements. The present Excise renters abandoned palm juice as a material as soon as they possibly could and have paid no attention to improving arrangements. The stills in the rented areas of this district are fairly successful in manufacturing from toddy on a large scale. The spirit produced is said to be generally pure and wholesome. One complaint, however, having reached me that the liquor in Savuda depôt smelt of the copper receptacles and was of the wrong strength. I examined the depôt last month. The liquor was of the right strength and had quite a fragrant smell. It came from the Coondapoor renter's still at Gujjadi near Trasi which is not so well managed as some of the others. Very likely the depôt keeper expected my visit. But this is an instance of how highly pure liquor is appreciated. I will obtain samples and send them to the Board of the kinds of spirit locally manufactured.

5. The second question raised by the Board is whether the district can be supplied by importation by sea from Nellikuppam or elsewhere. The supply can be made if proper arrangements are ready in good time for import and storing.

6. If the present Excise area alone is to be supplied by importation, the success of the measure will depend upon the quality of the spirit. If worse than the locally manufactured jaggery-arrack there will be a still further decline in consumption.

7. If the present rented area also is to be supplied by import, it is likely there will be a decrease in consumption of 25 per cent; or in case the spirit be worse than the present locally manufactured jaggery-arrack, a still further decrease.

8. The Mangalore Circle Inspector reports that "vellam bark" is used in manufacture in Ránipéttai. I suppose he means *Accacia Arabica*. It is said that the smell of this is what South Canara people so much dislike. The wash used for imported arrack is said to be far less pure than what is used here. If wholesome ingredients are used for imported arrack it will have quite as good a sale as that distilled in Mangalore.

9. If the quality of the imported arrack is good there is no advantage in a local distillery.

10. If it is intended that imported arrack should be used in the present Excise area in the lease commencing 1st October, it will be necessary for the importers to have a competent agent here in good time to secure store-houses, depôt-keepers, &c., and arrange for carriage. He must be here in June and would have to travel all over the area in the monsoon. Import would have to be arranged for, as soon as the ports would open; and he would have to work hard to get all in order by 30th September.

11. If the system is to extend to the whole of the district, these difficulties would be further increased, but I think it would be possible to do all.

Post script.—The substitution of imported jaggery spirit for the local toddy spirit would have the following bad consequences:—

(1) Decline in licit consumption and revenue therefrom.
(2) Decline in rent value of arrack shops.
(3) Decline in tree-tax collections.
(4) Hardship to labourers and small capitalists from displacement of their industry.
(5) Depression of agricultural population because tree owners would find their holdings reduced in value.
(6) Incentive to smuggling and illicit distillation from the desire of the population to get good liquor instead of inferior stuff, with increased prosecutions under excise law.
(7) Hardship to consumers in being unable to obtain their accustomed luxury and what they think is a good medicine.

On the other hand the advantages are—

(1) Probable increased sobriety of population.
(2) Slight increase in toddy revenue and foreign liquor sales.
(3) Boom in the imported arrack industry at Nellikuppam, Ránipéttai, &c., and increased uniformity in the Excise department working.

On the whole, the change would cause great hardship and discontent in this district.

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READ—also the following letter from W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Calicut, 23rd March 1897, C. No. 47:—

With reference to Board's Proceedings, Mis. No. 856, dated 7th March 1897, I have the honour to submit my opinion as follows.

2. I take it that the introduction of the Excise system is to be persevered in and extended. If this be granted, then the future arrack policy of the South Canara district must be jaggery arrack. It will not, in my opinion, be possible to supply the whole district with toddy arrack under the excise system though it has been possible under the out still or renting system. Of course, it could be done if the Malabar system of tax-free distillery trees were introduced, but this I would most strongly deprecate as being a most pernicious one.

3. I have not received any complaints from the consumers of jaggery arrack in the new excise areas, but then it is not very likely that I would. That such complaints, however, have no real foundation is proved, I think, by the remarkable increase in consumption in the old Mangalore town area and in the Uppinangadi taluk, as the subjoined figures will show:—

	1893–94.	1894–95.	1895–96.
	Proof gallons.	Proof gallons.	Proof gallons.
Mangalore town area	8,309·9	12,737·8	14,888·3
Uppinangadi taluk	5,456·1	7,574·0	16,793·8

Any little sentimental objection there may be in the new excise area to the jaggery arrack will, in my opinion, as quickly vanish in that area as it has in the old. It may also be further remarked that what the people really like and wish for is arrack distilled in earthern pot stills and this they cannot get under the Excise system. They dislike toddy arrack distilled in copper stills as much as they pretend to dislike jaggery arrack.

4. The abolition of the outstills has had a marked affect on the toddy revenue. Although the totally inadequate number of 5,052 cocoanuts and 5,722 palmyra trees for the first-half year and 5,175 cocoanuts for the second-half year were marked formerly in the new excise area for the local stills, yet the trees marked for toddy supply, pure and simple, in the current year show a considerable increase amounting in revenue to Rs. 2,610, and this in spite of the fact that under the old system the shopkeepers were able to dispose of their surplus stale toddy to the stills.

5. If jaggery arrack is allowed to displace toddy arrack as I think it must, I would deprecate supplying the district with arrack from Nellikuppam. I think that a local distillery should be encouraged. Messrs. Parry & Co. are now fast obtaining a monopoly of the arrack supply of the south of the Presidency, and this they are enabled to do solely because they were in the enjoyment for many years of a most lucrative monopoly which enabled them to establish their present large plant. In my opinion there should be a local distillery and the distiller should be bound by his contract to obtain his supply of jaggery in the district. This would be beneficial to many of the tappers of the district who would be thrown out of work if arrack be obtained from outside the district.

6. The question requires to be settled at once, or else it will be impossible for any intending contractors to come forward and compete for the contract.

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READ—also the following letter from C. M. SHERMAN, Esq., Assistant Commissioner of Salt and Abkári Revenue, Calicut Sub-Division, to the Deputy Commissioner of Salt, Abkári and Customs Department, Southern Division, dated 25th March 1897, C No. 2:—

With reference to Board's Proceedings, Mis. No. 856, dated 7th March 1897, I have the honour to state that, with the exception of Mr. Brooke's letter, No. 1235, dated 18th March 1897, a copy of which has been forwarded to you direct, I have no other information upon which to base a report; and unfortunately Mr. Simpson has left the Sub-division without expressing his views on the subject. I, however, venture to give my views on the subject based on experience gained in 1895–96.

2. As you are aware the present contractor, before taking up the current lease, expressly stipulated that he might have the option of issuing jaggery arrack; this concession was, after some consideration and argument, granted him. The result has been exactly what I then expected, viz., with the exception of a small quantity of cocoanut arrack imported from Colombo and Malabar, the almost exclusive issue of jaggery distilled liquor. The result, if we take into consideration the issues as detailed *infra*:—

—	1894-95, proof gallons.	1895-96, proof gallons.	1896-97, proof gallons.
Mangalore area	8,309·9	12,737·5	14,888·3
Uppinangadi taluk	5,456·1	7,574	16,793·8

shows that there is a steady increase in issues; and consequent appreciation of the liquor in question.

It appears, however, that the consumers in the new Excise area of Mangalore and Kasaragod do not like jaggery arrack so well as toddy arrack; at the same time it must be borne in mind they do not care for toddy arrack made from copper stills; this objection to copper stills is noticeable in all districts, and was one of the chief arguments against distillery-made liquor in the Ganjám and Vizagapatam districts.

In connection with the likes and dislikes of kinds of liquor, I would most strongly protest against the importation of Nellikuppam distillery arrack or of any arrack made from molasses; as you are aware such liquor is not liked; and even people accustomed to the consumption of jaggery-made liquor, as inhabitants of the Tinnevelly district are, strongly object to it, on account of its smell and fiery nature, when compared with the liquor made from bark and jaggery. As you are no doubt aware, Parry & Co. have been selling at loss in the Tinnevelly district and have not been able to gain custom, owing to this dislike for their liquor. I understand they contemplate making a change in order to gain the custom of the district in question. Consequently I am forced to conclude that the sale of jaggery and bark arrack instead of toddy arrack in the South Canara district is one thing, and the sale of liquor made from molasses another, and is a subject which requires very careful consideration.

3. The next thing to be considered is whether the exclusive sale of jaggery arrack is a good thing; in this connection I venture to think that we have everything to gain by doing away with the manufacture of arrack from toddy. In the first place, the illicit sales of toddy round distilleries have a bad affect on T.T. revenue; and secondly no big distilleries can possibily cope with the amount of dilution that goes on. In this connection I venture to state that in 1895-96 I found the output was barely 6 per cent. from cocoanut toddy in the Malabar distilleries. But after a great deal of bother and watching, the output rose to almost 8 per cent. which I believe is about right; on the other hand, in Mangalore, the output was barely 5 per cent., and often less than 4 per cent. I was convinced that there was a lot of illicit sale and wilful dilution; and I am forced to conclude, it was mainly, if not entirely owing to this that the Mangalore distiller found it impossible to distil from cocoanut toddy and make a profit, especially as the tappers struck work as soon as he resorted to prosecutions. It is my candid opinion, and I know from what Inspectors in Malabar and South Canara have told me that there is a very large loss in T.T. revenue owing to illicit sales of toddy tapped for distilleries; and in this connection would invite attention to Mr. Brooke's views embodied in paragraphs 4 and 5 of his report referred to *supra*.

4. Under the circumstances I am strongly opposed to the distillation from toddy in any form, and would advocate the abolition of same in the Malabar district also. and the opening of one distillery for the two districts, which would result in a large saving in establishment, and a heavy increase in T.T. revenue.

I am aware that this would result in some loss to the tappers, on the other hand it would mean an increased impetus to jaggery manufacture, and if jaggery arrack was alone manufactured, a demand for locally-made jaggery would compensate the tappers.

5. In conclusion, I am convinced that no contractor will take up a contract which necessitates his manufacturing liquor from cocoanut toddy if he is given the option of making liquor from jaggery not even, if he has any number of outstills allowed him. I am therefore in favour of the abolition of the outstill system and distillation from toddy in Excise area, and would advocate the continuance of the

distillery at Mangalore until rail connection is secured, failing which, I would strongly urge the opening of warehouses and the supply of jaggery and bark liquor, as I hold that the sale of liquor made from molasses would, owing to its nature and smell, be almost unsaleable in the west coast.

Endorsement by W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, dated 28th March 1897, C-No. 52.

Forwarded to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, in continuation of this office C. No. 47, dated 23rd March 1897.

2. Mr. Simpson should have replied to the Board's Proceedings before handing over charge.

RESOLUTION—No. 153, dated 14th April 1897.

The foregoing papers contain the South Canara Collector's proposals for the management of the abkári revenue in the district during the ensuing lease and the views of the departmental officers concerning them. Briefly summarized the Collector's proposals are—

FOR TODDY.

(1) To continue the present rates of tree-tax.

(2) To amend condition 3 of the toddy shop license so as to allow the shopkeepers a period of one month in which to make satisfactory arrangements for the supply of toddy to their shops.

(3) To modify condition 19 of the toddy shopkeeper's license so as to provide against dilution of toddy.

FOR ARRACK.

(*a*) To confine the excise system to the areas in which it is now in force;

(*b*) To abolish ten arrack shops in the Mangalore taluk and seven in Kasaragod.

(*c*) To raise the differential duty leviable in respect of jaggery arrack from 6 annas to 6 annas 8 pies per gallon of 30° under proof and proportionately for the other authorized strengths.

(*d*) To grant a two-year lease of the manufacturing areas in the rented tracts of the district.

(*e*) To maintain the prices to be charged by the renters of the excise and non-excise tracts at the existing rates.

(*f*) To legalize the manufacture of cashew arrack.

TODDY.

2. *Proposal* (1).—The Collector advocates the retention of the existing rates of tree-tax on the ground that the present ones, though comparatively low, are felt to be high alike by the tappers, the tree-owners and the shopkeepers, as shown by the gradual * decrease in the realizations under tree-tax, and also on account of the prevalent scarcity, the effects of which are reported to be felt, though to a lesser extent, in the South Canara district. The Deputy Commissioner, Southern Division, dissents from the views of the Collector and considers that the decrease in the revenue derived from tree-tax referred to above is entirely due to the displacement of toddy-arrack (which is prepared from the produce of marked trees) by jaggery-arrack and is therefore no valid reason why the tree-tax should not be raised. He points out that,

Official year.	Rs.
*1894-95	1,54,437
1895-96	1,50,458
1896-97	1,49,644

while it is the policy of Government to gradually raise the tree tax in the rest of the Presidency it is unfair and impolitic to leave that of South Canara fixed at so low a rate and suggests that it may be raised, as noted in the margin * for the next two years and to the rate formerly prevailing in the rest of the Presidency in the following year. The Deputy Commissioner's arguments appear to the Board to be sound. The abkári revenue of South Canara is based on the rate of tree-tax which governs the excise duty on jaggery-arrack as well as the taxation on toddy, and as it is steadily and rapidly expanding, as will be seen from the marginally-noted figures, † there should be every possibility of an enhancement being successful. His statement in paragraph 2 of his letter Ref. on C. No. 498, Abkári, dated 9th February 1897, that the shopkeepers have hitherto avoided raising their prices also points to not only the probability but the necessity of an increase. It was always intended that the tree-tax should be followed by an enhancement in the price of toddy. The only other objection to an enhancement next year is the state of the season. The Board trusts, however, that by the 1st October matters will have resumed their normal condition in this respect. If high prices still prevail or appear likely to do so, the enhancement may be postponed when the time for the sales arrives. It recommends that the rates be raised to those shown in the margin.

Kind of tree.	Rate of tree-tax. RS.	A.	P.	
* Cocoanut palms.	1	0	0	for each half-year.
Sago	2	0	0	
Palmyra or date.	1	0	0	for the whole year.

Official year.	RS.
†1893-94	3,95,090
1894-95	4,50,756
1895-96	4,90,095
1896-97	5,15,362

3. *Proposal* (2).—The Collector considers that the period of fifteen days allowed to shopkeepers, by condition 3 of the license, to make satisfactory arrangements for the supply of toddy to the shops is not sufficient, and suggests that it may be raised to one month. The proposal may be approved.

4. *Proposal* (3).—The Collector's proposal has for its object the prevention of the dilution of toddy which, in his opinion, increases the labour of transport and interferes with the successful distillation of toddy-arrack. The Board does not see how dilution could be dealt with by the department. It thinks that the consumer may be left to deal with the shopkeeper who waters his toddy and it would be out of the question for Government to undertake to look after the distillers' interests in the matter. The number of prosecutions which take place on the West Coast is enormous as it is, and the Board strongly objects to adding to it to afford the toddy drinker a protection which he can supply for himself.

ARRACK.

5. *Proposal* (*a*).—The Collector is not in favour of the further extension of the Excise system to the Udipi and Coondapoor taluks and the Hosdrug and Kasaragod still areas of the Kasaragod taluk. He considers that the excise area will then become much too large for efficient management by a single renter, and that there will be no corresponding improvement in the revenue, but rather the contrary. He points out that as the people object to the jaggery-arrack which the excise area contractor finds it most convenient to manufacture, the result of the extension of the Excise system will be a fall in consumption resulting in a corresponding fall in arrack shop rents coupled with a decrease in tree-tax revenue in consequence of the toddy at present used for distillation being no longer required. The Deputy Commissioner, Southern Division, does not agree with these conclusions and adduces figures to prove that there has been an appreciable increase in the consumption of arrack in the areas which have been longest supplied with jaggery-arrack and that any loss in tree-tax which may result from the extension of the Excise area will be more than made up by increased realizations under the differential rate on jaggery-arrack. He further considers that the extension of the excise area will add to the attractiveness of the contract, though he does not explain how it is to be made attractive enough to induce a new contractor to

go to the expense of setting up a distillery and under-bidding Messrs. Albuquerque & Sons. The Board agrees with the Deputy Commissioner in thinking that jaggery-arrack is making way in the area in which it has been longest in use and that increased excise duty should cover any decrease in tree-tax as jaggery is substituted for toddy. It, however, considers that no satisfactory conclusion can be arrived at as to the next advance to be made in the extension of the Excise system until the question of whether the policy of Government is to be the replacement of toddy-arrack by jaggery-arrack is finally decided. Complaints against the arrack now supplied by the contractor (all made from jaggery) are numerous and there has apparently been a very heavy fall in consumption in the areas in which jaggery-arrack has been most recently introduced. On the other hand, precisely similar complaints have prevailed everywhere else for a few years on a similar change being introduced and ended in the new spirit becoming as popular as the old. Jaggery-arrack is now making its way fairly in the Kistna, where the conditions were recently very similar to those holding in South Canara. The high prices which have prevailed this season have done much to obscure the change there, but the Board thinks that there is every reason to believe that in the Kistna the taste for toddy-arrack will have become a thing of the past in another year or two. Still it is not altogether satisfied as to the justice of forcing an unpopular liquor on unwilling consumers in the expectation of their coming to like it in the end. It is about to try some experiments, with the help of the Abkári Deputy Commissioner, regarding the possibility of reinforcing the alcoholic strength of toddy wash by the addition of jaggery and so producing a spirit which, while satisfying the demand of the consumers for an arrack derived from toddy, would reduce the amount of toddy actually required to a minimum and would thus permit of its being derived from trees grown in a comparatively small area. This would allow of better arrangements to prevent dilution—the point on which the distiller and toddy-drawer always quarrel—being possible and permit manufacture sufficient to supply the wants of the whole district to be carried out at a single centre without altogether abandoning the claim to the designation of toddy spirit. It also appears to the Board that any attempt to make further progress in the extension of the Excise system is out of the question so long as Government is tied to the present contractor. No one else could take up the business of local distillation unless on a contract extending over a series of years, and this it would not be expedient to give. The only hold which Government has over the present contractor is the threat to import jaggery-arrack from the East Coast and there is strong reason to believe that this step would be most unpopular. It appears to the Board essential that Government should, before any attempt is made to extend the Excise system, place itself in a position to go into the open market to find a contractor by itself erecting a distillery in a really suitable site. It can afford to do so though no contractor could, as the latter might find his buildings and plant useless at the end of his contract. By selecting the best possible site, the difficulty with regard to an adequate supply of toddy should be surmounted and the introduction of a jaggery spirit, based on toddy wash, throughout the district rendered possible. To allow of further experience being gained in the replacement of toddy by jaggery-arrack, experiments being tried in reinforcing toddy wash with jaggery and the question of a distillery building being erected by Government being considered, the Board recommends that Messrs. Albuquerque's contract be extended for another year.

The increase in the rate of tree-tax proposed above will involve a corresponding increase in the differential duty on jaggery spirits of $33\frac{1}{3}$ *per cent.* which will raise it to 8 annas per gallon 30° under-proof. In the non-excise area the renters can manufacture from jaggery on payment of a differential rate of 8 annas per gallon. As a matter of fact this concession is never made use of, but it is necessary to provide for it and raise the rate here in the same proportion, *i.e.*, to 10 annas 8 pies. To enable the distiller to recover the additional duty, it will also be necessary to raise the issue prices. In paragraph 10 of Board's Proceedings, No. 238, dated 1st January 1895, the incidence of tree-tax taxation was calculated at 6 annas 10 pies per gallon 30° under-proof. One-third of this, or 2 annas 3 pies, will be the amount by which issue prices should be raised in consideration of the enhancement in the case of 30° under-proof spirits and proportionately for other strengths.

6. *Proposal* (*b*).—The Collector considers that the existing number of arrack shops in the Mangalore and Kasaragod taluks is susceptible of reduction and accordingly proposes to abolish ten shops in the former and seven in the latter taluk. This may be approved.

7. *Proposal* (*c*).—The Collector is of opinion that the present rate of differential duty on jaggery-arrack, viz., 6 annas per gallon of 30° under-proof, is too low and suggests that it should be raised to 6 annas 8 pies or even to 10 annas if it be desired to drive jaggery out of the manufacture. This proposal is based on the supposition that the rate of tree-tax is not to be increased. The Board doubts whether an increase of 4 annas would have the effect contemplated by the Collector, and thinks that the result is not to be desired until the policy of Government in the subject is finally decided on. As for the increase of 8 pies, it fails to see what real advantage would be gained by such a trifling re-adjustment of the present terms.

8. *Proposal* (*d*).—This has been already practically disposed of in paragraph 5 *supra*. The leases for the rented tracts should be for one year so as to terminate with Messrs. Albuquerque's renewed contract.

9. *Proposal* (*e*).—The next proposal of the Collector, *i.e.*, to maintain the prices to be charged by the renters in the Excise and non-excise tracts at the existing rates is approved subject to the addition proposed at the conclusion of paragraph 5 *supra*.

10. *Proposal* (*f*).—*Legulization of Cashew-arrack.*—The Collector is in favour of legalizing the manufacture of cashew-arrack either in the manner proposed by Mr. Brodie in 1893—(*vide* the Collector's letter in Board's Proceedings, No. 50, dated 7th February 1893) or by grouping villages abounding in cashew trees into separate manufacturing areas and selling them by auction, the purchaser being bound to sell the liquor in shops specially licensed for the purpose. He considers that the ordinary shopkeepers may also be licensed to sell the liquor, that it should be of one uniform strength and sealed in bottles which should be numbered, and that private persons may be permitted to possess not more than three such bottles under permits to be issued by cashew-renters. The Board is not prepared to recommend the legalization of the preparation of cashew-spirit at present.

(True Copies and Extract.)

(Signed) N. S. BRODIE,
Acting Secretary.

(True Copy.)

Assistant Secretary.

To the Secretary to Government, Revenue Department.
" Collector, South Canara.
" Deputy Commissioner, Southern Division.
" Assistant Commissioner, Calicut Sub-Division.
" Inspectors, Udipi and Mangalore Circles.

Exd. Shaik Karim.

373
22-5-97.

C. No 3995

The Hon. Mr. Bliss C. I. E.

For orders:-

The existing systems under which the Abkari revenue of the South Canara district is raised are as follows:-

Toddy:- The whole district is under the tree tax system and shops are sold separately, the rates of tree tax being as shown in the margin.

	Rs - as - p
Cocoanut (palms)	.. - 12 - .. } for half
Sago ..	1 - 8 - .. } 3 years
Phenyra or date ..	.. - 12 - ..

Arrack:- In the Mangalore and Uppinangadi talukas and the Kasaragod taluk (exclusive of the Hosdrug and Kasaragod still areas) the excise (contract distillery supply) system is in force; while in the rest of the district the renting system continues. In the Excise limits the contractor is bound to supply spirits to the shopkeepers at Rs 2-8-- per gallon of 30° U.P of which R1--- goes to Govt as excise duty. He was given the option of distilling spirit either from toddy drawn from marked trees on which the tax had been paid, or from jaggery subject to the payment of an additional duty of 6 annas on every gallon of jaggery arrack of 30° U.P issued by him. Throughout the district shops are sold separately.

2.

Vernay, I think, consent to the Bd's proposals - Namely debatable

Coondapur taluk point is the Udipi .. raising of the Kasaragod Hosdrug still areas of the Kasaragod .. I dont take the T.T. - as they, line that the T.T. in S. Canara ought to remain because it is higher elsewhere, though it is impossible to ignore the fact that the S.Canara rate is only from 1/2 to 1/3 what may be called the standard rate of the Residency generally. The important point to look at comes down to the proportion borne by the rentals of the T.T. - By the last figures (C.O. 5th T Share (admn Rept of 1895-96) the rentals were

2. The proposals for the ensuing year will be briefly considered below:-

Toddy

3. The main question for consideration is whether the existing rates of the tax should be raised. The T.T. system was first introduced into two* talukas of the district from 1st October 1891 and the present rates were fixed comparatively low so as to assimilate the incidence of the newer T.T. as much as possible to the rates under the personal license fee system. When in the next year it was proposed to extend the system to other portions of the district the question of enhancing the rates was considered by the Collector who stated:- "The system has, however, still to be introduced into the remaining talukas of the district and unless we introduce it at the enhanced rate into these which I do not recommend, the evil of differential rates will be the result ..... When the system has been extended to practically the whole district, ... and firmly established, the tax can be gradually raised by increases of 8 annas from time to time to the maximum of Rupees 3 per tree at that

Rs 2,25,734 of the T.T. Rs 1,50,458- The proportion of would therefore 3 to 2- The average shop rent was Rs 176 odd or nearly Rs 15 per shop per annum. Leaving unaddressed one third (Rs 50000) of the T.T., as other Bd. purposes, & deduct that from from the rentals, we should reduce the proportion to 7 to 8, and in better state of things, and should also reduce the average shop rent of rather over Rs 11 per mensem, another improvement in my opinion for I should like to see the shop rents generally reduced a little more than registration fee. Moreover, the first result of the measure may be some loss of revenue, but my belief is that the ultimate result will be an increase of revenue, independently of the other advantages which will be gained-

* Mangalore & Udipi Talukas.

+ Vide page 5

WS
21/5/97

true be but too rapid an increase in the tax even after the general introduction of the system is to be deprecated as this course might lead to a strike and would at any rate cause much and general dissatisfaction and discontent". The Board agreed in this view and the tax was not enhanced.

4. Again in 1893 the question was considered and the Collector stated:- "Though the toddy tax system) bids fair to prove a complete success its introduction has not been unaccompanied by difficulties which have only been overcome by the most hearty cooperation of the Revenue authorities with those of the Abkari dept. I am consequently most strongly opposed to any increase in the fees at present not only because over haste to do this may in great measure undo all that has been done up to date and throw back a scheme which has so far proved a complete success by creating a feeling of distrust and dissatisfaction in the toddying community, but also because I doubt if the enhancement of the fees at this stage, even if it does not occasion

occasion a strike or some such outward contretemps would result in any commensurate increase of revenue". The Board stated:- "The absence of friction which has been experienced in the introduction of a new and prima facie unpopular system, and the very considerable measure of financial success which has been attained are, in the Board's opinion, largely due to the wise moderation which has been exercised in the fixing of the fees at their present low figure. The time has not yet arrived for any enhancement".

Lloyd D, p. 230 (1)

5. In its proposals for the year beginning with October 1894, the Board states that as the rate in the South Canara district was only half of what it was in Malabar and other districts, the advisability of raising it should be discussed at the end of the then arrack lease.

Lloyd D, pages 790

6. Accordingly the question was again considered in 1895 when the Collector states that the majority of the Officers consulted were not in favour of any enhancement and that any increase of the rates might be

Lloyd E.

Maybe; but increased charges are precisely the form of abkari revenue which is least desirable

WS

Lloyd F

Lloyd G

be deferred until the system was smoothly working throughout the district. He also states that any loss in the T.T. revenue would be more than recouped by increase in chargements and that the success of the Malabar rent scheme depended upon the facility with which toddy was made available. The Board of Revenue was of opinion that as the T.T. system was extended to the whole district only on the 1st October 1894 any enhancement of the fees might be postponed for at least another year.

7. In 1896, the Collector considered that as the arrack supply contract did not expire till 30th Sept. 1897 and as the still area renters had no notice of any enhancement of the rates of fees for which they might reasonably complain if any increase was made. The Board of Revenue states:- "The toddy revenue of the district is already fairly satisfactory, the incidence per head of the population being As 4-7 against an average of As 3 for the Presidency and the Board would postpone the raising of the

T.T.

T.T for another year."

8. The Collector regrets any enhancement of the tax on the following grounds:

(i) that the present rates are felt to be high alike by the tappers, the treeowners and the shopkeepers;

(ii) that if the price of toddy is raised it will be very hard upon the labourer who makes one of his meals entirely upon toddy;

(iii) that there might be a fall in the revenue; and

(iv) that the state of the season does not warrant any increase now, there being a general increase of prices of all commodities.

9. The Deputy Commr., on the other hand considers that the rates should be raised especially in view of the fact that the rates have been enhanced in the rest of the Presidency and that it would be very unfair and impolitic to have such a low rate as is now in force in South Canara alone.

10. The Board agrees in the Dy Commr's views and recommends that the rates should be raised. The Board at the same time states that if by 1st October the season does not improve the enhancement may be postponed.

An unsound argument: This district is so isolated that the argument does not apply RS

11. The present rates of t.t in South Canara as compared with the rates in other districts are shown in the subjoined statement. The rates now proposed by the Board are shown in red ink.

Kind of trees.	Rates of tree-tax per tree: In the South Canara district.	In the Madras Town Circle.	In the Godavari, Kistna, Chingleput, South Arcot, Tanjore, Trichinopoly, Coimbatore and Salem districts and the North Arcot district except the Palmaner taluk and the Punganuru and Kangundi divisions, and the Madura district except that portion of the Ramnad and Sivaganga zemindaris in which the T.T. system was introduced from 1st October 1895.	In the other tracts named in the preamble to these rules.	For what period.
1	2	3	4	5	6
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	
Cocoanut palms	0 12 0	3 12 0	2 4 0	1 8 0	For each half-year as defined in rule 8 above.
Sago palms ..	1 8 0	5 10 0	4 8 0	3 0 0	
Palmyra or date palms.	0 12 0	2 8 0	1 8 0	1 0 0	For the whole year as defined in rule 8 above.

For orders as to whether the Board's proposal may be approved.

12. The Board has approved of the Collector's proposal to allow a month's time to the shopkeepers to make satisfactory arrangements for the supply of toddy instead of 15 days as at present.

13. The Bd has disallowed the Collector's suggestion to insert a condition in the shop licences prohibiting the distillation of toddy. In the Board's opinion it would be impossible for the department to deal with the

the matter and thinks it should be left to the consumers to protect themselves.

Arrack.

14. The chief point for consideration is whether the excise system should be further extended.

The Collector considers that it should not be for the following reasons:-

(a). That as jaggery arrack does not find favour with the people and as the excise area contractor finds it convenient to manufacture jaggery arrack, an extension of the excise area will lead to a fall in consumption resulting in a corresponding fall in shop rents;

(b) That there will be a decrease in the tax revenue in consequence of the toddy at present used for distillation being no longer required;

(c) That there would be difficulty in ensuring the supply of spirits to the whole area owing that even the present excise area has been too much for the present contractors; and

(d) That the increase in the excise area would not add to the attractiveness of the contract.

The

It is difficult to supply spirits from Kanjikoe to Kondapur & Nidjni Talukes. If a distillery is to be opened at Nidjni there will be no difficulty in obtaining excise of the whole district and it will greatly improve the quality of the liquor consumed.

The feasibility of Mr. Fawkes plan of purchasers for they will have the capacity of holding 3 or 4 months supply of the toddy during the season & use the supply at other times.

15. The Deputy Commissioner, on the other hand, considers that the excise system should be extended throughout the district

16. In para 5 of the Proc., the Board discusses the question and proposes to defer the extension of the excise system for another year and in the meantime to renew Messrs Albuquerque's Contract for the supply of the excise taluks. While on the one hand the Board is of opinion that though there may be complaints against jaggery arrack it will make its way in course of time as it has done in other places, on the other hand, it is not satisfied as to the justice of forcing an unpopular liquor on unwilling consumers in the expectation of their coming to like it in course of time. The Bd is accordingly arranging to try experiments as to the possibility of reinforcing the alcoholic strength of toddy mash by the addition of jaggery. Until the result of these experiments have been ascertained and until a suitable contractor can be found the Board is of opinion that the excise system should not be extended.

In

17. In consequence of the increase in the rates of the tax which the Board has proposed, the differential duty on foreign spirit will have also to be raised. The Board accordingly proposes the following rates for spirit of 30° u.p

	Present rates	Rates proposed
	as — p	as — p
Excise tracts	6 — "	8 — "
Rented tracts	8 — "	10 — 8.

18. As regards issue price the Board proposes to increase it from Rs 2-8 — u to Rs 2-10-3 per Gallon of 30° u.p in the excise tracts and from Rs 2 to Rs 2-2-3 in the rented tracts.

19. The Board approves of the collector's proposal to abolish 10 shops in the Rasipalaiyam taluk and 7 in the Namakkal taluk.

20. The only other point for consideration is whether distillation of cashew arrack should be legalized.

The collector sees no reason against the legalization but considers, on the other hand, that it would be advantageous because it utilizes one of the products of the country, abolishes a technical offence, to some extent husbands the supply of other spirit which might run short in the monsoon and satisfies the

Papers 12-13 of G.O. No 531 dt 12-6-91
" 21-22 of G.O. No 690 dt 8-7-92
" 15 & 18 of G.O. No 407 dt 13-5-93
" 9-10 of G.O. No 453 dt 16-7-95

the population some of whom favour this spirit to be necessary for certain medical purposes."

The Board however is not prepared to recommend the proposal at present. It does not give any reason for declining to entertain the collector's proposal.

This subject has engaged the attention of the Board and Government for some years — Vide all correspondence quoted in the margin. In the last of the papers quoted the Board expressed the opinion that the experiment of legalizing cashew arrack should be deferred until the excise system was thoroughly established in the tracts in which it is now in force.

Submitted that the Board's proposals may be approved.

A.R. 19/5/97 I submit the B.R.'s proposal to raise the toddy tax is based on unsound arguments. No argument drawn from the rest of the Presidency can be applied to a district so dissimilar as it is in its people, their mode of life and their surroundings. With [illegible]

reason
Inclusion of Supreme Court
applied to S. Canara but there
are great differences between
these two districts and it is not
at all unlikely that by forcing
up the rate trouble might
ensue.

22/5/97.

C. No 3795

Sep. Rev. No 82.

G.O. No 373 R/ 22nd May 1897.

The Board's proposals are approved.

2. ordered that the following telegram be despatched

"Your Prop No 153 dated 14 ultimo × proposals approved".

22/5/97.

Cipher
Tele. from
22/5/97

AR
22.5.97

To
The Board of Revenue (Sep. Revenue).
Dtd. 11-6-97

35/2

Government {1897} of Madras.

REVENUE.

Recd.
Regd. } 1897.

Enclosures
Spare copies

G.O., No. 373, 22nd May 1897.

MAY.

Abkari Revenue.

Approving the Board's proposals for the management of the — in the South Canara district during the year 1897–98.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), No. 153, dated 14th April 1897:—

Read—the following letter from W. H. WELSH, Esq., Collector of South Canara, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Baindur, 7th February 1897, Ref. on C. No. 498-Abk.:—

I have the honour to submit abkári proposals for the lease commencing 1st October 1897.

Toddy manufacture.—All the officers consulted are against raising the rates of tree-tax on the ground that the present rates are felt to be high by the Billavar or tapper class. These people are inclined to resort to other occupations, and their sons are not always trained to climb. The rates are felt high by tree owners who are said by the Udipi Circle Inspector to be not over ready to let trees for tapping, preferring the profit made out of the yield of cocoanuts. The rates are felt to be high by shopkeepers who sometimes resort to the device of watering their toddy, adding stale toddy to increase its intoxicating power, so as to sell it at the old price. If the price of toddy is raised, it is very hard upon the labourer who makes one of his meals entirely upon toddy.

2. The shopkeeper has hitherto avoided raising the price to the consumer. Yet the toddy shop rents which are so far above those of a few years ago keep up fairly. If the tree-tax were raised and the price of a quart of toddy raised there might be a serious loss of revenue. The General Duty Deputy Collector states that difficulty is experienced in his division, comprising the two taluks of Kasaragod and Uppinangadi, even in collecting the present rates. The revenue from tree-tax in 1894–95 was Rs. 1,54,437, in 1895–96 it decreased to Rs. 1,50,458, while in the past nine months of 1896–97 it is Rs. 99,025. Adding to the latter figures Rs. 49,671 the probable revenue for the remaining three months or the actual revenue of the corresponding three months of 1895–96, the total would still be only Rs. 1,48,696. These statistics do not encourage enhancement. Moreover, the effects of the scarcity which other parts of India are at present suffering from are also to a lesser extent felt here also by way of a general increase of prices of all commodities, so this would not be an opportune time for raising the tax. I do not know of any advantage expected to come from enhancement.

3. *Number of toddy shops.*—This need not be altered.

4. *Toddy shop licenses.*—I recommend that condition 19 should run thus:—

"No ingredients noxious to health shall be put into the toddy either to increase its intoxicating power or for any other reason. It shall not be watered."

The practice of watering toddy increases the labour of transport and impedes successful distillation. Distillers refuse to pay full price to tappers on the ground of adulteration. This offence may be difficult to detect, but it is the interest of every body that it be prevented.

5. In condition 3 the time allowed, namely, fifteen days, is insufficient. Shopkeepers sometimes need more time for settling with tree owners and toddy-drawers. One month should be allowed.

6. *Arrack manufacture.*—The question is whether the Excise system should be introduced into the rest of the district, namely, the south of Kasaragod taluk and into Udipi circle. The Udipi Circle Inspector is against it. The Mangalore Circle Inspector recommends the extension, but he admits that the renter will find the total area too much to manage without the existence of warehouses and depôts under separate contractors.

7. I do not see that there would be any advantage to the revenue from extending the Excise area. The non-excise area is supplied at present with pure toddy spirit from the five stills. There would be loss in arrack shop rents, because Excise area liquor is unpopular. There would be no gain in tree-tax, because contractors do not seem inclined to utilize toddy spirit for supplying Excise areas. The present Mangalore contractors apparently have no intention of using sub-stills. They stick to jaggery. European contractors have jaggery in view. The toddy spirit brought from Malabar is not popular perhaps because metal stills are used. I conclude that if the excise area is extended there will be diminution in the quantity of toddy used for distillation. Consequently tree-tax will not expand.

8. If the revenue is to profit by extending the Excise system, it must be by enhanced duty on present or increased consumption. Consumption has fallen off in the Excise area. No doubt consumption in the present Excise area might increase a little if the possibility of smuggling in pure spirit from non-excise tracts were cut off. But consumption in the non-excise tracts would be sure to diminish largely. Supply to these tracts would be a difficult problem. Even the present excise area has been too much for the present contractors, and shopkeepers made a claim for loss owing to failure of supply which the contractor had to make good. The Circle Inspector has to watch the contractor's stocks vigilantly to prevent failure from their falling too low.

9. I do not think that an increase in the excise area would, in any way, add to the attractiveness of the contract. A copy of the Udipi Circle Inspector's report is enclosed. I agree with his views.

10. If the Board considers that the Excise system should be extended, then the Udipi Circle Inspector's suggestions would suit for the northern taluks; and Mr. Brookes' proposals (extracted) about the Kasaragod southern portion would do.

11. But I would recommend making no alteration next lease in the present excise and non-excise areas. A few villages have been added to the excise area recently by their transfer from Kasaragod to Uppinangadi taluk.

12. *Number of arrack shops.*—Experience shows that there are still too many. As recommended by the Divisional officers, ten arrack shops in Mangalore taluk and seven in Kasaragod taluk may be abolished.

13. *Manufacture of jaggery arrack.*—It is a question whether the differential duty on jaggery arrack should be raised. The Divisional officers all advise that this should be raised. I would recommend at least an enhancement to As. 6–8 on 30° under-proof next lease, and proportionately on other strengths. It is said that the renters make As. 4 or even As. 6 profit per gallon. There might therefore be an enhancement to As. 10, if it were desired to drive jaggery out of the manufacture. A larger enhancement than As. 6–8 is practicable if the Board sees fit to order it. But I agree with the Mangalore Circle Inspector that it is undesirable to add to the difficulties of introducing jaggery arrack which is making its way in the town and in Uppinangadi taluk and which must be our resource in that taluk. Experience shows that it pays well to manufacture it with the present differential duty and there is therefore a strong inducement to rivals to come in. If the renters were to buy locally manufactured pure jaggery (which they have done on a small scale to the extent of 60 candies), they may perhaps turn out a purer spirit. Even now their arrack is less offensive than that from Ránipéttai. The Mangalore Circle Inspector reports that they are buying jaggery from the local tappers. It would be a fortunate thing for the local industries if this arrangement were to become an established custom.

14. *Still-areas.*—If the Excise system is extended, there will be no more still-areas. I recommend, however, that the existing still-areas be left practically unchanged. The new lease may be for two years.

15. *Rates at which arrack is to be supplied to shopkeepers in Excise and non excise areas.*—There is a general consensus of opinion among the officers consulted that the present rate may continue both in excise and non-excise areas, and I see no sufficient reason to differ from them.

16. *Necessity of inserting a condition in the lease as to the selling price of arrack by shopkeepers to consumers in excise and non-excise tracts.*—The Mangalore Circle Inspector and General Duty Deputy Collector suggest that a condition be inserted in the license fixing Rs. 3-12-0 as the minimum selling price per gallon of 30° under-proof and proportionately for other strengths in excise area. The reason assigned by the Deputy Collector for the suggestion is that at present adjoining shopkeepers hesitate to bid against each other for fear that competitors might undersell and thus annoy them, but I think the absence of conditions of this kind is a great advantage. If my proposals are approved of, there will be no alterations in any of the details which affect the people. They will have the same rates of tree-tax, the same instalments and the same rules.

17. *Legalization of manufacture of cashew spirit.*—I do not see any reason against the legalization either in the manner proposed by Mr. Brodie in 1893 or by grouping villages containing large numbers of *Anacardium occidentale* trees into a number of still-areas and selling by auction the right of manufacturing cashew arrack in each area, the auction purchaser being required to sell the liquor in shops fixed for each area and specially licensed for the purpose. There is no objection to the ordinary arrack licensee having cashew spirit licenses, since the season lasts only two or three months. The cashew spirit would have to be of one strength, in sealed and numbered bottles, no one to possess more than three bottles, and this on a permit to be obtained from the renter authorizing transport and possession. I think that legalization is advantageous, because it utilizes one of the products of the country, abolishes a technical offence, to some extent husbands the supply of other spirit which might run short in the monsoon, and gratifies the population, some of whom fancy this spirit to be necessary for certain medical purposes.

18. It is, of course, very important that orders should reach this district as soon as possible, because the new lease begins on 1st October, while the interruption of communications due to the monsoon may begin in May.

Reference on the above, dated 16th February 1897.

Forwarded to the Deputy Commissioner, Southern Division, for *very early* remarks.

(Signed) R. H. SHIPLEY,
Acting Secretary.

To the Deputy Commissioner of Salt and Abkári Revenue,
Southern Division (with the Collector's report
with enclosures, in original, to be returned).

Read—again the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 856, dated 7th March 1897 :—

Read—the following letter from W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Tellicherry, 23rd February 1897, No. C. 21 :—

With reference to Board's Reference on General Register No. 1627, dated 16th February 1897, I have the honour to offer the following remarks on the abkári proposals of the Collector of South Canara.

2. *Paragraph* 1—*Toddy manufacture.*—I am in favour of an increase in the rate of tree-tax, so that it may gradually be brought up to the rates obtaining in Malabar. The decrease in realizations under tree-tax noticed by the Collector as a reason for not increasing the rate of tree-tax, is due to the displacement of toddy arrack by jaggery arrack and the consequent fall in the number of trees applied for for stills. It appears

to me an incongruous anomaly that Government should raise the tree-tax by 50 per cent. in other localities (in many of which the consuming classes are quite as poor if not poorer than in South Canara) and leave it at the excessively low rate now prevailing in South Canara, more especially as the system has been well and successfully established. I consider that the tax may well be raised to Rs. 2, Re. 1 and Rs. 4 for cocoanuts, palmyrahs and sagos for the next two years and raised to the full *old* rate in the next lease.

3. *Paragraph* 4.—I fail to see how the watering of toddy is to be prevented; the remedy lies with the consumer. If, as the Collector says, the consumer gets a watered beverage, he apparently does not pay the price of the pure article and therefore is not greatly harmed.

Paragraph 5.—The extension of time proposed under condition 3 may be allowed.

4. *Paragraph* 6—*Arrack manufacture.*—The heavy fall in the consumption of arrack in the Excise tracts, which is brought forward as the chief reason against the extension of the Excise system, is in my opinion more apparent than real. On the introduction of the Excise system in Malabar, there was the same apparent enormous fall in consumption which was rightly attributed by the Collector (Mr. Bradley I think) to the utter unreliability of the figures of consumption furnished by the renters. This great fall in South Canara excise tracts has not been followed by any increase in detection of illicit practices and the Assistant Commissioner reports that every official he has consulted is of opinion that there has been no increase in such practices. If the actual licit consumption had fallen off to the extent that the figures indicate, I am certain that, in South Canara, the natural result would have been an immediate resort to illicit distillation.

5. Mr. Welsh further deprecates the extension of the Excise system on the grounds of "No advantage to the Revenue," "probable fall in arrack shop rents," "no gain in tree-tax realizations." I submit two statements B and D received from the Assistant Commissioner, Calicut Sub-division, in another connection from which the Board will see that, in spite of the apparent fall in consumption in the new Excise area, there has been an increase in revenue in that area in the toddy year 1895-96 of Rs. 19,266-12-10 over the revenue of the previous year. There has also been an increase of Rs. 7,842-5-2 in the old town excise area. I am unable, therefore, to follow the Collector in his argument that there will be no increase of revenue as, judging from experience in the present excise area there will be a large gain to set against a *possible* loss in arrack shop rents and, I think, the Board will agree that it is far better to collect the Government dues by excise duty than by rents.

6. *Paragraph* 9.—I think the Collector is wrong here and that an increase in the excise area *would* add to the attractiveness of the contract and that if the whole district were placed under the Excise system we should have European firms coming forward to compete for the contract. I do not see why there should be such great difficulty in supplying the proposed new Excise areas with arrack from a central distillery at Mangalore. There is no reason whatever why the distribution of the liquor should be carried out entirely by the contractor. It will be sufficient for him to open up Excise warehouses, as suggested by Mr. Brookes, at Coondapoor, Malpe, Puthur and Kasaragod, the distribution from these warehouses to vend depôts being let out to approved persons on payment of a fee. The contractor would, of course, have to largely increase and improve his plant.

7. I would not, *for the present*, increase the differential duty on jaggery-arrack above the slight enhancement proposed by the Collector as the contract should, in my opinion, be made as attractive as possible to induce competition. For the above reasons, therefore, I am strongly in favour of introducing the excise system throughout the district from 1st October 1897. I would, however, beg to point out to the Board that it is essentially necessary that very early orders should be passed; the proposals are already very late as the ports will only be open for another three-and-a-

half months. This renders it difficult for any new firms to come forward, as they will have to make all the necessary arrangements for their plant before the ports close for the monsoon.

8. I have no remarks to offer on the Collector's suggestions if the existing order of things is to continue.

9. *Paragraph* 16.—I agree with the Collector.

10. *Paragraph* 17.—Legalization of manufacture of cashew-arrack.

I do not see that the Collector has made out any stronger case for the legalization of the manufacture of cashew-arrack than has been advanced and negatived by the Board in former years. I am strongly opposed to it.

Resolution—Mis. No. 856, dated 7th March 1897.

The future arrack policy of South Canara appears to the Board to depend on the question of whether jaggery-arrack is eventually to displace toddy-arrack there. The present contractors appear to have been making use of the option allowed them of distilling from jaggery instead of from toddy to the exclusion of toddy spirit. The Collector is requested to report fully how this change has been accepted by the consumer and whether any serious complaints or dissatisfaction exists in consequence of it. The Assistant Commissioner is requested to give his opinion also on the same point. The Collector is also requested to report whether if jaggery spirit is to exclude toddy spirit the wants of his district could not be supplied by importation by sea from Nellikuppam or elsewhere. It appears to the Board that the discretion to supply either sort now allowed to the contractor has practically resulted in the exclusion of toddy spirit for consumption and that if the latter is not to be reinstated under the next contract the possibility of doing without a local distillery at all may be considered with advantage.

2. A very early reply to this reference is requested: for, if any changes are to be made, they must be notified some time before the monsoon breaks or no new contractor will come forward.

(True Copy and Extract.)

(Signed) R. H. SHIPLEY,
Acting Secretary.

To the Collector of South Canara.
„ Assistant Commissioner of Salt, Abkári and Separate Revenue, Calicut Sub-division.
Copy to the Deputy Commissioner of Salt, Abkári and Separate Revenue, Southern Division.

Read—also the following letter from W. H. WELSH, Esq., Collector of South Canara, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Mangalore, 18th March 1897, IV Ref. on C, No. 498-Abk.:—

With reference to Board's Proceedings (Separate Revenue), Mis. No. 856, dated 7th instant, I beg to report the first point is how the displacement of toddy by jaggery arrack has been accepted by consumers and whether any serious complaints or dissatisfaction exists.

2. Nearly half the district is under the rented system and jaggery-arrack has not been tried there.

3. In the present Excise area jaggery arrack is universally disliked for its bad flavour and smell. Consumers use it simply because they cannot help it, there being no other substitute for toddy-arrack. The recorded opinions of my predecessors, the reports of Divisional officers, Tahsildars, Circle Inspectors and petitions of shopkeepers (abstract whereof marked A is enclosed), all bear testimony to the above facts.

Consumption has remarkably decreased in the extended Excise area consisting of Mangalore and Uppinangadi taluks and a portion of the Kasaragod taluk. During the abkári year 1895–96 (October 1895 to September 1896) when exclusively jaggery-arrack was manufactured, the consumption in the Excise area was only 45,514 proof gallons, whereas in the preceding year (October 1894 to September 1895), when a considerable proportion of the arrack issued was of toddy, it was as high as 64,251 proof gallons. The decrease is between a quarter and a third.

4. It was in October 1891 that the town excise renters, Messrs. Albuquerque were first allowed to manufacture jaggery-arrack. They were permitted to manufacture 2,000 gallons. The permission was granted as they represented that they could not obtain a sufficient supply of toddy in consequence of the difficulty of getting tappers to tap under the new tree-tax system which was first introduced in that year (from 1st October 1891) and the unwillingness of tree owners to rent trees to be tapped. The permission was subsequently repeated on the same grounds, and the last time it was extended was on 31st October 1892 "when the renters were allowed to issue jaggery-arrack to town shopkeepers for another month or until such time as he might be able to get sufficient toddy for distillation." Under this permission the renters freely continued to manufacture jaggery-arrack until October 1891, when the question was raised whether the restricted concession allowed to the renters in 1892 could be held to extend up till then or to apply to a new lease. The Mangalore Circle Inspector, who was referred to, replied as follows: "If arrack is to be manufactured solely from toddy the distillers will have to mark between five and six thousand trees. I made enquiries if such a large number is procurable within an easy distance of the distillery and I am told it is. But the tappers refuse to manufacture and deliver toddy to the distillers as they complain of not being properly paid by them. The distillers pay on the outturn of arrack secured from the toddy delivered to them, which the tappers, of course, do not believe in. They want payment for the toddy delivered, and say that if Government pay them accordingly they are prepared to supply toddy for the distillery but not otherwise." Thereupon my predecessor distinctly gave the renters to understand that "the concession will be continued only upon to the 15th December 1894, after which arrack must be manufactured from toddy alone." The renters appealed to the Board who permitted them to issue arrack made of the stock of jaggery actually in hand; and so the manufacture and issue of jaggery-arrack continued until the end of the lease, *i.e.*, until the end of September 1895. In the current lease it is optional with the renters to manufacture either from jaggery or toddy subject to payment of a differential duty of 6 annas on a gallon of 30° under-proof and proportionately for other strengths in case jaggery-arrack is manufactured and supplied. It seems to me that if the renters be just in their dealings with the tappers, and work the sanctioned sub-stills, they would experience no difficulty in obtaining a sufficient supply of toddy to meet their full requirements. The present Excise renters abandoned palm juice as a material as soon as they possibly could and have paid no attention to improving arrangements. The stills in the rented areas of this district are fairly successful in manufacturing from toddy on a large scale. The spirit produced is said to be generally pure and wholesome. One complaint, however, having reached me that the liquor in Savuda depôt smelt of the copper receptacles and was of the wrong strength. I examined the depôt last month. The liquor was of the right strength and had quite a fragrant smell. It came from the Coondapoor renter's still at Gujjadi near Trasi which is not so well managed as some of the others. Very likely the depôt keeper expected my visit. But this is an instance of how highly pure liquor is appreciated. I will obtain samples and send them to the Board of the kinds of spirit locally manufactured.

5. The second question raised by the Board is whether the district can be supplied by importation by sea from Nellikuppam or elsewhere. The supply can be made if proper arrangements are ready in good time for import and storing.

6. If the present Excise area alone is to be supplied by importation, the success of the measure will depend upon the quality of the spirit. If worse than the locally manufactured jaggery-arrack there will be a still further decline in consumption.

7. If the present rented area also is to be supplied by import, it is likely there will be a decrease in consumption of 25 per cent; or in case the spirit be worse than the present locally manufactured jaggery-arrack, a still further decrease.

8. The Mangalore Circle Inspector reports that "vellam bark" is used in manufacture in Ránipéttai. I suppose he means *Accacia Arabica*. It is said that the smell of this is what South Canara people so much dislike. The wash used for imported arrack is said to be far less pure than what is used here. If wholesome ingredients are used for imported arrack it will have quite as good a sale as that distilled in Mangalore.

9. If the quality of the imported arrack is good there is no advantage in a local distillery.

10. If it is intended that imported arrack should be used in the present Excise area in the lease commencing 1st October, it will be necessary for the importers to have a competent agent here in good time to secure store-houses, depôt-keepers, &c., and arrange for carriage. He must be here in June and would have to travel all over the area in the monsoon. Import would have to be arranged for, as soon as the ports would open; and he would have to work hard to get all in order by 30th September.

11. If the system is to extend to the whole of the district, these difficulties would be further increased, but I think it would be possible to do all.

Post script.—The substitution of imported jaggery spirit for the local toddy spirit would have the following bad consequences:—

(1) Decline in licit consumption and revenue therefrom.
(2) Decline in rent value of arrack shops.
(3) Decline in tree-tax collections.
(4) Hardship to labourers and small capitalists from displacement of their industry.
(5) Depression of agricultural population because tree owners would find their holdings reduced in value.
(6) Incentive to smuggling and illicit distillation from the desire of the population to get good liquor instead of inferior stuff, with increased prosecutions under excise law.
(7) Hardship to consumers in being unable to obtain their accustomed luxury and what they think is a good medicine.

On the other hand the advantages are—

(1) Probable increased sobriety of population.
(2) Slight increase in toddy revenue and foreign liquor sales.
(3) Boom in the imported arrack industry at Nellikuppam, Ránipéttai, &c., and increased uniformity in the Excise department working.

On the whole, the change would cause great hardship and discontent in this district.

Read—also the following letter from W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Calicut, 23rd March 1897, C. No. 47:—

With reference to Board's Proceedings, Mis. No. 856, dated 7th March 1897, I have the honour to submit my opinion as follows.

2. I take it that the introduction of the Excise system is to be persevered in and extended. If this be granted, then the future arrack policy of the South Canara district must be jaggery arrack. It will not, in my opinion, be possible to supply the whole district with toddy arrack under the excise system though it has been possible under the out still or renting system. Of course, it could be done if the Malabar system of tax-free distillery trees were introduced, but this I would most strongly deprecate as being a most pernicious one.

3. I have not received any complaints from the consumers of jaggery arrack in the new excise areas, but then it is not very likely that I would. That such complaints, however, have no real foundation is proved, I think, by the remarkable increase in consumption in the old Mangalore town area and in the Uppinangadi taluk, as the subjoined figures will show:—

—	1893–94.	1894–95.	1895–96.
	Proof gallons.	Proof gallons.	Proof gallons.
Mangalore town area	8,309·9	12,737·8	14,888·3
Uppinangadi taluk	5,456·1	7,574 0	16,793·8

Any little sentimental objection there may be in the new excise area to the jaggery arrack will, in my opinion, as quickly vanish in that area as it has in the old. It may also be further remarked that what the people really like and wish for is arrack distilled in earthern pot stills and this they cannot get under the Excise system. They dislike toddy arrack distilled in copper stills as much as they pretend to dislike jaggery arrack.

4. The abolition of the outstills has had a marked affect on the toddy revenue. Although the totally inadequate number of 5,052 cocoanuts and 5,722 palmyra trees for the first-half year and 5,175 cocoanuts for the second-half year were marked formerly in the new excise area for the local stills, yet the trees marked for toddy supply, pure and simple, in the current year show a considerable increase amounting in revenue to Rs. 2,610, and this in spite of the fact that under the old system the shopkeepers were able to dispose of their surplus stale toddy to the stills.

5. If jaggery arrack is allowed to displace toddy arrack as I think it must, I would deprecate supplying the district with arrack from Nellikuppam. I think that a local distillery should be encouraged. Messrs. Parry & Co. are now fast obtaining a monopoly of the arrack supply of the south of the Presidency, and this they are enabled to do solely because they were in the enjoyment for many years of a most lucrative monopoly which enabled them to establish their present large plant. In my opinion there should be a local distillery and the distiller should be bound by his contract to obtain his supply of jaggery in the district. This would be beneficial to many of the tappers of the district who would be thrown out of work if arrack be obtained from outside the district.

6. The question requires to be settled at once, or else it will be impossible for any intending contractors to come forward and compete for the contract.

Read—also the following letter from C. M. SHERMAN, Esq., Assistant Commissioner of Salt and Abkári Revenue, Calicut Sub-Division, to the Deputy Commissioner of Salt, Abkári and Customs Department, Southern Division, dated 25th March 1897, C. No. 2:—

With reference to Board's Proceedings, Mis. No. 856, dated 7th March 1897, I have the honour to state that, with the exception of Mr. Brooke's letter, No. 1235, dated 18th March 1897, a copy of which has been forwarded to you direct, I have no other information upon which to base a report; and unfortunately Mr. Simpson has left the Sub-division without expressing his views on the subject. I, however, venture to give my views on the subject based on experience gained in 1895–96.

2. As you are aware the present contractor, before taking up the current lease, expressly stipulated that he might have the option of issuing jaggery arrack; this concession was, after some consideration and argument, granted him. The result has been exactly what I then expected, viz., with the exception of a small quantity of cocoanut arrack imported from Colombo and Malabar, the almost exclusive issue of jaggery distilled liquor. The result, if we take into consideration the issues as detailed *infra*:—

	1894-95, proof gallons.	1895-96, proof gallons.	1896-97, proof gallons.
Mangalore area	8,309·9	12,737·5	14,888·3
Uppinangadi taluk	5,456·1	7,574	16,793·8

shows that there is a steady increase in issues; and consequent appreciation of the liquor in question.

It appears, however, that the consumers in the new Excise area of Mangalore and Kasaragod do not like jaggery arrack so well as toddy arrack; at the same time it must be borne in mind they do not care for toddy arrack made from copper stills; this objection to copper stills is noticeable in all districts, and was one of the chief arguments against distillery-made liquor in the Ganjám and Vizagapatam districts.

In connection with the likes and dislikes of kinds of liquor, I would most strongly protest against the importation of Nellikuppam distillery arrack or of any arrack made from molasses; as you are aware such liquor is not liked; and even people accustomed to the consumption of jaggery-made liquor, as inhabitants of the Tinnevelly district are, strongly object to it, on account of its smell and fiery nature, when compared with the liquor made from bark and jaggery. As you are no doubt aware, Parry & Co. have been selling at loss in the Tinnevelly district and have not been able to gain custom, owing to this dislike for their liquor. I understand they contemplate making a change in order to gain the custom of the district in question. Consequently I am forced to conclude that the sale of jaggery and bark arrack instead of toddy arrack in the South Canara district is one thing, and the sale of liquor made from molasses another, and is a subject which requires very careful consideration.

3. The next thing to be considered is whether the exclusive sale of jaggery arrack is a good thing; in this connection I venture to think that we have everything to gain by doing away with the manufacture of arrack from toddy. In the first place, the illicit sales of toddy round distilleries have a bad affect on T.T. revenue; and secondly no big distilleries can possibily cope with the amount of dilution that goes on. In this connection I venture to state that in 1895-96 I found the output was barely 6 per cent. from cocoanut toddy in the Malabar distilleries. But after a great deal of bother and watching, the output rose to almost 8 per cent. which I believe is about right; on the other hand, in Mangalore, the output was barely 5 per cent., and often less than 4 per cent. I was convinced that there was a lot of illicit sael and wilful dilution; and I am forced to conclude, it was mainly, if not entirely owing to this that the Mangalore distiller found it impossible to distil from cocoanut toddy and make a profit, especially as the tappers struck work as soon as he resorted to prosecutions. It is my candid opinion, and I know from what Inspectors in Malabar and South Canara have told me that there is a very large loss in T.T. revenue owing to illicit sales of toddy tapped for distilleries; and in this connection would invite attention to Mr. Brooke's views embodied in paragraphs 4 and 5 of his report referred to *supra*.

4. Under the circumstances I am strongly opposed to the distillation from toddy in any form, and would advocate the abolition of same in the Malabar district also, and the opening of one distillery for the two districts, which would result in a large saving in establishment, and a heavy increase in T.T. revenue.

I am aware that this would result in some loss to the tappers, on the other hand it would mean an increased impetus to jaggery manufacture, and if jaggery arrack was alone manufactured, a demand for locally-made jaggery would compensate the tappers.

5. In conclusion, I am convinced that no contractor will take up a contract which necessitates his manufacturing liquor from cocoanut toddy if he is given the option of making liquor from jaggery not even, if he has any number of outstills allowed him. I am therefore in favour of the abolition of the outstill system and distillation from toddy in Excise area, and would advocate the continuance of the

distillery at Mangalore until rail connection is secured, failing which, I would strongly urge the opening of warehouses and the supply of jaggery and bark liquor, as I hold that the sale of liquor made from molasses would, owing to its nature and smell, be almost unsaleable in the west coast.

Endorsement by W. A. FOWLER, Esq., Deputy Commissioner of Salt and Abkári Revenue, Southern Division, dated 28th March 1897, C-No. 52.

Forwarded to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, in continuation of this office C. No. 47, dated 23rd March 1897.

2. Mr. Simpson should have replied to the Board's Proceedings before handing over charge.

Resolution—No. 153, dated 14th April 1897.

The foregoing papers contain the South Canara Collector's proposals for the management of the abkári revenue in the district during the ensuing lease and the views of the departmental officers concerning them. Briefly summarized the Collector's proposals are—

For toddy.

(1) To continue the present rates of tree-tax.

(2) To amend condition 3 of the toddy shop license so as to allow the shopkeepers a period of one month in which to make satisfactory arrangements for the supply of toddy to their shops.

(3) To modify condition 19 of the toddy shopkeeper's license so as to provide against dilution of toddy.

For arrack.

(*a*) To confine the excise system to the areas in which it is now in force;

(*b*) To abolish ten arrack shops in the Mangalore taluk and seven in Kasaragod.

(*c*) To raise the differential duty leviable in respect of jaggery arrack from 6 annas to 6 annas 8 pies per gallon of 30° under proof and proportionately for the other authorized strengths.

(*d*) To grant a two-year lease of the manufacturing areas in the rented tracts of the district.

(*e*) To maintain the prices to be charged by the renters of the excise and non-excise tracts at the existing rates.

(*f*) To legalize the manufacture of cashew arrack.

Toddy.

2. *Proposal* (1).—The Collector advocates the retention of the existing rates of tree-tax on the ground that the present ones, though comparatively low, are felt to be high alike by the tappers, the tree-owners and the shopkeepers, as shown by the gradual decrease in the realizations under tree-tax, and also on account of the prevalent scarcity, the effects of which are reported to be felt, though to a lesser extent, in the South Canara district. The Deputy Commissioner, Southern Division, dissents from the views of the Collector and considers that the decrease in the revenue derived from tree-tax referred to above is entirely due to the displacement of toddy-arrack (which is prepared from the produce of marked trees) by jaggery-arrack and is therefore no valid reason why the tree-tax should not be raised. He points out that,

Official year.	Rs.
*1894-95	1,54,437
1895-96	1,50,458
1896-97	1,49,644

while it is the policy of Government to gradually raise the tree tax in the rest of the Presidency it is unfair and impolitic to leave that of South Canara fixed at so low a rate and suggests that it may be raised, as noted in the margin * for the next two years and to the rate formerly prevailing in the rest of the Presidency in the following year. The Deputy Commissioner's arguments appear to the Board to be sound. The abkári revenue of South Canara is based on the rate of tree-tax which governs the excise duty on jaggery-arrack as well as the taxation on toddy, and as it is steadily and rapidly expanding, as will be seen from the marginally-noted figures, † there should be every possibility of an enhancement being successful. His statement in paragraph 2 of his letter Ref. on C. No. 498, Abkári, dated 9th February 1897, that the shopkeepers have hitherto avoided raising their prices also points to not only the probability but the necessity of an increase. It was always intended that the tree-tax should be followed by an enhancement in the price of toddy. The only other objection to an enhancement next year is the state of the season. The Board trusts, however, that by the 1st October matters will have resumed their normal condition in this respect. If high prices still prevail or appear likely to do so, the enhancement may be postponed when the time for the sales arrives. It recommends that the rates be raised to those shown in the margin.

Kind of tree.	Rate of tree-tax. Rs.	A.	P.	
* Cocoanut palms.	1	0	0	for each half-year.
Sago	2	0	0	
Palmyra or date.	1	0	0	for the whole year.

Official year.	Rs.
†1893-94	3,95,090
1894-95	4,50,756
1895-96	4,90,095
1896-97	5,15,362

3. *Proposal* (2).—The Collector considers that the period of fifteen days allowed to shopkeepers, by condition 3 of the license, to make satisfactory arrangements for the supply of toddy to the shops is not sufficient, and suggests that it may be raised to one month. The proposal may be approved.

4. *Proposal* (3).—The Collector's proposal has for its object the prevention of the dilution of toddy which, in his opinion, increases the labour of transport and interferes with the successful distillation of toddy-arrack. The Board does not see how dilution could be dealt with by the department. It thinks that the consumer may be left to deal with the shopkeeper who waters his toddy and it would be out of the question for Government to undertake to look after the distillers' interests in the matter. The number of prosecutions which take place on the West Coast is enormous as it is, and the Board strongly objects to adding to it to afford the toddy drinker a protection which he can supply for himself.

Arrack.

5. *Proposal* (*a*).—The Collector is not in favour of the further extension of the Excise system to the Udipi and Coondapoor taluks and the Hosdrug and Kasaragod still areas of the Kasaragod taluk. He considers that the excise area will then become much too large for efficient management by a single renter, and that there will be no corresponding improvement in the revenue, but rather the contrary. He points out that as the people object to the jaggery-arrack which the excise area contractor finds it most convenient to manufacture, the result of the extension of the Excise system will be a fall in consumption resulting in a corresponding fall in arrack shop rents coupled with a decrease in tree-tax revenue in consequence of the toddy at present used for distillation being no longer required. The Deputy Commissioner, Southern Division, does not agree with these conclusions and adduces figures to prove that there has been an appreciable increase in the consumption of arrack in the areas which have been longest supplied with jaggery-arrack and that any loss in tree-tax which may result from the extension of the Excise area will be more than made up by increased realizations under the differential rate on jaggery-arrack. He further considers that the extension of the excise area will add to the attractiveness of the contract, though he does not explain how it is to be made attractive enough to induce a new contractor to

go to the expense of setting up a distillery and under-bidding Messrs. Albuquerque & Sons. The Board agrees with the Deputy Commissioner in thinking that jaggery-arrack is making way in the area in which it has been longest in use and that increased excise duty should cover any decrease in tree-tax as jaggery is substituted for toddy. It, however, considers that no satisfactory conclusion can be arrived at as to the next advance to be made in the extension of the Excise system until the question of whether the policy of Government is to be the replacement of toddy-arrack by jaggery-arrack is finally decided. Complaints against the arrack now supplied by the contractor (all made from jaggery) are numerous and there has apparently been a very heavy fall in consumption in the areas in which jaggery-arrack has been most recently introduced. On the other hand, precisely similar complaints have prevailed everywhere else for a few years on a similar change being introduced and ended in the new spirit becoming as popular as the old. Jaggery-arrack is now making its way fairly in the Kistna, where the conditions were recently very similar to those holding in South Canara. The high prices which have prevailed this season have done much to obscure the change there, but the Board thinks that there is every reason to believe that in the Kistna the taste for toddy-arrack will have become a thing of the past in another year or two. Still it is not altogether satisfied as to the justice of forcing an unpopular liquor on unwilling consumers in the expectation of their coming to like it in the end. It is about to try some experiments, with the help of the Abkári Deputy Commissioner, regarding the possibility of reinforcing the alcoholic strength of toddy wash by the addition of jaggery and so producing a spirit which, while satisfying the demand of the consumers for an arrack derived from toddy, would reduce the amount of toddy actually required to a minimum and would thus permit of its being derived from trees grown in a comparatively small area. This would allow of better arrangements to prevent dilution—the point on which the distiller and toddy-drawer always quarrel—being possible and permit manufacture sufficient to supply the wants of the whole district to be carried out at a single centre without altogether abandoning the claim to the designation of toddy spirit. It also appears to the Board that any attempt to make further progress in the extension of the Excise system is out of the question so long as Government is tied to the present contractor. No one else could take up the business of local distillation unless on a contract extending over a series of years, and this it would not be expedient to give. The only hold which Government has over the present contractor is the threat to import jaggery-arrack from the East Coast and there is strong reason to believe that this step would be most unpopular. It appears to the Board essential that Government should, before any attempt is made to extend the Excise system, place itself in a position to go into the open market to find a contractor by itself erecting a distillery in a really suitable site. It can afford to do so though no contractor could, as the latter might find his buildings and plant useless at the end of his contract. By selecting the best possible site, the difficulty with regard to an adequate supply of toddy should be surmounted and the introduction of a jaggery spirit, based on toddy wash, throughout the district rendered possible. To allow of further experience being gained in the replacement of toddy by jaggery-arrack, experiments being tried in reinforcing toddy wash with jaggery and the question of a distillery building being erected by Government being considered, the Board recommends that Messrs. Albuquerque's contract be extended for another year.

The increase in the rate of tree-tax proposed above will involve a corresponding increase in the differential duty on jaggery spirits of $33\frac{1}{3}$ *per cent.* which will raise it to 8 annas per gallon 30° under-proof. In the non-excise area the renters can manufacture from jaggery on payment of a differential rate of 8 annas per gallon. As a matter of fact this concession is never made use of, but it is necessary to provide for it and raise the rate here in the same proportion, *i.e.*, to 10 annas 8 pies. To enable the distiller to recover the additional duty, it will also be necessary to raise the issue prices. In paragraph 10 of Board's Proceedings, No. 238, dated 1st January 1895, the incidence of tree-tax taxation was calculated at 6 annas 10 pies per gallon 30° under-proof. One-third of this, or 2 annas 3 pies, will be the amount by which issue prices should be raised in consideration of the enhancement in the case of 30° under-proof spirits and proportionately for other strengths.

6. *Proposal* (*b*).—The Collector considers that the existing number of arrack shops in the Mangalore and Kasaragod taluks is susceptible of reduction and accordingly proposes to abolish ten shops in the former and seven in the latter taluk. This may be approved.

7. *Proposal* (*c*).—The Collector is of opinion that the present rate of differential duty on jaggery-arrack, viz., 6 annas per gallon of 30° under-proof, is too low and suggests that it should be raised to 6 annas 8 pies or even to 10 annas if it be desired to drive jaggery out of the manufacture. This proposal is based on the supposition that the rate of tree-tax is not to be increased. The Board doubts whether an increase of 4 annas would have the effect contemplated by the Collector, and thinks that the result is not to be desired until the policy of Government in the subject is finally decided on. As for the increase of 8 pies, it fails to see what real advantage would be gained by such a trifling re-adjustment of the present terms.

8. *Proposal* (*d*).—This has been already practically disposed of in paragraph 5 *supra*. The leases for the rented tracts should be for one year so as to terminate with Messrs. Albuquerque's renewed contract.

9. *Proposal* (*e*).—The next proposal of the Collector, *i.e.*, to maintain the prices to be charged by the renters in the Excise and non-excise tracts at the existing rates is approved subject to the addition proposed at the conclusion of paragraph 5 *supra*.

10. *Proposal* (*f*).—*Legalization of Cashew-arrack*.—The Collector is in favour of legalizing the manufacture of cashew-arrack either in the manner proposed by Mr. Brodie in 1893—(*vide* the Collector's letter in Board's Proceedings, No. 50, dated 7th February 1893) or by grouping villages abounding in cashew trees into separate manufacturing areas and selling them by auction, the purchaser being bound to sell the liquor in shops specially licensed for the purpose. He considers that the ordinary shopkeepers may also be licensed to sell the liquor, that it should be of one uniform strength and sealed in bottles which should be numbered, and that private persons may be permitted to possess not more than three such bottles under permits to be issued by cashew-renters. The Board is not prepared to recommend the legalization of the preparation of cashew-spirit at present.

(True Copies and Extract.)

(Signed) N. S. BRODIE,
Acting Secretary.

To the Secretary to Government, Revenue Department.
„ the Collector of South Canara.
„ the Deputy Commissioner, Southern Division.
„ the Assistant Commissioner, Calicut Sub-Division.
„ the Inspectors, Udipi and Mangalore Circles.

Order—No. 373, Revenue, dated 22nd May 1897.

Separate Revenue No. 44.

The Board's proposals are approved.

2. Ordered that the following telegram be despatched:—

"Your Proceedings, No. 153, dated 14th ultimo. Proposals approved."

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To the Board of Revenue (Separate Revenue).

Exd. Shaik Karim.
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