

V. E.
Revenue (1897) - Department.

PRESS SERIES.

G.O., No. 61

DATED 2.2.97

Abkani. Genl.
- to - Gajani

Grass Revenue [Despatch Abstract.]

The Board's proposals for the administration
of the ~~grass revenue~~ in certain districts,
during 1897-98, approved, with the
remark that the Contract with Mr. Minch
for the supply of Country spirits to
the Gajani &c should be renewed on
the existing terms.

BACK PAPERS.

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

FURTHER PAPERS.

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

Revenue (1896) Department.

CURRENT No.



From

*The Secretary to the
Commissioner of Salt, Mining
& Separate Revenue*

No. 488

Order

Dated 21. 7-12-96

Received 22-12-96

Registered 24-12-96
Recd by Secy on 6.1.97.

Enclosures 20.

Spare copies

SUBJECT

*Submitting to Government
the Board's proposals for the
administration of the arrack
revenue in certain districts, the
arrack contracts in which expire
on the 31st March 1897.*

70 4/1/97

BACK PAPERS.

G.O.	No.	Department.	Date.
Co	19818-1-96		✓
	4783-224-11-96		
	3018-1-7-96		✓
Co Co	13855-2-9-12-95		✓
11-1-9			

FURTHER PAPERS.

G.O.	No.	Department.	Date.

BOARD OF REVENUE (SEPARATE REVENUE), No. 483, 7TH DECEMBER 1896.

PROCEEDINGS OF THE BOARD OF REVENUE (SEPARATE REVENUE).

RESOLUTION—No. 483, dated 7th December 1896.

The Board begs leave to submit its proposals for the administration of the arrack revenue in the districts or other tracts noted in the margin, the arrack contracts in which expire on the 31st March 1897. In the Gódvári, Kistna and South Canara districts and in Malabar, except the Wynaad taluk, the current contracts for the privileges of supply and vend of country spirits do not expire until the 30th September 1897.

2. The principal proposals sanctioned for the current lease were—

- the continuance of the Contract Distillery Supply system in the Ganjam and Vizagapatam districts;
- the introduction of the Private Distillery Supply system into the Cumbum and Markapur taluks of Kurnool;
- the renewal of the contracts of supplying the Ganjam and Vizagapatam districts to the local distillers, the rates of cost price of spirits remaining the same as in 1895-96;
- the sub-division of the Chipurupalle taluk into two vend areas and the Sarvasiddhi taluk into three vend areas;
- the sale of arrack shops separately in seven towns in Ganjam, four in Vizagapatam and eighteen in Bellary, in the Vizagapatam taluk, in the Gudur, Nellore, Kávali, Kandukur and Ongole taluks and the Polúru and Venkatagiri divisions of the Nellore district, in the Pullampet, Proddatur, Kadiri, Ráyachóti, Pulivendla and Siddhavattam taluks of the Cuddapah district, in the Anantapur, Gooty, Tadpatri, Dharmavaram, Penukonda, Hindupur and Kalyandrug taluks of the Anantapur district, in the Bellary, Hospet, Adóni, Alúr and Rayadurg taluks of the Bellary district, in the whole of the Kurnool district, in the South Arcot district, except six rent areas (one in Tindivanam, three in Villupuram and two in Cuddalore taluks) in immediate contact with the French frontier, in the Pattukkóttai taluk of the Tanjore district and in the Periyákulam, Palni and Mélúr taluks and the Ramnad and Sivaganga zemidaries of the Madura district;
- the enhancement of the Excise duty on country spirits per gallon of 30° under-proof and proportionately for the other authorized issue strengths, from Rs. 1-5-0 to Rs. 1-12-0 in the Ganjam district, from Rs. 1-5-0 to Rs. 3-1-0 in the Cumbum and Markapur taluks of Kurnool and in the Tindivanam, Villupuram and Cuddalore taluks of South Arcot, and from Rs. 3-11-6 to Rs. 3-15-0 in the Wynaad taluk of Malabar;
- the abolition of the system of guaranteed minimum consumption in the Tindivanam, Villupuram and Cuddalore taluks;
- the renewal of the leases of the Gunupur and Koraput farms of the Vizagapatam Agency to the previous year's renters at the enhanced rents of Rs. 55,000 and Rs. 10,000, respectively;

Ganjam.
Vizagapatam.
N. llore.
Cuddapah.
Anantapur.
Bellary.
Kurnool.
Madras.
Chingleput.
North Arcot.

South Arcot.
Tanjore.
Trichinopoly.
Madura.
Tinnevely.
Coimbatore.
Nilgiris.
Salem.
Malabar (Wynaad).

(ix) the fixing of As. 1-2 per dram of 30° under-proof (and proportionately for the other authorized strengths) as the minimum price below which arrack shall not be sold in the independent arrack shops of the Vizagapatam district; and
(x) the establishment of three Government vend depôts in the Pattukkottai taluk of the Tanjore district for the supply of arrack to the independent shops in it.

3. The chief points for consideration now are—

- (i) whether the Private Distillery Supply system can be further extended;
- (ii) whether it is desirable to further reduce the size of vend areas or to extend the system of separate sale of shops; and
- (iii) whether the present rates of Excise duty can be increased and, if so, to what extent and in what localities.

The Board considers that the unsatisfactory state of the season in nearly half the Presidency and the high prices which are certain to prevail everywhere, during the first half of the coming year, at any rate, are most important considerations in deciding what improvements and alterations can be introduced into the administration of the arrack revenue on the 1st April 1897, and that changes which might be undertaken with advantage in an ordinary season should only be adopted with great caution on this occasion. The policy of getting rid of the middlemen which has been followed for a long time past has brought the department into direct relations with the actual shopkeepers, most of whom will find it a difficult matter to maintain themselves at a time when the dearness of all commodities affects their receipts as well as their expenditure, and all changes will be looked on with even more than the usual suspicion.

4. The Private Distillery Supply system is at present in force throughout the tracts mentioned above, except the Ganjam and Vizagapatam districts. Both the Collector of Ganjam and the Assistant Commissioner, Chatrapur, are doubtful as to whether Messrs. Minchin & Co. would have to meet any real competition if the Private Distillery Supply system were introduced. The Board from inquiries which it has made believes that the distilleries of the southern and central parts of the Presidency could not compete with the local concerns either in Ganjam or Vizagapatam until the East Coast Railway is opened through from Madras at any rate. It therefore recommends that the Contract Distillery Supply system be adhered to for the present. Tenders may be called for in the case of Ganjam but the Collector of Vizagapatam reports that if competition is invited Messrs. Parry & Co. will underbid the local distillery. As the owners have spent a considerable sum in improvements he recommends the continuance of their contract for the next lease at the increased cost price of As. 12 per gallon of 30° under-proof as requested by them. The Board considers that it is a matter of great importance to the future abkari administration of this part of the Presidency that this distillery should be encouraged. It is one of the best, if not the best, arranged ones in the Presidency, and its position on the railway will enable it to compete with spirits from Ranipettai or Nellikuppam as far south as the Kistna. It has been ascertained, by wire, that the distillers are willing to renew the contract for the next year at the existing rate of cost price of As. 11-6 per gallon of 30° under-proof, and the Board recommends the continuance of their lease for the next year on these terms.

5. The Collector of Ganjam proposes the amalgamation of the present vend areas of Narasannapeta and Chicacole northern khandam, as neither of them is large enough to allow of a separate depôt being profitably maintained in it, and the further sub-division of the Mohiri and Mandasa vend areas of the Berhampur division and of the Tekkali vend area into two each with reference to paragraph 2 of G.O., No. 19, Revenue, dated 18th January 1896. The amalgamation of the Narasannapeta and Chicacole northern khandam is approved, but the Board considers that in the existing unfavourable state of the season it would be inexpedient to further sub-divide the other areas referred to.

The other Collectors concerned do not propose any change in vend areas, as these are either already continuous with Revenue Inspector's firkas or are so situated that further sub-division is undesirable for administrative reasons.

6. The Collectors concerned have proposed the extension of the system of selling shops separately to the following towns or other tracts:—

District.	Taluk	Towns or other tracts.
Ganjam ...	Goomsur General Duty Deputy Collector's Division.	1. Suradâ.
	Berhampur General Duty Deputy Collector's Division.	2. Surlâ.
	Head-quarters Deputy Collector's Division...	3. Bâruva.
	Principal Assistant Collector's Division ...	4. Baruvapeta.
Vizagapatam ...	Anakapalle ...	5. Purushottapur.
	Vizianagram ...	6. Tekkali Raghunâdhapuram.
Nellore ...	Atmakûru ...	7. Vomaravilli.
	Darsi Division ...	The whole.
Cuddapah ...	Podili do. ...	Do.
	Badvel ...	Do.
Anantapur ...	Madakasira ...	Podili.
	Kûdligi ...	The whole.
Bellary ...	Hadagalli ...	Do.
	Harpanahalli ...	Hosahalli and Chornur vend areas.
		Kadlabalu vend area.
		Arasikerra and Alagilavada vend areas.

The Board, however, considers that the proposed extensions of the separate shop system must stand over for the present for the reasons given above. It is out of the question to expect the shop-keeping classes to come forward for the first time as bidders next March in the districts affected by the scarcity.

The Collector of Ganjam considers the absence of Government officials to check arrack consignments a fatal objection to the further extension of the independent shop system in the district. He has evidently overlooked the fact that consignments to independent shops do not require verification. In G.O., Mis. No. 4785, Revenue, dated 24th November 1896, the compulsory verification of consignments from wholesale depôts to arrack vend depôts has been done away with, and the Board has now in view the abolition of the check of consignments from distilleries and warehouses to wholesale depôts and arrack vend depôts, in connection with the provision of increased establishments for distilleries. The change if carried out will, it is believed, greatly facilitate the introduction of the separate shop system in backward tracts.

7. The Deputy Commissioner, Northern Division, suggests that shop-rents be done away with altogether both in the Ganjam and Vizagapatam districts, that the existing rate of Excise duty be increased and that the revenue now collected in the shape of rentals be added to the increased rate and the whole be levied in the shape of still-head duty at the rates of Rs. 3-11-0 per gallon of 30° under-proof in Ganjam and of Rs. 3-12-0 in Vizagapatam. The Collector of Ganjam considers that any increase in the rate of Excise duty for the next lease is undesirable. The Collector of Vizagapatam, while rightly observing that the Deputy Commissioner's proposals are too rapid and premature, recommends an increase of the duty from Rs. 1-12-0 to Rs. 1-15-6. The Collectors of Nellore, Chingleput and Coimbatore propose an increase from Rs. 3-1-0 to Rs. 3-8-0 per gallon of 30° under-proof, provided a similar enhancement is made in the adjoining districts. The Board considers it inadvisable to increase the existing rates of Excise duty anywhere for the next lease. It also considers that an increase in the rates of Excise duty in the Private Distillery Supply districts would have to be a general one and it is doubtful whether this would be advisable everywhere.

8. The Collector of Ganjam reports that the minimum guarantee system in force in the district is open to sentimental objections, that, if the present guarantee amounts were to be raised to what the intended purchasers expect to sell, it will have a deterrent effect on the rentals and suggests that the system be abandoned. The Board agrees with him. Ganjam will probably suffer more from the failure of its crops than

any other district during the next few months, and if the guarantees are fixed at anything like sums which would render this system effective, bidders will discount their possible losses liberally.

9. The minimum prices below which country spirits shall not be sold in the independent shops of the Ganjam and Vizagapatam districts are, at present, pies 9 and As. 1-2 per dram of 30° under-proof, respectively. The Deputy Commissioner, Northern Division, recommends that the minimum prices be increased to As. 1-6 per dram of 30° under-proof in both the districts for rural as well as for town shops. The Collector of Ganjam doubts the propriety of fixing minimum prices for rural shops on the ground that such a measure would be a temptation to smuggling and recommends the raising of the minimum price in those towns where the shops are sold separately to the extent suggested by the Deputy Commissioner, Northern Division. The Collector of Vizagapatam considers that it will be sufficient if the minimum price be fixed at As. 1-4 per dram of 30° under-proof throughout the district. The minimum prices are very low, especially in the Ganjam district, but the Board is of opinion that it will be better to raise them once for all when the Excise duty is raised, as it will probably be for the year 1898-99 and would make no alteration during the coming year.

10. The Collector of Vizagapatam proposes a reduction in the sanctioned number of shops in the rural parts of the Anakapalle and Vizianagram divisions from 14 and 15 shops to 13 and 7 shops, respectively, the number actually worked during the current and past years. The Board, however, considers that all the shops should be sold and those which do not fetch adequate bids on this occasion should be closed. The Collector of South Arcot proposes the closure of two independent arrack shops (one at Perumandoor in the Tindivanam taluk and the other at Pudupet in the Chidambaram taluk) as unnecessary. The Collector of Tanjore suggests that 30 arrack shops which are not required in the district may be abolished, leaving 258 shops for the ensuing lease, and that the three Government vend depôts ordered to be opened in the Pattukkottai taluk in the current lease may be allowed to continue for the next lease also to ensure the success of the separate shop system in that taluk. These recommendations are approved.

11. The Collector of Bellary requests that he may be permitted to club a few shops, not exceeding six, and sell them *en bloc* where separate bids are not available for each shop. This has been sanctioned in G.O., No. 301, Revenue, dated 1st July 1896, in the case of toddy shops and the Board considers that the procedure may be made applicable to arrack shops also subject to the understanding that the purchaser should not be compelled to open them all, so that shops which are not really required may not be compulsorily kept on the list. The experiment should be confined to the Bellary district, however, until it is seen how it works.

12. The rate of Excise duty in force in the town of Madras including the four * outside shops is Rs. 5-10-0 per gallon

* Tiruvethur.	Aminjikarai.	proof, while that prevailing in the rest of
Ramalingapuram.	Saidapet.	the Town Circle is only Rs. 4-6-0 With
		a view to prevent the smuggling of under-

taxed arrack into the shops in the town proper, as well as into the outside shops, which are all situated alongside of low-duty tracts, the Inspector, Madras Town Circle, and the Deputy Commissioner, Central Division, proposed in December 1895, after the submission of the Board's arrack proposals to Government for the lease 1896-97, that eleven villages and the tract lying between the Municipal limits in the south and the Adyar river be included in the Madras town limits for abkari purposes, so as to render more compact the tract of country in which the higher rate of duty is in force. The Board was then of opinion that the best remedy for the evil consisted in equalizing the Excise duty throughout the Madras Town Circle as has been done in the case of the tree-tax, and called for the Deputy Commissioner's opinion on the suggestion. In reply the Deputy Commissioner reports that with the existing establishment it will not be possible to effectually guard the whole of the Saidapet taluk against smuggling from the rest of the Chingleput district if the Board's suggestion

to equalize the Excise duty in the Circle be carried out. As it will obviously be far more difficult to prevent the receipt of lower taxed spirits in the 57 scattered shops in the Saidapet taluk than in the present four outside shops, the Board supports the proposal originally made by the Deputy Commissioner to include the eleven villages and the tract referred to above in the limits of the Madras town proper for abkari purposes and to prohibit under section 9 of the Abkari Act the transport of country spirits into this block.

13. The Deputy Commissioner reports that the Commissioner of Police, in spite of the fact that the sale notification prescribing the limits within which sites for shops in the Madras town may be selected is invariably approved by him before publication, raises objections to the localities actually selected, and states that his approval of the notification does not guarantee the absence of objections. The Deputy Commissioner approves a fall in rentals owing to the uncertainty. He proposes that either immunity from objection within the notified limits should be guaranteed to the purchasers or that the suggestion of the Commissioner of Police referred to in paragraph 11 of Board's Proceedings, No. 561, dated 9th December 1895, namely, the purchase by Government of permanent sites for shops, should be accepted. The Deputy Commissioner's alternative proposals do not, however, meet with the approval of the Board. It is true that the rentals would be higher if there were more absolute certainty about there being no difficulty in obtaining good sites for the shops within the notified limits, but the inhabitants of the localities concerned must be allowed to have a voice in the matter even if it does cost some loss of revenue. All that can be done is to watch the shops which fall year after year into the same hands and put adequate upset prices on them. The difficulty cuts both ways, and though an outsider may be deterred from bidding by the uncertainty, the shopkeeper in possession can afford to give more than any outsider could.

14. The Collector of Vizagapatam recommends that Messrs. Ripley & Co., who have long had the arrack farm of the Gunupur, Rayaghada and Bissemkatak zemindari divisions and the Agency portions of the Palkonda taluk and Parvatipuram division and given entire satisfaction, may have their lease renewed for the next year at a rental of Rs. 55,000 on the present conditions as they still have to collect outstandings to the extent of Rs. 15,000, besides large arrears on account of the current lease, and that they may be informed that the system of direct Government management will be introduced in the following year whether they have collected their outstandings or not. The Collector's recommendations are approved. As regards the Koraput farm consisting of the Koraput and Potanghi divisions and part of the Padwa division and the Saluru Agency, he considers that the sum of Rs. 10,000 for which the tracts are rented to Gopanna Patnaik is far below the real value of the farm and proposes that the system of direct Government management in force in the rest of the Agency above the ghats be introduced. The Board accepts the proposal.

15. Condition No. 33 of the arrack vend renters' license runs as follows:—

"Except with the permission of the Collector, you shall not sell, transfer, or sub-rent to any other person any portion of your rent area."

There is, however, no provision to prevent renters from practically transferring their privileges to others without the Collector's permission by means of a power of attorney duly executed in favour of the transferees. This enables capitalists to buy rent areas and shops with the intention of practically disposing of them to others by private arrangement in the way pointed out and allows combination to operate at the sales without the risk of their transactions receiving a check under the rule prohibiting sub-renting without permission. The Board considers that the foregoing condition should be modified so as to require licensees to obtain the Collector's approval of the agent prior to his appointment by a power of attorney. The proposed modification is necessary to make the existing restrictions really effective.

16. To sum up, the Board's proposals for the next lease are:—

(1) to continue the existing system of Contract Distillery Supply in the Ganjam and Vizagapatam districts;

- (2) to renew the contract for the supply of spirits to the ordinary tracts of the Vizagapatam district to the present contractors, the local distillers, at the existing rate of cost price of As. 11-6 per gallon of 30° under-proof spirits and proportionately for the other strengths; and to call for tenders in the case of Ganjam;
- (3) to amalgamate the Narasannapet and Chicacole northern khandam into a single vend area;
- (4) to abolish the minimum guarantee system in the Ganjam district;
- (5) to close two arrack shops in the South Arcot district and thirty arrack shops in the Tanjore district;
- (6) to continue to maintain the three Government vend depôts opened in the current year for the supply of arrack to the independent shops of the Pattukkottai taluk;
- (7) to allow the Collector of Bellary to club arrack shops, not exceeding six in number, and sell them *en bloc* in case adequate bids are not forthcoming for each shop separately;
- (8) to include eleven villages of the Saidapet taluk adjoining the Madras town proper and the tract lying between the Municipal limits in the south and the Adyar river in the Madras town limits for abkari purposes;
- (9) to renew the lease of the Gunupur farm of the Vizagapatam Agency to the present renters on the existing conditions for Rs. 55,000;
- (10) to extend to the Koraput farm of the Vizagapatam Agency the system of direct Government management; and
- (11) to modify condition No. 33 of the arrack renter's license and the corresponding conditions of the other licenses so as to require the licensees to obtain the Collector's approval of the Agent prior to his appointment by power of attorney.

(True Extract.)

W. H. D. D.
Acting Secretary.

To the Secretary to Government, Revenue Department,
with two enclosures in manuscript. and reports from the
„ all Collectors.
„ the Deputy Commissioners of Salt, Abkari
and Customs Department. *Collectors and the Dy Commr Central*
Copy to the Assistant Commissioners of Salt, Abkari *Division in original forwarded*
and Customs Department.
„ „ Inspector, Madras Town Circle.

Returned 4-2-97.
J.S.

REVENUE DEPARTMENT.
1896.
Board of Revenue
(Separate Revenue),
MADRAS.

Printed December 19th.

Proceedings, No. 488, 7th December 1896.

Submitting to Government the Board's proposals for the administration of the arrack revenue in certain districts, the arrack contracts in which expire on the 31st March 1897.

Arrack Proposals

The Honourable Mr. Oliver C. J. E.

The proposals may be approved, Mr. Willock's d.o. proposals & you being instituted for that in the R.P.

Print. 2/2/77
Pat. 27/1/97
note

Please see Mr. Willock's d.o. filed herewith in which the recommendation is with drawn.

Self Rev. 1896. 4.0/Rev 161, d/2.2.97.

The Govt. considers that the privilege of Messrs Minchin and Co. for the supply of supplying country spirits to the Ganjam district should be renewed to Messrs Minchin and Co. on the during 1897-98 on the existing terms. With this exception, the other proposals of the Board are approved and sanctioned.

3.11.97
To the Board (S.O.) with the enclosures
dtd 3.2.97
dtd 3.2.97
c.26/1/77
1/10 1/97

c no 9504 of 1896

For orders

On the margin of the office note under f. o no 703 dated 9-12-96, the H. M. observed that he did not intend to make any changes in the administration of the arrack revenue during the ensuing year 1897-98. The Board of Rev has adopted the same view in its Progs read alone containing its proposals for the next year.

2. Its proposals are summarised in para 16 of the current. The only changes to be made in 1897-98 as compared in the system in force in the current year are:—

- (i) to call for tenders for the supply of spirits to the Ganjam district;
- (ii) To amalgamate the Narasannapet and Chicasole northern Kandam into a single vend area. The reason assigned by the Mr. is that neither of them is large enough to allow of a separate depot being profitably being maintained in it;
- (iii) To include eleven villages of the Said per taluk adjoining the Madras Town proper, and also the tract lying between the Municipal limits in the South and the Adyar river in the Madras Town limits for alkali purposes. The object in making this alteration is to prevent smuggling of under-taxed arrack, and to render the

compare the tract of country in which the higher rate of duty is in force. If this be ascertained, the Board would also prohibit under S. 9 of the Act the transport of country spirits into the Madras Town block (para 12 of the current);

(iv) To permit the owners of Bellary to club arrack shops not exceeding six in number and sell them en bloc if adequate bids for each shop cannot be obtained. A similar arrangement was sanctioned in the case of para 2 of G.O. No 301 dated 1-7-96.

(v) To close two arrack shops in South Arcot, and thirty in Tanjore.

(vi) To abolish the maximum guarantee system in the Ganjam district. As this district has suffered largely from drought, if the guarantees are sufficient to render the system effective, holders will discount their possible losses liberally, and the rentals will be affected. (Para 8 of the current);

(vii) To extend to the Koraput farm in Vizagpatnam the system of direct Govt. management. The reason assigned for this is that the sum of Rs 10,000 paid by the present renter is far below the real value of the farm (para 14 of the current);

(viii) To require arrack renters before they appoint an agent by power of attorney to obtain collector's approval thereof. The object is

12. 1897 of Madras.
VENUE.

Ganjam - Sub division of the machine and mandara land areas of the Berhampur Division and of the Tekkali head area.

(i) Sise collectors - The extension of the system of selling shops separately (para 6 of the current);

(ii) Four collectors - Enhancement of excise duty (para 7 of the current);

(iv) Ganjam and Vizagpatnam - The raising of minimum selling prices (para 9 of the current).

(v) Vizagpatnam Reduction - Reduction in the sanctioned number of shops.

KD
25/1/97

11/1/97

Dated

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FOR ORDERS.

to prevent capitalists or buying in new areas and shops and then practically disposing of them to others by appointing them as agents under powers of attorney (para 15).

It is submitted that these proposals may be approved.

3. The Board recommends the continuance of the existing arrangements in the following cases: —

(i) The contract Distillery supply system in Ganjam and Visagapatam;

(ii) The supply of spirits to the ordinary trade of the Visagapatam by the present contractors on existing conditions; (Para 4 of the current).

(iii) The retention of the ^{three} Govt. vend depôts & the supply of arrack to the independent shops in the Paltankottai ^{of} Tanjore; and

(iv) The continuance of the lease of the ferry farm in the Visagapatam Agency to the present renters on existing terms.

~~There are~~ The Board's recommendation that no change need be made in these cases.

Government (1897) of Madras.
REVENUE.

Recd.

Regd.

1897.

Enclosures

Spare copies

G.O., No. 61, 2nd February 1897.

FEBRUARY.

Arrack Revenue.

The Board's proposals for the administration of the — in certain districts during 1897-98, approved, with the remark that the contract with Mr. Minchin for the supply of country spirits to the Ganjam district should be renewed on the existing terms.

viii) To require arrack renters before they become an agent by power of attorney to obtain

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue (Separate Revenue),
No. 488, dated 7th December 1896 :—

Resolution—No. 488, dated 7th December 1896.

The Board begs leave to submit its proposals for the administration of the arrack revenue in the districts or other tracts noted in the margin, the arrack contracts in which expire on the 31st March 1897. In the Gódvári, Kistna and South Canara districts and in Malabar, except the Wynaad taluk, the current contracts for the privileges of supply and vend of country spirits do not expire until the 30th September 1897.

Ganjám.	South Arcot.
Vizagapatam.	Tanjore.
Nellore.	Trichinopoly.
Cuddapah.	Madura.
Anantapur.	Tinnevely.
Bellary.	Coimbatore.
Kurnool.	Nilgiris.
Madras.	Salem.
Chingleput.	Malabar (Wynaad).
North Arcot.	

2. The principal proposals sanctioned for the current lease were—

- (i) the continuance of the Contract Distillery Supply system in the Ganjám and Vizagapatam districts;
- (ii) the introduction of the Private Distillery Supply system into the Cumbum and Markapur taluks of Kurnool;
- (iii) the renewal of the contracts of supplying the Ganjám and Vizagapatam districts to the local distillers, the rates of cost price of spirits remaining the same as in 1895-96;
- (iv) the sub-division of the Chipurupalle taluk into two vend areas and the Sarvasiddhi taluk into three vend areas;
- (v) the sale of arrack shops separately in seven towns in Ganjám; four in Vizagapatam and eighteen in Bellary; in the Vizagapatam taluk, in the Gudur, Nellore, Kávali, Kandukur and Ongole taluks and the Polúru and Venkatagiri divisions of the Nellore district, in the Pullampet, Proddatur, Kadiri, Ráyachóti, Pulivendla and Siddhavattam taluks of the Cuddapah district, in the Anantapur, Gooty, Tadpatri, Dharmavaram, Penukonda, Hindupur and Kalyandrug taluks of the Anantapur district, in the Bellary, Hospet, Adóni, Alúr and Rayadrug taluks of the Bellary district, in the whole of the Kurnool district, in the South Arcot district, except six rent areas (one in Tindivanam, three in Villupuram and two in Cuddalore taluks) in immediate contact with the French frontier, in the Pattukkóttai taluk of the Tanjore district and in the Periyákulam, Palni and Mélúr taluks and the Ramnad and Sivaganga zemindaries of the Madura district;
- (vi) the enhancement of the Excise duty on country spirits per gallon of 30° under-proof and proportionately for the other authorized issue strengths, from Rs. 1-5-0 to Rs. 1-12-0 in the Ganjám district, from Rs. 1-5-0 to Rs. 3-1-0 in the Cumbum and Markapur taluks of Kurnool and in the Tindivanam, Villupuram and Cuddalore taluks of South Arcot, and from Rs. 3-11-6 to Rs. 3-15-0 in the Wynaad taluk of Malabar;
- (vii) the abolition of the system of guaranteed minimum consumption in the Tindivanam, Villupuram and Cuddalore taluks;
- (viii) the renewal of the leases of the Gunupur and Koraput farms of the Vizagapatam Agency to the previous year's renters at the enhanced rents of Rs. 55,000 and Rs. 10,000, respectively;

- (ix) the fixing of As. 1-2 per dram of 30° under-proof (and proportionately for the other authorized strengths) as the minimum price below which arrack shall not be sold in the independent arrack shops of the Vizagapatam district; and
- (x) the establishment of three Government vend depôts in the Pattukkóttai taluk of the Tanjore district for the supply of arrack to the independent shops in it.

3. The chief points for consideration now are—

- (i) whether the Private Distillery Supply system can be further extended;
- (ii) whether it is desirable to further reduce the size of vend areas or to extend the system of separate sale of shops; and
- (iii) whether the present rates of Excise duty can be increased and, if so, to what extent and in what localities.

The Board considers that the unsatisfactory state of the season in nearly half the Presidency and the high prices which are certain to prevail everywhere, during the first half of the coming year at any rate, are most important considerations in deciding what improvements and alterations can be introduced into the administration of the arrack revenue on the 1st April 1897, and that changes which might be undertaken with advantage in an ordinary season should only be adopted with great caution on this occasion. The policy of getting rid of the middlemen which has been followed for a long time past has brought the department into direct relations with the actual shopkeepers, most of whom will find it a difficult matter to maintain themselves at a time when the dearness of all commodities affects their receipts as well as their expenditure, and all changes will be looked on with even more than the usual suspicion.

4. The Private Distillery Supply system is at present in force throughout the tracts mentioned above, except the Ganjám and Vizagapatam districts. Both the Collector of Ganjám and the Assistant Commissioner, Chatrapur, are doubtful as to whether Messrs. Minchin & Co. would have to meet any real competition if the Private Distillery Supply system were introduced. The Board from inquiries which it has made believes that the distilleries of the southern and central parts of the Presidency could not compete with the local concerns either in Ganjám or Vizagapatam until the East Coast Railway is opened through Madras at any rate. It therefore recommends that the Contract Distillery Supply system be adhered to for the present. Tenders may be called for in the case of Ganjám but the Collector of Vizagapatam reports that if competition is invited Messrs. Parry & Co. will underbid the local distillery. As the owners have spent a considerable sum in improvements he recommends the continuance of their contract for the next lease at the increased cost price of As. 12 per gallon of 30° under-proof as requested by them. The Board considers that it is a matter of great importance to the future abkári administration of this part of the Presidency that this distillery should be encouraged. It is one of the best, if not the best, arranged ones in the Presidency, and its position on the railway will enable it to compete with spirits from Ránipettai or Nellikuppam as far south as the Kistna. It has been ascertained, by wire, that the distillers are willing to renew the contract for the next year at the existing rate of cost price of As. 11-6 per gallon of 30° under-proof, and the Board recommends the continuance of their lease for the next year on these terms.

5. The Collector of Ganjám proposes the amalgamation of the present vend areas of Nárasannapéta and Chicacole northern khandam, as neither of them is large enough to allow of a separate depôt being profitably maintained in it, and the further sub-division of the Mohiri and Mandasa vend areas of the Berhampur division and of the Tekkali vend area into two each with reference to paragraph 2 of G.O., No. 19, Revenue, dated 18th January 1896. The amalgamation of the Nárasannapéta and Chicacole northern khandam is approved, but the Board considers that in the existing unfavourable state of the season it would be inexpedient to further sub-divide the other areas referred to.

The other Collectors concerned do not propose any change in vend areas, as they are either already conterminous with Revenue Inspector's firkas or are so situated that further sub-division is undesirable for administrative reasons.

6. The Collectors concerned have proposed the extension of the system of selling shops separately to the following towns or other tracts:—

District.	Taluk.	Towns or other tracts.
	Goomsur General Duty Deputy Collector's Division.	1. Suradā.
	Berhampur General Duty Deputy Collector's Division.	2. Surlā. 3. Bárava. 4. Baruvapeta.
	Head-quarters Deputy Collector's Division...	5. Purushottapur.
	Principal Assistant Collector's Division ...	6. Tekkali Raghunādhapuram. 7. Vomaravilli.
Vizagapatam	Anakapalle	The whole.
	Vizianagram	Do.
	Atmakūru	Do.
Nellore	Darsi Division	Do.
	Podili do.	Podili.
Cuddapah	Badvel	The whole.
Anantapur	Madakasira	Do.
	Kūdligi	Hosahalli and Chornur vend areas.
Bellary	Hadagalli	Kadlabalu vend area.
	Harpanahalli	Arasikerra and Alagilavada vend areas.

The Board, however, considers that the proposed extensions of the separate shop system must stand over for the present for the reasons given above. It is out of the question to expect the shop-keeping classes to come forward for the first time as bidders next March in the districts affected by the scarcity.

The Collector of Ganjām considers the absence of Government officials to check arrack consignments a fatal objection to the further extension of the independent shop system in the district. He has evidently overlooked the fact that consignments to independent shops do not require verification. In G.O., Mis. No. 4785, Revenue, dated 24th November 1896, the compulsory verification of consignments from wholesale depôts to arrack vend depôts has been done away with, and the Board has now in view the abolition of the check of consignments from distilleries and warehouses to wholesale depôts and arrack vend depôts, in connection with the provision of increased establishments for distilleries. The change if carried out will, it is believed, greatly facilitate the introduction of the separate shop system in backward tracts.

7. The Deputy Commissioner, Northern Division, suggests that shop-rents be done away with altogether both in the Ganjām and Vizagapatam districts, that the existing rate of Excise duty be increased and that the revenue now collected in the shape of rentals be added to the increased rate and the whole be levied in the shape of still-head duty at the rates of Rs. 3-11-0 per gallon of 30° under-proof in Ganjām and of Rs. 3-12-0 in Vizagapatam. The Collector of Ganjām considers that any increase in the rate of Excise duty for the next lease is undesirable. The Collector of Vizagapatam, while rightly observing that the Deputy Commissioner's proposals are too rapid and premature, recommends an increase of the duty from Rs. 1-12-0 to Rs. 1-15-6. The Collectors of Nellore, Chingleput and Coimbatore propose an increase from Rs. 3-1-0 to Rs. 3-8-0 per gallon of 30° under-proof, provided a similar enhancement is made in the adjoining districts. The Board considers it inadvisable to increase the existing rates of Excise duty anywhere for the next lease. It also considers that an increase in the rates of Excise duty in the Private, Distillery Supply districts would have to be a general one and it is doubtful whether this would be advisable everywhere.

8. The Collector of Ganjām reports that the minimum guarantee system in force in the district is open to sentimental objections, that, if the present guarantee amounts were to be raised to what the intended purchasers expect to sell, it will have a deterrent effect on the rentals and suggests that the system be abandoned. The Board agrees with him. Ganjām will probably suffer more from the failure of its crops than

any other district during the next few months, and if the guarantees are fixed at anything like sums which would render this system effective, bidders will discount their possible losses liberally.

9. The minimum prices below which country spirits shall not be sold in the independent shops of the Ganjām and Vizagapatam districts are, at present, pies 9 and As. 1-2 per dram of 30° under-proof, respectively. The Deputy Commissioner, Northern Division, recommends that the minimum prices be increased to As. 1-6 per dram of 30° under-proof in both the districts for rural as well as for town shops. The Collector of Ganjām doubts the propriety of fixing minimum prices for rural shops on the ground that such a measure would be a temptation to smuggling and recommends the raising of the minimum price in those towns where the shops are sold separately to the extent suggested by the Deputy Commissioner, Northern Division. The Collector of Vizagapatam considers that it will be sufficient if the minimum price be fixed at As. 1-4 per dram of 30° under-proof throughout the district. The minimum prices are very low, especially in the Ganjām district, but the Board is of opinion that it will be better to raise them once for all when the Excise duty is raised, as it will probably be for the year 1898-99 and would make no alteration during the coming year.

10. The Collector of Vizagapatam proposes a reduction in the sanctioned number of shops in the rural parts of the Anakapalle and Vizianagram divisions from 14 and 15 shops to 13 and 7 shops, respectively, the number actually worked during the current and past years. The Board, however, considers that all the shops should be sold and those which do not fetch adequate bids on this occasion should be closed. The Collector of South Arcot proposes the closure of two independent arrack shops (one at Perumandoor in the Tindivanam taluk and the other at Pudupet in the Chidambaram taluk) as unnecessary. The Collector of Tanjore suggests that 30 arrack shops which are not required in the district may be abolished, leaving 258 shops for the ensuing lease, and that the three Government vend depôts ordered to be opened in the Pattukkóttai taluk in the current lease may be allowed to continue for the next lease also to ensure the success of the separate shop system in that taluk. These recommendations are approved.

11. The Collector of Bellary requests that he may be permitted to club a few shops, not exceeding six, and sell them *en bloc* where separate bids are not available for each shop. This has been sanctioned in G.O., No. 301, Revenue, dated 1st July 1896, in the case of toddy shops and the Board considers that the procedure may be made applicable to arrack shops also subject to the understanding that the purchaser should not be compelled to open them all, so that shops which are not really required may not be compulsorily kept on the list. The experiment should be confined to the Bellary district, however, until it is seen how it works.

12. The rate of Excise duty in force in the town of Madras including the four * outside shops is Rs. 5-10-0 per gallon proof, while that prevailing in the rest of the Town Circle is only Rs. 4-6-0. With a view to prevent the smuggling of under-

* Tiruvethur.
Ramalingapuram.

Aminjikarai.
Saidapet.

taxed arrack into the shops in the town proper, as well as into the outside shops, which are all situated alongside of low-duty tracts, the Inspector, Madras Town Circle, and the Deputy Commissioner, Central Division, proposed in December 1895, after the submission of the Board's arrack proposals to Government for the lease 1896-97, that eleven villages and the tract lying between the Municipal limits in the south and the Adyar river be included in the Madras town limits for abkari purposes, so as to render more compact the tract of country in which the higher rate of duty is in force. The Board was then of opinion that the best remedy for the evil consisted in equalizing the Excise duty throughout the Madras Town Circle as has been done in the case of the tree-tax, and called for the Deputy Commissioner's opinion on the suggestion. In reply the Deputy Commissioner reports that with the existing establishment it will not be possible to effectually guard the whole of the Saidapet taluk against smuggling from the rest of the Chingleput district if the Board's suggestion

to equalize the Excise duty in the Circle be carried out. As it will obviously be far more difficult to prevent the receipt of lower taxed spirits in the 57 scattered shops in the Saidapet taluk than in the present four outside shops, the Board supports the proposal originally made by the Deputy Commissioner to include the eleven villages and the tract referred to above in the limits of the Madras town proper for abkari purposes and to prohibit under section 9 of the Abkari Act the transport of country spirits into this block.

13. The Deputy Commissioner reports that the Commissioner of Police, in spite of the fact that the sale notification prescribing the limits within which sites for shops in the Madras town may be selected is invariably approved by him before publication, raises objections to the localities actually selected, and states that his approval of the notification does not guarantee the absence of objections. The Deputy Commissioner apprehends a fall in rentals owing to the uncertainty. He proposes that either immunity from objection within the notified limits should be guaranteed to the purchasers or that the suggestion of the Commissioner of Police referred to in paragraph 11 of Board's Proceedings, No. 561, dated 9th December 1895, namely, the purchase by Government of permanent sites for shops, should be accepted. The Deputy Commissioner's alternative proposals do not, however, meet with the approval of the Board. It is true that the rentals would be higher if there were more absolute certainty about there being no difficulty in obtaining good sites for the shops within the notified limits, but the inhabitants of the localities concerned must be allowed to have a voice in the matter even if it does cost some loss of revenue. All that can be done is to watch the shops which fall year after year into the same hands and put adequate upset prices on them. The difficulty cuts both ways, and though an outsider may be deterred from bidding by the uncertainty, the shopkeeper in possession can afford to give more than any outsider could.

14. The Collector of Vizagapatam recommends that Messrs. Ripley & Co., who have long had the arrack farm of the Gunupur, Rayaghada and Bissemkatak zemindari divisions and the Agency portions of the Palkonda taluk and Párvatipuram division and given entire satisfaction, may have their lease renewed for the next year at a rental of Rs. 55,000 on the present conditions as they still have to collect outstandings to the extent of Rs. 15,000, besides large arrears on account of the current lease, and that they may be informed that the system of direct Government management will be introduced in the following year whether they have collected their outstandings or not. The Collector's recommendations are approved. As regards the Koraput farm consisting of the Koraput and Potanghi divisions and part of the Padwa division and the Sáluru Agency, he considers that the sum of Rs. 10,000 for which the tracts are rented to Gopanna Patnaik is far below the real value of the farm and proposes that the system of direct Government management in force in the rest of the Agency above the ghats be introduced. The Board accepts the proposal.

15. Condition No. 33 of the arrack vend renters' license runs as follows:—

"Except with the permission of the Collector, you shall not sell, transfer, or sub-rent to any other person any portion of your rent area."

There is, however, no provision to prevent renters from practically transferring their privileges to others without the Collector's permission by means of a power of attorney duly executed in favour of the transferees. This enables capitalists to buy rent areas and shops with the intention of practically disposing of them to others by private arrangement in the way pointed out and allows combination to operate at the sales without the risk of their transactions receiving a check under the rule prohibiting sub-renting without permission. The Board considers that the foregoing condition should be modified so as to require licensees to obtain the Collector's approval of the agent prior to his appointment by a power of attorney. The proposed modification is necessary to make the existing restrictions really effective.

16. To sum up, the Board's proposals for the next lease are:—

(1) to continue the existing system of Contract Distillery Supply in the Ganjam and Vizagapatam districts;

- (2) to renew the contract for the supply of spirits to the ordinary tracts of the Vizagapatam district to the present contractors, the local distillers, at the existing rate of cost price of As. 11-6 per gallon of 30° under-proof spirits and proportionately for the other strengths; and to call for tenders in the case of Ganjam;
- (3) to amalgamate the Narasannapet and Chicacole northern khandam into a single vend area;
- (4) to abolish the minimum guarantee system in the Ganjam district;
- (5) to close two arrack shops in the South Arcot district and thirty arrack shops in the Tanjore district;
- (6) to continue to maintain the three Government vend depôts opened in the current year for the supply of arrack to the independent shops of the Pattukkottai taluk;
- (7) to allow the Collector of Bellary to club arrack shops, not exceeding six in number, and sell them *en bloc* in case adequate bids are not forthcoming for each shop separately;
- (8) to include eleven villages of the Saidapet taluk adjoining the Madras town proper and the tract lying between the Municipal limits in the south and the Adyar river in the Madras town limits for abkari purposes;
- (9) to renew the lease of the Gunupur farm of the Vizagapatam Agency to the present renters on the existing conditions for Rs. 55,000;
- (10) to extend to the Koraput farm of the Vizagapatam Agency the system of direct Government management; and
- (11) to modify condition No. 33 of the arrack renter's license and the corresponding conditions of the other licenses so as to require the licensees to obtain the Collector's approval of the Agent prior to his appointment by power of attorney.

(True Extract.)

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

To the Secretary to Government, Revenue Department,
with two enclosures in manuscript and reports from the Collectors
and the Deputy Commissioner, Central Division, in original to be returned.
" all Collectors.
" the Deputy Commissioners of Salt, Abkari
and Customs Department.

Copy to the Assistant Commissioners of Salt, Abkari
and Customs Department.
" " Inspector, Madras Town Circle.

ORDER—No. 61, Revenue, dated 2nd February 1897.

Separate Revenue No. 6.

The Government considers that the contract with Mr. Minchin for the supply of country spirits to the Ganjam district should be renewed during 1897-98 on the existing terms. With this exception, the other proposals of the Board are approved and sanctioned.

(True Extract.)

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

To the Board of Revenue (Separate Revenue), with the enclosures returned.

Exd. Md. Pahlavan.

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