

Revenue (1897) Department.

PRESS SERIES.

G.O., No. 658

DATED 30th July
1897

[Despatch Abstract.]

Management of the Abkari Revenue of the
Godavari D^o.

Stating that Govt., while generally approving of the proposals for the — for the lease commencing on the 1st October 1897, considers that they are premature and should therefore stand over until next year.

is proposed to reduce the number of stills in this area by far more than 48 and in many cases there are now stills and no toddy shops. In such places the stills are in fact also toddy shops. As the proposal is in accordance with paragraph 3 of Government Order, No. 341, Revenue, dated 21st July 1896, and is made in order to provide for the case of stills, which are also shops practically being abolished, I request that it may be sanctioned.

(c) As regards initial deposits and the kistbandi, the village farms—in most cases such farms will contain but a single shop—should be placed on exactly the same footing as the existing independent town toddy shops. The reasons for this proposal are the same as were put forward last year in the case of independent shops and approved after modification in favour of the shopkeeper by the Board in paragraph 5 of its Proceedings, No. 224, dated 12th June 1896.

(d) To limit the area of toddy shops to 20 yards by 20 yards, or 400 square yards. The object is to prevent the boundaries of a toddy shop being so vague as to cover a whole Idiga hamlet or a whole street. Experience has proved that restriction to a single building is not enough, for the building may then take the form of a shed 200 yards long, in which 30 or 40 different Idigas can sell each out of his own pot in his own compartment.

7. *Arrack*.—In consideration of the recent enhancement of the tree-tax I am not in favour of making very extensive changes this year. At present, vend and manufacture are combined and the right disposed of by fixed areas, the number of farms being 86. I concur with the Assistant and Deputy Commissioners in thinking no changes necessary as regards the Rajahmundry, Ellore and Mogalturru circles, but I strongly advocate the "monopoly supply" system being introduced into the Penu-guduru circle comprising Peddapuram taluk and the Cocanada, Pithapuram and Tuni zemindari divisions. The existing retail prices are reported to be—

	RS.	A.	P.		RS.	A.	P.
Tuni division	...	1	8	0	to	2	4
Pithapuram division	...	1	8	0		0	
Cocanada division	...	1	8	0	to	2	4
Peddapuram taluk	...	1	8	0		0	

As a matter of fact prices are higher in Cocanada town than they are in the Cocanada division generally, and I cannot concur therefore in the Inspector's remark that "no hardship will be entailed by raising the price of 70° under-proof liquor to Rs. 2-4-0 per gallon all round, as the people can well afford to pay this in places where a lower price obtains." At Tuni and at Annavaram, the prevailing price when I visited those stations in March was As. 5 a bottle, or Rs. 1-14-0 per gallon, whilst the minimum price in Cocanada town is As. 6 per bottle or Rs. 2-4-0 per gallon. In Pithapuram, Peddapuram and Cocanada division outside the Cocanada town farm the price is usually As. 4 per bottle or Rs. 1-8-0 per gallon 70° under-proof and a rise in price from As. 4 to As. 6 per bottle, which is the usual measure for the sale of weak arrack, is so considerable that I cannot believe it true that such an enhancement will cause no hardship. It also puts the people of the dry tracts of the Peddapuram taluk, who are among the poorest in the district, on the same footing as those of Cocanada town, who are among the best off. Under these circumstances, outside the limits of the existing Cocanada town farm I would fix the issue price at Rs. 1-10-0 per gallon 70° under-proof against the Assistant Commissioner's rate of Rs. 2 and make the minimum selling price in shops Rs. 1-14-0 per gallon or As. 5 per bottle. The existing Cocanada town farm can be easily constituted a separate supply area and in its case no hardship will result if Rs. 2 per gallon 70° under-proof is made the issue price and Rs. 2-4-0 per gallon made the minimum retail price, as in practice this last is the price which as a rule now obtains. When the price differs from this now, it differs in being higher and not lower. In the case of both the Cocanada town area and the rural tracts I propose a difference of As. 4 per gallon between the issue price and the minimum retail price, because in both cases this allows a very liberal margin for profit to the shopkeeper and this I think advisable in order to render the new system popular with him. If the system

proves a success this allowance can always be reduced either generally or in the case of specific areas known to have large sales. If the difference is deemed too small in the rural tracts it can be increased to As. 6 by reducing the issue price to Rs. 1-8-0 per gallon, but this does not seem to me to be called for.

8. To prevent the risk of loss from smuggling which is otherwise inevitable with varying prices in adjoining areas, it will be necessary to have a belt on the western boundary (Rámachandrapuram and Rajahmundry taluks) of the area into which it is proposed to introduce the monopoly supply system within which no arrack shop shall be allowed. This belt the Salt and Abkari Inspector proposes to make three miles wide; but, as the price of arrack is roughly Rs. 1-8-0 per gallon in the Rajahmundry circle, two miles seems to me sufficient, as the difference in price, if the retail minimum price is fixed as I suggest at Rs. 1-14-0 outside Cocanada town area, is not so great as to prove a very strong incentive to smuggling or render smuggling very lucrative, as unvarying success in such a risky business cannot be hoped for. Of course, if the issue price generally is made Rs. 2 per gallon a wider belt of three miles is necessary. In the case of the Cocanada town area no belt is required, for the shops being sold separately both in the town and outside, in fixing the location of the latter shops care will be taken to see that they are not so near the town area boundary, that it will pay towns people to travel to outside shops for their liquor. Smuggling there is even less to be dreaded than it is now, for the monopoly supplier for the town will take as great care to prevent it as the farmer does now, whilst the motive for smuggling will be much less strong as the prices inside and out will only differ by As. 6 per gallon if my proposals are accepted; whereas the difference now is always the difference between Rs. 1-8-0 and Rs. 2-4-0 per gallon or double and often greater. Of course, in order to prevent loss to the still area renter for the town under the quart system, it is necessary to lay down the town area boundary and prohibit the introduction of all liquor from outside by any one except the renter, but this is all.

If the Board think that it is advisable to have only one price both for Cocanada town and the rest of the Penuguduru circle into which it is proposed to introduce the monopoly supply system, though I do not think it is at all necessary or advisable, I would prefer levelling by reducing the Cocanada price a little and raising the outside price less than the Abkari officers propose. This can be done by making the issue price Rs. 1-12-0 per gallon and the minimum selling price all round Rs. 2 per gallon or As. 5-4 per bottle, as when introducing changes it is just as well not to make them unpopular by at the same time raising prices.

9. Of course the monopoly of supplying each separate still area or collection of shops can be sold and should be sold by public auction as well as the shops themselves as in South Canara. In the event of those who purchase the monopoly of supplying liquor at the fixed issue prices being hard put to it at first to supply toddy-arrack at those prices in consequence of the depletion of stocks, &c. at the close of the current year, they can be allowed by the Collector to manufacture and supply jaggery spirits on emergency—such manufacture to be carried on under departmental supervision to be paid for by the distiller—and As. 9 per gallon 70° under-proof, with higher rates for higher strengths, paid as extra duty in lieu of tree-tax. In South Canara the distiller was, and probably still is, given the shop or shops in the village in which his still was situated, for the village in which he should establish his still was there fixed beforehand; but here I would give him no shop at all and allow him to set up his still in any fairly central part of his farm, for we do not know here, and did in South Canara, the most suitable locality in each supply area for the establishment of the still. The renter can safely be left to find this out for himself and in a year or two we also will have better and fuller information on the subject.

10. As regards the number of still areas the Salt and Abkari Inspector, Penuguduru, proposes to have only four, i.e., to make each taluk and zemindari division in the circle a still area, but then he proposes also to give each farm several stills in place of only one each; e.g., Tuni 5 stills, Pithapuram and Cocanada 10 stills each, and Peddapuram taluk 20, or 45 stills in all. This is, however, wholly opposed to the spirit of the monopoly supply system, which is based upon the idea of a single still supplying a certain number of shops, or, in other words, a certain area.

PROCEEDINGS OF THE BOARD OF REVENUE
(SEPARATE REVENUE).

READ—the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2312, dated 1st June 1897 :—

Read—the following letter from V. A. BRODIE, Esq., Collector of Gódvári, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Madhavarewpetta, 17th May 1897, C. No. A-Eng. :—

I have the honour to submit the following proposals regarding the abkári administration of this district during the ensuing abkári year 1897-98 with reference to Board's Proceedings, Mis. No. 504, dated 10th February 1897.

2. In G.O., No. 341, Revenue, dated 21st July 1896, the Government, concurring in the Board's view that enhancement of the tree-tax should precede any large measure of reform in the abkári administration of this district as this would transfer a large proportion of the revenue from "rents" to "tree-tax," sanctioned an increase of 50 per cent. in the rates. In this district toddy is practically drawn only from palmyras and date palms so that under that order the tree-tax is this year Rs. 1-8-0 per tree as against Re. 1 before; but it has not yet been possible to fully gauge the effects of the enhancement as the abkári revenue generally has been most prejudicially affected and work interfered with since the commencement of the current lease by the general failure of the north-east rains and the abnormal prices of food-grains. In consequence of the former the yield of the trees has generally, I am given to understand, been poorer than usual and the toddy season was exceptionally late in coming in. In these respects palmyras have not differed from many other trees. Last year the mango crop was most exceptional, this year mangoes are extremely scarce; last year the tamarind yielded well, this year the crop is half the average; and the same difference has been noticeable in the case of other trees. The second cause has affected the revenue because the people outside the Delta have required all their money to supply themselves with food and have had much less superfluous cash to invest in liquor than heretofore. Even in the Delta, though the high prices prevailing have benefited the ryots as the crops were good where not damaged by floods, the revenue has not been benefited as the working classes, not the ryots, are the main source of income of the Abkári Department, and the high prices of food-grains have compelled them too to curtail to some extent their expenditure on liquor of which the price has risen in consequence of the enhancement of the tree-tax.

3. The following table shows the amount of the tax realized in the first four months of the current lease compared with the same period last year :—

Month.	Lease year, 1895-96.	Lease year, 1896-97.	Difference.
October	Rs. 4,423 0 0	Rs. 6,793 8 0	+ 2,370 8 0
November	17,074 8 0	21,729 12 0	+ 4,655 4 0
December	31,236 0 0	19,981 8 0	- 11,254 8 0
January	37,166 8 0	19,917 0 0	- 17,248 8 0

This shows that the increase was over 50 per cent. in October so that more trees were tapped this year than last notwithstanding the increase in the tree-tax; that in November the increase fell to a little under 30 per cent., and that in December and January the number of trees tapped was so much smaller this year than last that notwithstanding the enhancement of the tree-tax there was a heavy fall in the revenue

under this head. This fall is no doubt mainly attributable to the unfavourable character of the season, but there were also minor causes which contributed to it :—

(a) There were large stocks of arrack at the close of the last lease on which a sum of Rs. 29,544 had been realized up to the end of January as differential duty consequent on the enhancement of the tree-tax.

(b) There was also as usual on the introduction of every change some hesitation on the part of the Kalalis (toddy-drawers) to invest in sub-leases and apply for more trees than they were certain was absolutely necessary as they did not know how far increase of price would affect consumption.

4. Other measures introduced in the current year were—

- (ii) a small measure of concentration of the arrack manufacture, and
- (iii) an alteration in the rules regarding initial deposits and the kistbandi of independent shops.

Both were unimportant and neither calculated to have much effect upon the revenue though (iii) has undoubtedly proved a boon to the shop-keepers.

5. In Board's Proceedings, No. 224, dated 12th June 1896, it was anticipated that the increase in the tree-tax would leave but little to be realized in the shape of rents under toddy, and, in recommending the enhancement of the tree-tax, the Board stated that it considered this advisable as it would reduce the financial risk of measures for the improvement of the administration by breaking down the complicated arrangements subsisting between the renters, sub-renters and Kalalis. The rents, however, realized at the last sales were not so low as were anticipated, the decrease being considerably below 50 per cent. in the case of both arrack and toddy as the following table shows :—

Head.	Rents, 1895-96.	Rents, 1896-97.	Decrease.
Arrack	Rs. 5,55,035	Rs. 4,05,822	Rs. — 1,49,213
Toddy farms	95,912	56,575	— 39,337
Independent toddy shops	33,647	26,485	— 7,162
Total	6,84,594	4,88,882	— 1,95,712

The complicated arrangements above referred to, which were given in detail in my report of last year printed in the above-quoted Board's Proceedings, still, however, continue, and the only difference entailed by the changes introduced this year is that the Kalali has to pay As. 8 more for every tree he taps in addition to the old demands upon him and, therefore, unless and until the middleman is wholly eliminated and the Kalali freed from his exactions, I do not see how material progress can be expected. Under "toddy," therefore, I would propose the following changes which are practically only those proposed by the Assistant Commissioner (a copy of whose letter I enclose) and which the Deputy Commissioner has approved of.

6. (a) *Toddy*.—The right of manufacture and vend of toddy is at present disposed of by fixed areas, or, in the case of certain towns and important villages, *shopwar*, the number of farms being 129 and of independent toddy shops 87. In order to eliminate the middleman and effect more than a nominal separation between arrack and toddy, I propose that all the toddy shops in the district should be sold *villagewar* in the case of the existing farms—the selling officer having the option of clubbing villages at the time of the sales subject to the condition that no more than five villages shall be so clubbed together. In connection with this proposal I solicit a reference to paragraph 10 and 11 of my letter printed in Board's Proceedings, No. 224, of 12th June 1896, in which the subject is fully discussed. I still think they might be sold *shopwar* rather than *villagewar*, but I am also still prepared to concede this point and as the Abkári officers prefer the latter make their proposal mine.

(b) To increase the number of shops (toddy) in the Penuguduru Circle (Peddápuram taluk and the Cocanada, Pithápuram and Tuni divisions) by 48 if necessary. It

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11. Neither the Assistant Commissioner nor the Inspector, whose proposals he endorses, tells us how many shops there are in the Penuguduru circle or how they are distributed; but the Inspector incidentally mentions that there are 189 stills, and we can take it practically that outside Cocanada town farm there is a still for every shop which gives us roughly—

Tuni division	...	...	...	...	...	...	...	SHOPS.
Pithápuram division	...	...	...	...	...	...	...	16
Peddápuram taluk	...	...	...	...	...	...	...	55
Cocanada division	...	...	...	...	...	...	...	83
Cocanada town	...	...	...	...	...	...	...	34
								19

This, of course, is a mere rough approximation, for, as a matter of fact, I know from one of last year's reports that there are 26 shops in Tuni and only 40 in the Pithápuram division, whilst in Peddápúram taluk and Cocanada division the number of shops exceeds slightly the number of stills. In place of making the Tuni and Pithápuram divisions still areas (monopoly supply) with five and ten stills, respectively, I would divide the Tuni division into two single still areas (Tuni and Tondangi) and Pithápuram into three (Pithápuram, Uppada and Jalluru). The Peddápúram taluk can be broken up into six [(1) Thottapalli, (2) Lingamparti, (3) Jaggampeta, (4) Viratow, (5) Peddapuram and (6) Vadiseluru], and the Cocanada division, exclusive of the town, naturally breaks up into three areas [(1) Samalkot, (2) Nemam and (3) Coringa]. This arrangement, inclusive of Cocanada town farm area, will give us 15 single still areas and 15 stills for the circle in place of 4 still areas with 45 stills and is, I think, in every way a decidedly preferable arrangement to having so many stills to look after. The supply areas being smaller too smaller men can compete for them, and we should therefore realize better prices for the privilege of supply. Very possibly, indeed very probably, not a single one of these stills will be able to manufacture enough arrack to supply all the shops attached to it, but this is not of much consequence. All can import as cheaply as they can manufacture or manufacture jaggery arrack with the Collector's permission under supervision until the delta distillers they will have to deal with abate their demands should they at first prove unreasonable.

12. At the close of paragraph 1 (d) of its Proceedings, No. 224 of the 12th June last, the Board says "minimum selling prices at shops are not called for." No doubt it is in practice difficult to enforce the minimum, yet both as regards arrack and toddy a minimum selling price has always been prescribed hitherto throughout the Presidency, and it seems to me that, in the case of the monopoly supply system, we must have such a minimum in order to secure purchasers for shops. If those inclined to buy shops think that after they buy there will be a general scramble for custom with general price-cutting, every shopkeeper trying to attract as much as he can by lowering his price, buying will be regarded as a very speculative investment indeed, and consequently only low and safe bids will be made. On the other hand, fixing a minimum price means practically in the case of the monopoly supply system an universal price, and in such a case enforcement is easier than is often the case where we have minimum prices now as every shopkeeper will keep watch over his neighbour and naturally resent it and report it if he attempts to put down prices below the minimum. If the minimum price is done away with in place of leaving shopkeepers to fix their own prices without let or hindrance, I would prefer a fixed selling price subject to no variation at all.

13. I have not yet been able to draw up a statement giving particulars of the different shops I would attach to each of the thirteen stills I would have for the Penuguduru circle; but this, of course, is a matter of detail which can be done in a couple of hours in consultation with the officers of the Salt and Abkari Department. The independent arrack shops, of course, I propose to sell shopwar at the same centres as the rural toddy shops. The upset prices can be fixed at two-thirds of the valuation of each shop by the Abkari department and the initial deposit fixed at three months' rent and the rent be payable in twelve equal monthly instalments, of which the first shall become payable on the 15th October and towards the last three of which the deposit shall be credited. For security it is necessary to have rather a large deposit in the case of such shops, for the purchasers are often likely to be only men of straw put forward by still area renters.

14. The annual sale of the arrack farms of the Rajahmundry, Ellore and Mogal-turru circles can, as hitherto, be held at Rajahmundry at the end of August or the commencement of September, and the sale of the single still areas (thirteen), into which it is proposed to divide the Penuguduru circle, can be held at the Collector's office, Cocanada, about the same time. The toddy shops throughout the district and the independent arrack shops in the Penuguduru circle should be sold at several centres in each taluk or division by the Divisional officer, for the more centres we have the more likelihood is there of the sales being attended and the shops bid for by the men who will ultimately take them up whether they buy directly or indirectly from speculative purchasers. The difference to Government is that it will realise more by dealing with them directly than through middlemen.

15. The only other point represented by the Abkari officers of the district is the necessity for introducing and strictly enforcing the restrictions I proposed last year (*vide* paragraph 14 of my letter) upon the drawing of sweet toddy in order to control that industry better, for it is notorious that most of the illicit toddy drawn is drawn by the holders of sweet toddy licenses. I can only repeat that I do not think those restrictions would hamper honest jaggery manufacturers at all, whilst the danger to the revenue is so great as to render their imposition or that of some of them practically a matter of necessity.

16. *General.*—As the changes I propose must necessarily add greatly to the work of the division and taluk offices—especially the latter in the Penuguduru circle—some strengthening of the establishment is necessary. In this connection I solicit a reference to paragraph 31 of my letter of last year. I have accordingly to submit the following proposals:—

(a) *In the case of my own office.*—An additional clerk on Rs. 20 per mensem is wanted.

(b) *Head-quarters Deputy Collector's office.*—An additional clerk on Rs. 20 per mensem.

(c) *Peddápúram Taluk office.*—One additional clerk on Rs. 15, one process server on Rs. 6 and one peon on Rs. 6 per mensem.

(d) *Pithápuram Division.*—One peon who can also serve notices on Rs. 6 per mensem.

(e) *Tuni Division.*—One additional clerk on Rs. 15 and one peon who can also serve notices on Rs. 6 per mensem.

(f) *Cocanada Division.*—To increase the pay of the abkari clerk to Rs. 20, i.e., by Rs. 5 per mensem and entertain an additional process server and peon combined on Rs. 6 per mensem.

(g) *In the heavy taluks of Rámachandrapuram, Amalápuram, Tanuku, Narsapur, Bhímavaram and Ellore* one assistant clerk on Rs. 10 per mensem.

17. In conclusion, I have to say that I much regret the late date of the submission of this report. It is partly due to the fact that I did not receive the report of the Assistant Commissioner in camp till about the 6th April, but more to the fact that I have been ever since on the move in the Agency and until quite lately very far from well.

ENCLOSURE No. 1.

From A. P. RUSSELL, Esq., Assistant Commissioner of Salt, Abkari and Customs Department, Cocanada Sub-division, to the Collector of Godáviri, dated Camp, Polikurru, 31st March 1897, C. No. 61.

With reference to your letter No. 265-Eng., dated 3rd March 1897, requesting to submit proposals for the administration of the abkari revenue during the lease year 1897-98, I have the honour to submit as follows.

2. During the current year, the changes introduced were—

- (i) a small measure of concentration of arrack manufacture;
- (ii) the enhancement of tree-tax from Re. 1 to Rs. 1-8-0 per tree;
- (iii) the alteration of the rules as regards initial deposits and the kistbandi of independent toddy shops.

3. The first two changes which are important ones will have hardly adjusted themselves by the end of the lease, and I am therefore reluctant to propose any further very radical changes, which will only tend to unsettle the minds of the Kalilis and result in failure. The following, however, I beg to propose as the arrangements which I consider can safely be carried out in the next lease.

Arrack.

4. At present manufacture and vend are combined, the right of which is disposed of by fixed areas, the number of farms being 82. For the reason given by me in paragraph 3, I would not propose any alteration in present conditions so far as they relate to the Rajahmundry, Ellore and Mogalturru circles, but I would, however, for the reasons furnished by you in your letter embodied in Board's Proceedings, No. 224 (S.R.), dated 12th June 1896, suggest that the monopoly supply system be given a trial in the Penuguduru circle. In order, however, to make it a success, it should, I submit, be introduced into the whole circle.

5. The Inspector, Penuguduru circle, who also suggests that the monopoly supply system be introduced into his circle, writes as follows:—

"In introducing this system I would beg to point out that, in order to prevent shopkeepers seriously underselling each other with the object of attracting custom, it will be necessary to fix the issue prices sufficiently high. This will also prevent gambling on the part of bidders at the sale of shops and will tend to maintain a high retail price which will check drunkenness.

"The present retail selling prices are as follows:—

Tuni division, Rs. 1-8-0 to Rs. 2-4-0 per gallon	...	70° under-proof.
Pithapuram division, Rs. 1-8-0	...	70°
Cocanada do. Rs. 1-8-0 to Rs. 2-4-0	...	70°
Peddapuram taluk, Rs. 1-8-0	...	70°

"I have given the retail prices for 70° under-proof alone as this is the strength generally drunk, except in the case of Tuni and Cocanada towns, where a slightly higher strength about 65° under-proof is maintained in the shops.

"To prevent the risk from smuggling, which is the inevitable result of unequal prices obtaining in neighbouring areas and which will militate against the success of the new system, I would beg to propose that prices be equalised throughout by having a uniform issue price for the whole circle. No hardship will be entailed by raising the price of 70° under-proof to Rs. 2-4-0 per gallon all round as the people can well afford to pay this in places where a lower price obtains.

"Paragraph 4.—If this circle is the only one to be selected for this experiment, I submit, it will be necessary in order to ensure its success to form a belt, say, of three miles, within which no arrack shops should be located on the western boundary (i.e., on the border of the Rajahmundry and the Ramachandrapuram taluks) from which there will be danger from smuggling. No such belt need be formed on the south as the river forms a natural barrier. A notification prohibiting the transport of arrack into this circle from other parts of the district, except under permit, will also be absolutely necessary, as large quantities of arrack will find their way in by smuggling under the 'quart system.' Unless both these precautions are taken, no one, I submit, can be held responsible if the proposed change results in failure.

"Paragraph 5.—If the equalisation of prices in the circle as proposed be accepted, I would beg to propose the following as the issue and selling prices under the monopoly system:—

	Issue prices per gallon.	Selling prices per gallon.
	RS. A. P.	RS. A. P.
20° under proof	...	...
30° do.	...	...
60° do.	...	...
70° do.	...	...

"This will leave the shopkeeper a margin of As. 4 a gallon of 70° under-proof and proportionately for higher strengths, which, with the usual profits accruing from manipulation in retail measurements, will be sufficient inducement to men to take up the shops. I would here again submit that a high issue price will tend to maintain an uniform selling price, thus rendering unnecessary any enforcement of a minimum selling price, as the danger from shopkeepers underselling each other is reduced to a minimum.

"Paragraph 6.—As regards the monopoly of supply I would beg to propose that it be disposed of by auction to the highest bidder or granted to the highest tenderer, and, to enable men of small capital to compete, the right of supply should, I submit, be disposed of by the taluk or division.

"Paragraph 7.—To accurately gauge the financial result of the scheme is, I submit, at present impossible owing to the absence of any thing like reliable statistics as regards the consumption in this circle. I can only therefore furnish a rough estimate or rather guess at the consumption which I give marginally.

In terms of 70° under-proof.			
Tuni division	...	...	4,000
Pithapuram division	...	...	20,000
Cocanada division including Coringa	...	...	80,000
Peddapuram taluk	...	...	26,000
Total	...	...	130,000

"As regards the cost price of arrack to the monopolist (inclusive of carriage and similar contingent expenses) it should not, even with the present enhancement, exceed the following appended rates provided the present sanctioned number of stills in the delta is not reduced:—

	Per gallon.
	RS. A. P.
20° under-proof	...
30° do.	...
60° do.	...
70° do.	...

"It is impossible now to foretell what surplus stocks will be available at the end of the current lease and on which will greatly depend the wholesale price of arrack in the first four or five months of the coming lease, when manufacture is very limited and does not anything like meet the demand. Owing to the enhancement of tree-tax and the present disastrous season, applications for manufacture are not encouraging, and at present there is every reason to apprehend a depletion of stocks everywhere before December of the next lease, by which time manufacture will not have really commenced as the palmyra season sets in only in January or February and the source of supply from dates is very limited. For this reason alone, i.e., to prevent such a contingency, or rather to ameliorate it, I would beg to deprecate any further concentration of manufacture in the delta taluks, which, at present, are the chief sources of supply. I may here state that I am going solely on the assumption that the monopoly supply system will be introduced into this circle alone. If, as I have stated above, there is a serious falling off in surplus stocks at the beginning of the next lease, and the cost price of arrack to the monopoly supplier, in consequence, becomes prohibitive, I would recommend to grant him the concession of importing rice or jaggery spirit from the Vizagapatam or other distillery, paying duty at the rate of As. 9 per gallon 70° under-proof and proportionately for higher strengths in order to cover the incidence of tree-tax lost thereby.

"To roughly estimate the financial result of the scheme, I append the following calculation worked out in terms of 70° under-proof assuming Re. 1, Rs. 2 and Rs. 2-4-0 per gallon as the cost price, issue and selling prices, respectively:—

Monopoly of supply.		RS. A. P.
Difference between issue and cost price per gallon	...	1 0 0
Do. on 130,000 gallons, estimated consumption of circle	...	1,30,000 0 0
Deduct 25 per cent. for margin of profit and on account of suppliers' establishment and other charges	...	32,500 0 0
Net value of right of supply which should accrue to Government as tender or highest bid	...	97,500 0 0
Shop rentals.		
Difference between issue and selling prices per gallon	...	0 4 0
Realisations by shop-keepers on a consumption of 130,000 gallons	...	32,500 0 0
Deduct 25 per cent. as margin of profit and shopkeepers' expenses	...	8,125 0 0
Net rentals accruing	...	24,375 0 0
Total revenue derivable from monopoly of supply and shop rentals	...	1,21,875 0 0
Present rentals for vend and manufacture	...	1,13,900 0 0
Probable gain	...	7,975 0 0

"Paragraph 8.—In my figures I have estimated the consumption as low as possible so as to be on the safe side, but I beg to submit that unless the issue prices are fixed as high as I have given them, the result of the scheme will be a loss for the first year.

"Paragraph 9.—The monopoly supplier should, I submit, be also allowed the concession of distilling arrack within the circle to supplement his supplies from the delta from where he will obtain the bulk of his stock. I would therefore beg to propose the following scale of stills for the first year:—

	Stills.
Tuni division	...
Pithápuram division	...
Cocanada	...
Peddápuram taluk	...
Total	45

"Thus will be a further concentration of manufacture in this circle at least. It will be necessary to watch these stills very closely as they will be a source of danger from within, as the temptation to sell illicitly at the expense of the shop-keeper will be great. This may also, however, be said of monopoly suppliers' depôts, which, I presume, will be allowed to be located at several centres for the convenience of shop-keepers. To prevent fraud of this nature, it will be necessary for Magistrates to inflict really deterrent punishments on proof of all such cases in their courts. The stills can be reduced in the following year, when matters will adjust themselves, so as to minimise this risk.

"Paragraph 10.—The right of vend I beg to propose to sell shopwar with the option of clubbing shops in case of inadequate bids being secured by bidders combining at the sales.

"Paragraph 11.—As regards initial deposits and the kistbandi I would fix the former on the same scale as at present allowed in the case of independent town toddy shops and the latter as prescribed for foreign liquor tavern shops.

"Paragraph 12.—These are the rough details of scheme which may afterwards be elaborated, if approved, and the upset prices fixed at three-fourths their valuation to be calculated on the estimated consumption in each shop."

6. With all that the Inspector says I agree, and I would also draw your attention to my letter No. 2454, dated 1st August 1896, in which I reported on the matter of issue prices, when it was suggested to introduce the monopoly supply system into the town of Cocanada. The danger from smuggling into Cocanada from adjoining rural farms, which I then anticipated, will disappear, if issue prices are equalised and the system introduced into the whole circle, and if the precautions proposed by the Inspector are adopted, the danger from smuggling of arrack from the Rajahmundry and Rámachandrapuram taluks will be to a great extent minimised by rendering detection easier.

7. The stills and shops which fall within the belt should *not*, I submit, be lost to the taluks affected, but moved simply further in so as not to come within the three miles' limit from the Penuguduru circle.

8 *Toddy*.—The right of manufacture and vend of toddy is at present disposed of by fixed areas and shopwar in the case of towns and certain large villages; the number of farms and independent toddy shops being 129 and 87, respectively, for the whole district. In order to eliminate the middleman and to effect more than a nominal separation between arrack and toddy, I would propose that all the toddy shops in the district be sold villagewar where they are at present sold in farms, with the option of clubbing villages at the time of sales in case of combination among the bidders.

9. The Inspector, Penuguduru, proposes an increase of 48 shops in his circle on the ground that if the proposal to reduce the stills in his circle to 45 on the introduction of the monopoly supply system is approved, it will be necessary to provide toddy shops in villages where stills will be closed and no toddy shops at present exist. His request is reasonable, and I recommend approved.

10. As regards initial deposits and the kistbandi, I would fix them on the same scale as at present fixed for independent town toddy shops.

11. In the matter of upset prices, I would suggest that they be fixed at two-thirds valuation, which may be arrived at for each unit of vend on a calculation based on the consumption for the past three years. It may be feasible later on to adopt a system of classification of all shops with the fixed prices which should on no account be lowered, and to dispose of the right of vend by tender. This classification may every third year be revised so as to suit the altered condition of shops. By this means the risk run at the time of the auction sales from combination among bidders will be avoided and the revenue derived from rentals will be stable instead of, as at present, being a very uncertain figure.

12. While on the subject of toddy shops I would again draw your attention to the necessity of limiting the boundaries of toddy shops to say, 20 yards $\times$ 20 yards, or 400 square yards, which I consider ample. The old evil of loosely defined boundaries still exists and it can be easily checked, if before the issue of licenses the officers of this department are instructed to personally examine the boundaries furnished by shop-keepers before they are accepted by the Revenue Department.

13. In my proposals submitted last year and which you also accepted, the necessity of placing restrictions on the facilities afforded tappers for sweet toddy in drawing *illicit* toddy was brought forward, and I would therefore suggest that the restrictions contained in paragraph 14 of your letter No. 484-Eng., dated 21st April 1896, to the Board be adopted and strictly enforced in the next lease. Under the present system, the facilities afforded tappers to draw fermented toddy under the guise of jaggery manufacture are many and detection is rendered difficult. I would also suggest the advisability of introducing a system of concentration of jaggery manufacture, as at present there are so many jaggery works as to render efficient supervision impossible. I do not consider that these restrictions will hamper the industry and there is no reason why the present lax conditions should be allowed to continue, when it is considered how great a source of danger they are to the abkári revenue.

14. The Inspectors of Rajahmundry and Ellore propose a 5-mile belt on the Agency border with a view to check smuggling into the ordinary tracts. A proposal to extend the tree-tax system to certain Agency villages, which are included in this belt, was disapproved of by the Special Assistant Agent (*vide* his letter No. 1245-S.A.A., dated 27th April 1896), on the ground that it would interfere with long-standing privileges conceded to Koyas living in these villages, and, as a formation of a belt will similarly affect such privileges, I am not prepared to support the proposal.

15. As regards the place and time when the annual abkári sales are to be held, I would propose that the arrack farms in the Rajahmundry, Ellore and Mogalturru circles be sold as usual at Rajahmundry by the end of August and the arrack shops of the Penuguduru circle and the toddy shops of the district proposed to be sold villagewar be disposed of at taluk headquarters, the sales of the former commencing in the last week of August and the latter in the first week of September, so that there may be ample time to get rid of as many of these shops as possible before the new lease commences.

16. To sum up my proposals are—

As regards arrack—

(i) To allow present arrangements to continue except so far as they relate to the Penuguduru circle where manufacture may be separated from vend by the introduction of the monopoly supply system with a shopwar sale of vend.

(ii) To fix issue prices in this area at Rs. 2 per gallon 70° under-proof and proportionately for higher strengths.

(iii) To allow the monopoly suppliers 45 stills for the circle in order to supplement supplies from the delta, with the concession also of obtaining supplies from a central distillery in the event of a depletion of stocks at the beginning of the lease, duty at a rate of annas 9 per gallon 70° under-proof, and proportionately for higher strengths being levied on all spirits so imported to cover the incidence of tree tax.

(iv) To dispose of the monopoly of supply by the taluk or division by auction to the highest bidder or grant to the highest tenderer.

(v) To sell the right of vend, as already stated, shopwar with the option of clubbing shops in case of combination among bidders.

(vi) To fix initial deposits on the same scale as for independent toddy shops and the kistbandi as for foreign liquor tavern shops.

As regards toddy—

(i) To sell the right of vend and manufacture throughout the district by the *village* where at present it is sold by farms, with the option of clubbing villages in cases of combination at sales.

(ii) To fix initial deposits and the kistbandi on a similar scale as that allowed for independent town toddy shops.

(iii) To limit the boundaries of all toddy shops to, say, 400 square yards.

(iv) To increase the number of toddy shops in the Penuguduru circle by 48, consequent on the introduction of the monopoly supply system and concentration of manufacture in this area.

(v) To hold the sales of arrack farms of the Rajahmundry, Ellore and Mogalturru circles at Rajahmundry as a centre by the end of August and to dispose of independent arrack shops and toddy shops at taluk head-quarters by the end of August and from early in September, respectively.

(vi) To impose restrictions on the facilities afforded jaggery-tappers to draw illicit toddy under cover of their sweet toddy licenses and to concentrate jaggery works in each village.

17. I regret the delay in the submission of this report, which is due to my being in camp and to the Ellore Inspector's report having reached my office only on the 24th instant, and also to heavy pressure of work in this last week of the official year.

Resolution—Mis. No. 2312, dated 1st June 1897.

The following telegram will be despatched to the Collector of Górávari:—

“Reference paragraph 11, abkári proposals. Wire correct number of stills for Penuguduru circle, 13 or 15.”

(True Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Collector of Górávari.

Read—the following telegram from the Collector of Górávari, to the Secretary to the Board of Revenue (Separate Revenue), dated 2nd June 1897:—

Yours yesterday. Correct number of stills for Penuguduru circle is 15.

Resolution—Sub. No. 3131, dated 8th June 1897.

Recorded.

(True Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

READ—also the following letter from W. C. F. LEGGATT, Esq., Acting Deputy Commissioner of Salt, Abkári and Customs Revenue, Central Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated 31st May 1897, No. 2972:—

Referring to Board's Proceedings, Mis. No. 4692, dated 6th November last, communicating G.O., Mis. No. 4269, dated 29th October 1896, calling for a report after the end of six months on the effect of the arrangement made in constituting a two-mile belt of country devoid of arrack shops and stills along the Górávari-Kistna frontier, I have the honour to state that the results, so far obtained, do not show that this belt has been of any advantage. The Assistant Commissioner, Masulipatam subdivision, reports that the consumption (circlewar) for the six months ending 31st March 1897 compares as follows with that of the preceding year:—

Bezuvada Circle frontier.										Proof gallons.
185-96	...	...	...	...	...	...	...	...	...	260
1896-97	...	...	...	...	...	...	...	...	...	193
Manginápudi Circle frontier.										
1895-96	...	...	...	...	...	...	...	...	...	405
1896-97	...	...	...	...	...	...	...	...	...	408

As the Assistant Commissioner points out, there has been an actual decrease in the Bezuvada circle, while the figures in Manginápudi remain stationary. Mr. Kearns adds that he does not believe that the consumption in Kistna is really affected by the presence of Górávari shops in the vicinity of the frontier so long as they are at a reasonable distance. To open the shops again on the Górávari side would doubtless facilitate smuggling to some extent, but the figures afforded *supra* show that even this would not to any material extent affect the consumption in the Kistna district.

RESOLUTION—No. 249, dated 23rd June 1897.

The Board begs to submit its proposals for the management of the abkári revenue of the Górávari district during the coming lease.

2. The alterations introduced last year were as follows:—

- (1) The reduction in the number of stills from 1,000 to 873.
- (2) The enhancement of tree-tax from Re. 1 to Rs. 1-8-0 per palmyra and date tree.
- (3) The alteration of the rules regarding the initial deposits and the kistbandi for independent toddy shops with a view to lessening the difficulties experienced by shop-keepers.
- (4) The constitution of six separate agency rent-areas out of the 31 agency villages in which the tree-tax system is in force.
- (5) The extension of the power of Tahsildars, Deputy Tahsildars, Inspectors and Assistant Inspectors in the district in the matter of issuing special permits for transport and licenses for possession of country spirits.

3. The only really important one of these was the enhancement of the tree-tax which the Board regarded as a necessary preliminary to the introduction of further improvements as it considered that as much as possible of the revenue should be made secure by being so transferred before any important changes in other directions were attempted. The Collector has misapprehended the object of the Board in speaking in paragraph 5 of his letter of the enhancement as intended to break down the complicated arrangements between the renters, Kalalis, &c. Its intention was, as stated in paragraph 2 of Board's Proceedings, No. 224, dated 12th June 1896, to reduce the importance of these complicated arrangements, and it trusts that this end has to some extent been attained. The unfortunate season which has been experienced has upset the work of the toddy tappers so seriously that it is not possible to form any idea as to the result of the enhancement. Prices have been very high, and, though this has benefited the ryots, it has placed the cooly class, who are the greatest consumers, in very straightened circumstances and left but little money available for such luxuries as intoxicants. The course of nature has also been seriously affected by the drought and palmyra trees have thrown out their spathes at abnormally late dates. This, of course, has not only retarded applications for licenses, but has introduced an element of doubt into the calculations of the tappers who are unable to tell to what extent the lateness of the date at which a tree begins to yield will be compensated for by the termination of the fruitful period being equally postponed.

4. So far as the Board can see the year is likely to terminate with a loss of about Rs. 1,10,000 as compared with the past one. The figures on which this estimate is based are as follows:—

	1895-96.	1896-97.
	RS.	RS.
Arrack rentals	5,55,035	4,05,822
Toddy rentals	1,29,559	83,060
Tree-tax	4,99,392	5,00,780
Differential duty on toddy arrack	...	40,116
Tree-tax receipts from May to September 1897	...	45,000
Total	11,83,986	10,74,778
Net loss	...	1,09,208

* Rs. 4,80,741 up to April 1896.

† Up to April 1897.

5. The Board does not regard this result as unsatisfactory in itself, as 10 per cent. is not a heavy loss to follow on the introduction of enhanced rates in a peculiarly unfortunate year. It, however, views with some uneasiness the fact that the increase in tree-tax up to the end of April was only Rs. 20,000. That the loss will be only 10 per cent. is due to the rents having fallen off much less than might have been expected owing to the enhancement. The difference was only Rs. 1,49,213 in the case of arrack

rents and Rs. 46,499 in that of toddy. It is, however, in the Board's opinion, desirable that the existing state of affairs should not be disturbed too much until the revenue has reached its former dimensions. Any very large measure of concentration of distillation is therefore inadvisable.

6. The Collector's proposals for alteration and improvement in abkari administration in the coming year (which have the support of the Assistant Commissioner and Deputy Commissioner) are as follows:—

Arrack.

- (a) To separate the privilege of manufacture from that of vend in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni divisions;
- (b) to constitute the foregoing tracts into fifteen manufacturing areas with a still attached to each;
- (c) to fix the issue prices from these stills and the minimum selling prices at the connected shops at Rs. 1-10-0 and Rs. 1-14-0 per gallon of 70° under-proof, except in the Cocanada town farm where it is proposed to fix them at Rs. 2-0-0 and Rs. 2-4-0, respectively;
- (d) to establish a two-mile belt clear of shops in the frontier of these areas adjoining the Ramachandrapuram and Rajahmundry taluks;
- (e) to prohibit the transport of arrack into the Cocanada town area from the surrounding still areas;
- (f) to dispose of the privilege of manufacture in these areas by auction;
- (g) to introduce the system of separate sale of shops into these areas;
- (h) to permit the manufacture of jaggery arrack by the still-area renters in cases of emergency; and
- (i) to fix the preliminary deposit by the independent arrack shop-keepers in these areas at three months' rent.

Toddy.

- (1) To sell villagewar all the shops in the vend-area portions of the district;
- (2) to increase the number of shops in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni divisions, where there will be a large reduction in the number of stills, by 48 if necessary;
- (3) to afford the purchasers of the village farms the same facilities for the payment of initial deposits and kists as have been granted to independent town shop-keepers—*vide* paragraph 5 of Board's Proceedings, No. 224, dated 12th June 1896;
- (4) to fix the area of shop limits at 20 by 20 yards; and
- (5) to place restrictions on the manufacture of sweet toddy.

General.

To entertain certain additional establishments in the Collectorate.

Arrack.

7. As regards arrack, the Collector suggests the separation of the privilege of manufacture from that of vend in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni zemindari divisions, the former privilege being disposed of by auction in the fifteen manufacturing areas into which it is proposed to divide them. In each of these still areas, the Collector proposes to establish a still for the supply of the shops which it contains and to fix the issue price of spirits at Rs. 2-0-0 in the case of the Cocanada town and Rs. 1-10-0 in the case of the rest. The Collector further suggests that the renters may, in cases of emergency, be permitted to manufacture spirits from jaggery under departmental supervision on payment of a differential duty of 9 annas per gallon of 70° under-proof and proportionately for other strengths. As regards the right of vend the Collector recommends that the shops in these areas may be sold separately, the shop-keepers being bound to obtain their supply from the still-area renters and to sell at prices not less than Rs. 2-4-0 in the case of the Cocanada town and Rs. 1-14-0 in the rest of the still areas. These proposals are generally approved, but the Board does not think it worth while to introduce differential rates in the case of

the Cocanada town. The additional revenue which this would bring in will probably be covered by additional rentals if a uniform rate is adopted. The Board is also opposed to formally permitting the still area manufacturers to distil from jaggery even in cases of emergency, as the concession is likely to be abused and lead to unnecessary difficulties between Government and the renters. It would prefer that a clause should be added to their license reserving power to the Collector to himself supply the shop-keepers with toddy spirits from the delta or with jaggery spirits from Vizagapatam or elsewhere at their cost in case of failure of supply.

8. With a view to preventing the smuggling of arrack from the adjoining taluks of Rajahmundry and Ramachandrapuram, the Collector suggests the formation of a two-mile belt clear of shops on the western boundary of the area dealt with above. This proposal does not commend itself to the Board, as it considers that the loss of revenue that would result from the closure of shops in the belt would be greater than that which would result from smuggling, to say nothing of the hardship involved on the consumers resident in the villages concerned. A belt with special restrictions on transport without permit and possession without license appears to be all that is necessary. The Collector will be requested, if these proposals meet with the approval of Government, to submit a list of villages, any portion of which lies within two miles of the frontier for the issue of the necessary notification in the *Fort St. George Gazette*.

9. With a view to protecting the interests of the renter of the Cocanada town farm, the Collector recommends the prohibition of transport of country spirits from outside that area by any one except the renter. The adoption of a uniform rate for issue will render this unnecessary.

10. The Collector recommends that the deposits to be made by arrack shop-keepers should be fixed at three months' rent in all, the rent being payable in twelve equal monthly instalments, of which the first shall be paid on the 15th October, while the deposit will be credited towards the last three. The deposit required of the independent shop-keepers in the rest of the Presidency is only two months' rent, but the Collector suggests a deviation from this limit for sake of greater security, as he considers that the purchasers are often likely to be men of straw put forward by the still area renters. This danger is a real one, but the Board thinks that it will be better to accept it than to take such a retrograde step.

Toddy.

11. *Proposal (1).*—In his proposals disposed of in Board's Proceedings, No. 224, dated 12th June 1896, the Collector proposed that in the tracts lying to the north of the Godavari river, the shops should be sold separately in villages where there is only one shop in a village and villagewar in other cases. The proposal was not sanctioned by Government owing to the important enhancement of tree-tax which was about to be made. The Collector now recommends that the shops may be sold villagewar throughout the vend area portion of the district, the selling officers being given the option of clubbing together a few villages (not exceeding five) at the time of the sales. The proposal may be approved, but the Board considers that, where there are more than three shops in a village, they should not be sold villagewar, but should be disposed of as independent shops.

12. *Proposal (2).*—The Collector recommends an increase of 48 in the number of toddy shops in the Penugudur Circle in view of the proposed reduction in the number of stills from 189 to 15 (*vide* paragraph 7 *supra*). The stills proposed to be abolished have hitherto practically served as toddy shops in many cases. The Collector's recommendation is therefore reasonable and may be accepted as being in accordance with the instructions in paragraph 1 (3) of G.O., No. 341, Revenue dated 21st July 1896.

13. *Proposal (3).*—This is calculated to afford desirable relief to the purchasers of the village farms and, as it is not in any way likely to prejudice the interests of Government, the Board considers that it may be adopted. The initial deposit will then be Rs. 25 per village and Rs. 10 in the case of the rural independent shops.

14. The subject matter of proposal (4) is one regarding which the Collector is competent to issue the necessary instructions. The Board, however, considers that, instead of laying down a hard and fast rule such as that proposed, the object in view

G.O. 341
21.7.96

can best be attained by general instructions to the officers issuing shop licenses that the boundaries of the shop to be specified in the schedule annexed to the license should not be unnecessarily wide.

15. In paragraph 15 of the report, the Collector returns to the question of the necessity for imposing suitable restrictions on the drawing of sweet toddy. The Deputy Commissioner, Northern Division, will be requested to submit a full report on the subject, and the Collectors of Gódvári and Tinnevely will be asked to state whether in their opinion there is any real objection from the point of view of the jaggery manufacturer to a prohibition of drawing toddy between sunset and sunrise.

16. In paragraph 16, the Collector applies for certain additional establishment and an increase to the salary of certain clerks in the Huzur and Taluk offices. The following statement shows the strength of the existing abkári establishment in the Collector's Divisional and Taluk offices, as compared with the establishment which will be required in the opinion of the Collector on the introduction of the changes discussed above:—

		Present strength.		Proposed strength.	
			Rs.		Rs.
Abkári clerk, Huzur office	.. .. .	1	30	1	30
Do. do. .. .. .	.. .. .	1	15	1	15
Do. do. .. .. .	.. .. .	1	15	1	15
Abkári clerk, Head-quarters Deputy Collector's office	.. .. .	1	20	1	20
Do. gumastah, Rámachandrapuram Taluk office	.. .. .	1	20	1	20
Assistant do. do. .. .. .	.. .. .	1	15	1	15
Abkári do. Amalápuram do. .. .. .	.. .. .	1	15	1	15
Assi tant do. do. .. .. .	.. .. .	1	10	1	10
Abkári do. Natsapur do. .. .. .	.. .. .	1	15	1	15
Assistant do. do. .. .. .	.. .. .	1	10	1	10
Abkári do. Bhímavaram do. .. .. .	.. .. .	1	15	1	15
Assistant do. do. .. .. .	.. .. .	1	10	1	10
Abkári do. Tanuku do. .. .. .	.. .. .	1	15	1	15
Assistant do. do. .. .. .	.. .. .	1	10	1	10
Abkári do. Ellore do. .. .. .	.. .. .	1	15	1	15
Assistant do. do. .. .. .	.. .. .	1	10	1	10
Abkári do. Peddápúram do. .. .. .	.. .. .	1	15	1	15
Additional Abkári gumastah, Peddápúram Taluk office	.. .. .	1	15	1	15
Process-server Peddápúram Taluk office	.. .. .	1	15	1	15
Peon, Peddápúram Taluk office	.. .. .	1	6	1	6
Abkári gumastah, Pithápúram Division office	.. .. .	1	15	1	15
Peon for service of process, Pithápúram Division office	.. .. .	1	6	1	6
Abkári gumastah, Tuni Division office	.. .. .	1	15	1	15
Peon (who can also serve notices) Tuni	.. .. .	1	6	1	6
Abkári gumastah, Cocanada do. .. .. .	.. .. .	1	15	1	15
Process-server and peon, Cocanada do. .. .. .	.. .. .	1	20	1	20
Abkári gumastah, Rajahmundry Taluk office	.. .. .	1	15	1	15
Do. do. Yernagudem do. .. .. .	.. .. .	1	15	1	15
Do. do. Polavaram Deputy Tahsildar's office	.. .. .	1	15	1	15
Total ..		14	225	29	390

The Collector's proposals, which involve a net increase of Rs. 165 per mensem in the cost of establishment, are approved. The cost can be met from the provision in the budget. A proposition statement in duplicate is enclosed.

17. With reference to G.O., No. 4269, Revenue, dated 29th October 1896, in which a report is called for on the working of the belt maintained on the frontier of the Gódvári district for the prevention of smuggling of cheap toddy-arack thence into Kistna, the Board begs to report that the Deputy Commissioner, Central Division, is of opinion that the belt has not been of any advantage, as no improvement in licit consumption is noticeable in the frontier of the Kistna district, and that its withdrawal will not materially affect the consumption in that district. The prevalent bad season may be partly responsible for the fact that there has been no increase in consumption, and it is hardly therefore safe to draw any definite conclusions in regard to the utility or otherwise of the belt. The Board is, however, inclined to think that, taking it all round, the retention of the belt is not advisable in the interests of the Government revenue. The Collector of Gódvári has reported that the formation of the belt and the consequent closure of 15 stills and 40 arrack shops have prejudicially affected the revenue in his district and the Deputy Commissioner, Northern

Division, has estimated that the loss on this account amounts to about Rs. 36,600. This is probably a good deal above the true figures, as allowance has not been made for the additional value conferred on shops just inside the belt which now get the custom of its inhabitants. There can be no doubt, however, but that it does result in a serious loss in the Gódvári revenue. The Board is therefore in favour of the abolition of the belt. Smuggling on a large scale is not likely to be affected by the existence or otherwise of the belt, which would only transfer the source of supply a couple of miles further north and there is no reason to believe that petty smuggling exists on an extensive scale. Should the belt inside the Gódvári border be abolished, the Board will establish another in which possession and transport without permit is prohibited in the Kistna boundary villages.

18. The Board does not like to let the next year pass without some advance being made towards the concentration of distillation. It begs to call the attention of Government to the suggestion made last year by the Collector (*vide* paragraph 24 of his report, printed in Board's Proceedings, No. 224, dated 12th June 1896) that a tax of Rs. 5 per pot-still should be levied and suggests that this rule be brought into force. The result which it looks for is the placing of stills in areas unfavourable for economical distillation at a disadvantage. Of course it will be evaded in many ways, but the Board does not regard it so much as a means of collecting revenue as of weeding out stills where distillation is only carried on intermittently or under adverse circumstances, such as the scarcity or distance of toddy trees, high rents for trees charged by owners and the like. It thinks, however, that the rate of Rs. 5 proposed by the Collector is too high and would prefer Rs. 2 as affording less temptation to evasion.

19. The late date at which these proposals are submitted is regretted. The Collector's report was only received on the 27th May 1897 and the Board found it necessary to await the receipt of the abkári administration report before it could formulate its views.

(True Copies and Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

(True Copy.)

Assistant Secretary.

To the Secretary to Government, Revenue Department,
with a proposition statement in duplicate, through
the Accountant-General, Madras.

„ Collector of Gódvári and Tinnevely.
„ Deputy Commissioner, Northern Division.
„ Assistant Commissioner, Cocanada Sub-division.
Copy to the Collector of Kistna.
„ „ Deputy Commissioner, Central Division.

ACCOUNTANT-GENERAL'S REPORT.

No. 445
223

THE entries in the column of "Present Scale" have been compared with the Registers of this office, and are correct, with the exception of the items altered in red ink.

The proposed view is within the sanctioning powers of the Local Government.

ACCOUNTANT-GENERAL'S OFFICE,
Fort Saint George,

22nd July 189

Whitchell
Accountant-General.

GOVERNMENT OF MADRAS.

DEPARTMENT.

No.

FORT SAINT GEORGE,

The 189 }

Secretary to the Government
of Fort St. George.

Statement of Proposition for revision of Establishment.

[illegible]

Board of Revenue, Separate Revenue.
23rd June 1897. }

To

The Secretary to Government, *Finance* Department,
through the Accountant-General, with reference to G.O., No. 1695,
dated the 23rd September 1878, Financial Department.

If Local Government is competent to sanction, its order will be written across these four columns.

Signature Eamunemulster
(Officer's Designation) Assistant Secretary

NATURE OF CHARGE.

Total per museum 165
Total per annum $165 \times 12 = 1980$.

$$T_0$$

If Local Government is competent to sanction, its order will be written across those four columns.

Signature Carroll
(Officer's Designation) Assistant Secretary

ACCOUNTANT-GENERAL'S REPORT.

No. AdS
223

THE entries in the column of "Present Scale" have been compared with the Registers of this office, and are correct, with the exception of the items altered in red ink.

The proposed increase is within the sanctioning powers of the Local Government.

ACCOUNTANT-GENERAL'S OFFICE,
Fort Saint George,

22 July 1897

GOVERNMENT OF MADRAS.

DEPARTMENT.

No.

FORT SAINT GEORGE,

The

189

Secretary to the Government
of Fort St. George.

Statement of Proposition for revision of Establishment.

Order sanctioning present establishment. Government of Madras Revenue Department.		Office to which the proposition refers.	NATURE OF CHARGE.												PROPOSITION.								Grounds of Proposition.	Local Government's recommendation.	ORDERS OF THE GOVERNMENT OF INDIA.			
			Present Scale.						Proposed Scale.						Permanent.		Temporary.				Home Department.	Financial Department.						
No.	Date.		No.	Designation.	Pay.			Average cost.	No.	Designation.	Pay.			Average cost.	Increase per month.	Decrease per month.	Increase per month.	Decrease per month.		Remarks.	Remarks.	Orders.						
					Minimum.	Increment.	Maximum.				Minimum.	Increment.	Maximum.		Amount.	Amount.	Period.	Amount.	Period.	Amount.								
No. 3773.		Office to which the proposition refers.	Shri Ravi Establishment																									
21st September 1896.			Collector's Office																									
Godavari District.			1	clerk																								
			1	do																								

Board of Revenue
 Sep: Rms
 28th June, 1897.

To

The Secretary to Government, *Revenue* Department,

through the Accountant-General, with reference to G.O., No. 1695,

dated the 23rd September 1878, Financial Department.

If Local Government is competent to sanction, its order will be written across these four columns.

Signature

(Officer's Designation) Assistant Secretary

Statement of Proposition for revision of Establishment.

Order sanctioning present establishment. Government of Madras Revenue Department.		Office to which the proposition refers.	NATURE OF CHARGE.												PROPOSITION.								Grounds of Proposition.	Local Government's recommendation.	ORDERS OF THE GOVERNMENT OF INDIA.		
			Present Scale.						Proposed Scale.						Permanent.		Temporary.				Home Department.	Financial Department.					
			No.	Designation.	Pay.			Average cost.	No.	Designation.	Pay.			Average cost.	Increase per month.	Decrease per month.	Increase per month.		Decrease per month.			Remarks.			Remarks.	Orders.	
No.	Date.				Minimum.	Increment.	Maximum.				Minimum.	Increment.	Maximum.				Amount.	Amount.	Period.	Amount.							Period.	Amount.
No. 3773																											
21st September 1896.																											
Gudavari District.																											

Am. Li. Henry Prin Kes. No. 6275

From The Board of Revenue (Dep. Secy).

Dated 23rd June 1897.

FOR ORDERS.

With the foregoing Proposals the Board of Revenue (Dep. Secy) submits proposals for the management of the akkari revenue of the Godavari district for the lease commencing on 1st October 1897.

2. The present system of akkari management of the Godavari district may briefly be stated as follows:-
Countray spirits:- The right of manufacture and sale is sold by auction, the district being divided into 82 separate areas (vide statement A put up). 873 stalls are allowed for the manufacture of spirits.

Toddy:- Except in the case of 14 towns in which shops are sold separately the district is divided into 125 rent areas and the privilege of sale is sold by auction. (See statement B put up).

These proposals are well thought out and I generally approve them, but I think they are premature & should stand over until next year. The district has not yet recovered from the increase made only in Oct. last, of the tax by 50%; and it will not, in my opinion, be well to make further changes so soon. We may lose more than we shall gain - Moreover, there is now hardly time to carry out the proposed changes, the detailed working out of which must take some time. Better tell the H. to bring forward these proposals again early next year, say not later than April, by which time it will have before it the results of the last past forest tapping season.

The H. can make the alteration it desires as regards the belt between the H. & K.

C29/7/97 District.

29/7/97 Telegraph & Cdr.

The Totals required for sale is shown under the T.P. system the results of T.P. for the instant year being as follows:-

as follows:-	Rs Rs p	if he made
Account palmer	2-4-	Abkari &
laps	4-8-	} for each half year
Palmyna or date	1-8-	for the whole year

direct "No changes
to be made next year in
Abkari system" -

As
30/7/97

3. As regards Counting Spirits the Collector's proposals as modified by the Board of Revenue are:-

(1) To separate the privilege of manufacture from that of sale in the Penuguturu & comprising the Golanada, Pithapuram & Timimuru and the Reddapuram Taluk.

(ii) To constitute these tracts into fifteen manufacturing areas and revive of the privilege of manufacture by auction.

(iii) As regards the right of need
to sell shops separately throughout
these areas, a number of shops
being assigned to each still area
renter

(IV) To fix the ^{minimum} price from the mills at Rs 1-10 - and ^{the safe} ~~the~~ price at ~~therefore~~ the shops at Rs 1-14 per gallon 7.70⁰ H.P.

(iv) To prevent the sun drying

FOR ORDERS.

Drift 2.

297157.



of arrears from the adjoining taluqs
of Rajamundry and Ramachandrapuram
into these tracts, & establish a
belt with special restrictions on
transport without permit and
possession without license.

(vi) To insert a clause in the license reserving power to the collector to supply the shopkeepers with Taddy spirit from the delta or with jaggery spirits from Vijaya patnam or elsewhere at their cost in case of failure of supply.

(vii) To secure some advance towards concentration of distillation, to levy a tax of Rs 2 per pot still worked ^{presumably} in the ^{remaining} ~~district~~ ^{of Tanjore} district.

4. It will be remembered that in submitting proposals for the current year the collector proposed to separate the privileges of manufacture and vend in the trees north of the Godavari river (including the Rajmandry and Ramachandrapur taluks). The Board and Govt however considered that an enhancement in the rates of tree tax should precede any large measure of reform in the shikars.

Abkari administration of the district
and accordingly sanctioned the raising
of the rates by 50 p.c. The H. M.
observed at that time: - "For
my part I have never been so
much in favour of introducing the
estate system in Godamari and
some other districts as the former
system, of which Sir Henry Stokes
was a member was. The estate
system is a very good system, but
it is not the only one, and the
former system seems quite to have
forgotten that when in 1883 & 1884
we set about setting our abkari
house in order one of the principal
objects proposed was to suit the
system of each district (and many
each taluk) to the circumstances
of that district (or taluk). I am
afraid we are in some danger
now, of going too far in the direction
of uniformity as we were up to
1883, though in a different way.

For the present the first thing
to do in the Godamari district is
no doubt to raise the T.T. by 50 p.c.
other reforms must wait, though
we may quietly work in their
direction.

flagged H.

x. In para 7 of the collector's letter
it is reported that the number
of farms is 86.

direction. The most important of
these reforms is a reduction in the
size of both Toddy and smack
areas and in the number of stalls,
with the object in all cases of
eliminating the middlemen as
far as may be."

5. The reforms introduced during
the current lease in accordance with
the above views of H. M. were

(a) a reduction in the number
of stalls from 1000 to 873; and

(b) the division of the district
into 82 hut areas instead of
into 81 as in the previous lease.

6. The result of the enhancement
of the tree tax is estimated to result
in a loss of Rs. 1,10,000 under smack
and Toddy together (vide para 4 of
the B. P.) and as pointed out by the
Board "the unfortunate season
which has been experienced has
upset the work of Toddy tappers
so seriously that it is not
possible to form any idea as to
the result of the ~~cost~~ enhancement.
In these circumstances it is a question
for consideration whether during
ensuing lease the privilege of
manufacture

manufacture and supply of country
spirits should be separated in
any portion of the district especially
in view of the remarks of the
H. M. quoted in para 4 supra.
7. The privilege of manufacture and
sale is proposed to be separated in
the Panaguram circle. Last year
the collector included the Rajamundry
and Rameswaram Taluks and
he then proposed to introduce the
system in the tract north of the
Godavari river. The average and
today's revenue of the tract comprised
in the Panaguram circle is about
2 lakhs of rupees and that of
the two adjoining taluks of Rajamundry
and Rameswaram is about
the same.

8. ~~Speculation~~ ^{it be} Should be decided that
the privilege of manufacture and
sale may be separated as proposed
by the Board in the Panaguram
circle, it is submitted that the
collector's proposal to divide the
tract into fifteen manufacturing
areas (each with one still) and
to dispose of the privilege of
manufacture by auction may
be

be approved. The Inspector of the
circle proposes to divide the tract
into four still areas and to allow
each still area several stills. The
collector points out that the proposal
is wholly opposed to the spirit of
the monopoly system which is
based upon the idea of a single
still supplying a certain number
of shops or, in other words, a certain
area. He submits that the collector
is right and that the proposal
may be sanctioned. As regards the
shop to be attached to each still
the collector states that he has not
been able to draw up a statement
but that it can be done very
easily in consultation with the
officers of the Salt and Akkari dep.
9. The Board approves of the collector's
proposal to sell shops separately
throughout this tract and this may
it is thought be approved.
10. As regards minimum issue price
both at the stills and the shops, the
collector proposes two different
rates one for the Coarund a,
town and the other for the rest of
the tract in view of the fact
that

that the prices prevailing in the lacemaking town is higher than in other tracts. The Board however considers that it is not worthwhile to introduce differential rates as the additional revenue which the proposal would bring in will be more than covered by additional rentals if a uniform rate is adopted. It is submitted that the Board is right.

11. To prevent the smuggling of arrack from the adjoining tracts of Rajamundry and Ramachandrapuram, the Collector proposes the formation of a two mile belt clear of shops on the western boundary of the Pennaguduru circle. In view of the fact that the loss of revenue that would result from the closure of shops in the belt would be greater than that which would result from smuggling, to say nothing of the hardship ~~on~~ involved in the consumers resident in the villages concerned the Board considers that it would be sufficient to form a belt with special restrictions on transport without permit and possession without

A Similar concession is allowed to the still area renters in S. Canara in payment of a differential duty of 8 annas per gallon of 30° u.p. in lieu of the treacle. Flagged D.

vide para 24 of the collector's letter at page 22 of R.O. $\frac{341}{21.7.96}$ + log F

without license. It is thought that the Board's proposal may be approved. 12. The collector proposes to permit the manufacture of jaggery arrack by the still area renters in cases of emergency. The Board considers that this proposal if adopted will lead to an abuse of the concession and to unnecessary difficulties between the Govt. and the renters and accordingly proposes to reserve power to the collector to himself supply the shopkeepers with toddy or jaggery spirit ^{at their cost} in cases of failure of supply. ~~The Board does not~~ ^{propose to allow the still area renters to supply jaggery} 13. The proposal to levy a tax on every pot still was made by the collector last year but the Board then considered that it must lie over in view of the enhancement of the treacle which it recommended. The collector proposed a tax of Rs 5 per pot still last year and now in reiterates his recommendation. ^{return} The Board states that the rate of Rs 5 proposed by the collector is too high and that it would prefer Rs 2 as affording less temptation to evasion. The ^{object} ~~advantage~~ of

of this proposal is stated to be the
placing of stills in areas un-
favourable for economical
distillation at a disadvantage.
The Board states:- "Of course it
will be evaded in many ways
but the Board does not regard
it so much as a means of collecting
revenue as of weeding out stills
where distillation is carried on
only intermittently or under adverse
circumstances, such as scarcity or
distance of toddy trees, high
rents for trees charged by owners
and the like". For orders as to
whether the Board's proposal may
be approved.

14. As regards the management of
the toddy revenue the collector's
proposals are:-

(i) to sell village-wise all the
shops in the reserved area portions
of the district

(ii) to increase the number
of toddy shops by 48 in the
Pernampuram

(iii) to fix the initial deposit
in the case of village farmers as
was fixed in the case of independent
toddies

toddies shops last year.
(iv) to fix the area of shop limits
at 20 by 20 yards; and
(v) to place restrictions on the
manufacture of sweet toddy.
15. As regards (i) it will be
remembered that this proposal was
made last year in regard to the
tanks lying to the north of the
Godavari river. The collector now
proposes to sell shops village-wise
throughout the reserved area portions
of the district subject to the condition
that the selling officers are given
the option of clubbing together a
few villages (not exceeding five)
at the time of the sales. The Board
would add a further condition
viz, that where there are more
than three shops in a village
they should not be sold village-wise
but should be disposed of as
independent shops. Last year
the Govt observed that it would be
safest to make no change during
the current lease but empowered
the collector to break up and sell
as reserved areas or by the
village or by the shop, such toddies
are

para 1(5) of G.O. $\frac{341}{21.7.96}$

was as did not fetch satisfactory prices. The sale of shops in the -
now is it is thought a step in
the right direction, ^{as a large number of villages contain only a single shop each,} and may be
approved.

16. As regards ⁽ⁱⁱ⁾ it will be observed
that it is proposed to close a large
number of stalls in the Panayadani
O: and as most of these stalls had
also served as toddy shops the
proposal to increase the number
of toddy shops by 48 may be
approved.

17. As regards initial deposits ⁽ⁱⁱⁱ⁾,
attention is invited to para 10 of
the note under G.O. No 341 of
21.7.56 from which it will be
seen that in the case of independent
toddies shops the Board recommended
last year that, instead of the
ordinary rule requiring the
deposit of Rs 50, or two months
rental if annual rental is likely
to be less than Rs 300, the initial deposit
might be fixed at Rs 25 for town
shops and Rs 10 for rural shops.
This proposal was approved by
the collector now recommends
that the same rule may be
extended

extended to areas sold in the same way.
The Board supports the recommenda-
tion.

18. As regards the limits of shops, ^(iv)
the collector points out that the
object is to ~~prevent~~ prevent the boundaries
of a toddy shop being so vague
as to cover a whole village
or a whole street. He states that
experience has proved that
restriction to a single building
is not enough for the building may
then take the form of a shed 200
yards long in which 30 or 40
different Diyas can sell each
out of his own pot in his own
compartment. As pointed out
by the Board the object in view
can be attained ^{by} general
instructions to the officers issuing
shop licenses that the boundaries
of the shop to be specified in the
schedule annexed to the license
should not be unnecessarily wide.

19. As regards improving restrictions ^(v)
on the drawing of sunset toddy the
Board has called for a report
from the collector of Edamari
+ Trinamaly which may be
awaited

we wanted.

20. The additional establishment proposed ^(vide para 16 of the Current) involve a net increase of Rs 145 per man ann and if may it is thought he sanctioned. Rs 10 is however, too low for a clerk.

21. In para 17 of the Current, the Board furnishes the report called from G.O. 4264 ^{29.10.46} regarding the working of the belt maintained on the frontier of the Godavari district for the prevention of smuggling of opium. It is to be noted that the belt is not advisable in the interests of the Govt. revenue. It therefore proposes to abolish the belt inside the Godavari border & to establish another in which possession & transport without permit is prohibited in the Krishna boundary villages. The belt which the Bd proposes to form in the Krishna district is similar to the one proposed to be established in the western portion of the Pennaguram C. (vide para 11 of this note). The Bd's proposal may be approved.

This is a large & difficult subject and the Council is here now and Mr. B. Jaffer wish to discuss it with him. I do not like to discuss it. I have from this the note of the 15.11.46 and

(4) I have nothing to add. 1/28.7.7.

Country Spirits

Taluk or dm	Number of Dist areas	Amount of rentals in		
		1895-96	1896-97	
Peddapuram Tk	6	Rs. 26,700	Rs. 24,710	Rs. - 1,990
Cocanada dm	4	79,175	70,950	- 8,225
Pithapuram dm	3	16,625	13,900	- 2,725
Tuni dm	2	6,680	4,350	- 2,330
Ramachandrapuram Tk	9	40,875	29,220	- 11,655
Rajavindray	7	81,185	68,255	- 12,930
Amalapuram	8	31,805	17,212	- 14,593
Narasapur	10	48,970	30,165	- 18,805
Bhimavaram	8	38,080	21,850	- 16,230
Tanuku	10	48,345	29,800	- 18,545
Eluru	7	96,180	69,600	- 26,580
Yernagudem	8	40,415	25,810	- 14,605
Total	82	5,55,035	4,05,822	- 1,49,213

(a) The collector proposes to separate the principles of manufacture and use in this area ^{in the ensuing year} the former principle being disposed of by auction in the 15 manufacturing areas into which it is proposed to divide them. As regards the right of use he proposes to sell shops separately - the shopkeepers being bound to obtain their supply from the still area renters.

Toddy

	Number of rent areas	Number of towns in which shops are sold apart	Amount of rentals in		
			1895-96	1896-97	
			Rs.	Rs.	
Peddapuram Tk	7	1	3,301	2,390	- 911
Locanada S ^r	3	3	13,470	8,685	- 4,785
Pithapuram S ^r	4	1	2,159	1,199	- 960
Tuni S ^r	2	1	755	503	- 252
Ramachandrapuram Tk	10	1	11,815	6,930	- 4,885
Rajamahendray Tk	6	2	13,338	12,973	- 365
Analapuram .	12	1	21,081	10,790	- 10,291
Narasapur ..	25	3	19,488	11,880	- 7,608
Shimemuram ..	26	"	6,742	4,420	- 2,322
Tanuku ..	10	"	10,535	6,360	- 4,175
Eluru ..	12	1	20,200	12,555	- 7,645
Gonnampudi ..	8	"	6,675	4,375	- 2,300
Total	125✓	14✓	1,29,559✓	82,060✓	- 46,499✓

Note. The collector proposes to sell shops village-wise throughout the new area for of the district, the selling officers being given the option of clubbing together a few villages (not exceeding five) at the time of the sales.

The Board of Revenue would modify the proposal by requiring that where there are more than three shops in a village they should be disposed of as independent shops and not village-wise.

Number of stills worked and the shops opened

	Number of stills worked	Number of arrack shops opened	Number of toddy shops opened
1884-85	1,131	1,507	885
1885-86	1,248	1,684	1,197
1886-87	1,275	1,539	1,211
1887-88	1,188	1,586	1,286
1888-89	1,267	1,603	1,352
1889-90	1,260	1,590	1,389
1890-91	913	1,381	1,202
1891-92	875	1,293	1,095
1892-93	910	1,318	1,087
1893-94	892	1,307	1,000
1894-95	927	1,336	1,163
1895-96	921	1,349	1,180
Sanctioned number for 1896-97	873 ^(a)		
Collector's present proposal which has been approved of by the Board	699 ^(b)		

(a) Reduced from 1000 with reference to para 1(2) of G.O. No 341 of 21.7.96.

(b) In the Penuapuduru circle comprising the Peddapuram taluk and the Tuni Pittapuram and Anaparthi DM it is proposed to separate the principle of manufacture from that of vend and to sell the licit as 15 manufacturing areas allowing one still for each manufacturing area. The existing number of stills in these tracts is 189 and the proposal, if accepted, would reduce the present number by 174. To compensate for the reduction it is proposed to increase the number of toddy shops in the Penuapuduru by 48.

(c) In the other tracts the collector proposes to levy a fee of Rs 5. per pot still. Board would reduce the fee to Rs 2.

○ Taxes levied in Godamari in 1894-95 + 1895-96.

Taxes on...	1894-95			1895-96		
	1 st half year	2 nd half year	Total	1 st half year	2 nd half year	Total
DDaipuram Tk	Rs. 10,669	Rs. 11,204	Rs. 21,873	Rs. 8,172	Rs. 13,954	Rs. 22,126
Canada S.	13,870	22,333	36,203	13,397	18,801	32,198
Itthapuram S.	(a) 5,096	11,146	16,242	4,342	9,782	14,124
Tunni S.	5,198	930	6,128	1,197	4,008	5,205
Chinnachudrapuram Tk	24,215	34,437	58,652	20,973	35,041	56,014
Pajumai S.	11,934	27,456	39,390	8,068	22,633	30,701
Malapuram ..	33,658	45,150	78,808	28,584	42,934	71,518
Varasapur ..	33,145	49,623	82,768	35,725	49,611	85,336
Chinnamam ..	12,802	21,668	34,470	14,013	17,517	31,530
Tamukin ..	45,622	38,640	84,262	46,447	41,086	87,533
Ulae ..	21,972	40,232	62,204	20,019	40,299	60,318
Chinnapudam ..	24,793	29,704	54,497	18,647	26,738	45,385
• Total	2,42,974	3,32,523	5,75,497	2,19,584	3,22,404	5,41,988

(a) Tracts in which it is proposed to separate the principle of manufacture and need of annex for the ensuing year.

Note

The tree tax During 1896-97 is estimated at Rs. 5,45,780.

[The page contains extremely faint, illegible markings that appear to be bleed-through from the reverse side.]

C. no 6275-

Print
of and his and
telephone ~~department~~

104
30/7/57

While generally approving of the proposals submitted with the foregoing Progs for the management of the akkari revenue of the Duma district for the lease commencing on 1st October 1897, the Govt considers that they are premature and should stand over until next year. The district has not yet recovered from the increase of the tree tax by ~~40~~^{fifty} percent made only in October last and the introduction of any further change now might lead to a loss of revenue. Moreover, there is now hardly time to carry out the proposed changes the detailed working out of which must take some time. The Board of Revenue will accordingly be requested to bring these proposals forward not later than 1st April next by which ^{date} it will have before it the results of the best part of the next tapping season. The following telegram will accordingly

accordingly be despatched direct to
the collector of Godavari
2. No changes to be made next
year in Abkari system"
2. The Board's proposal in para
7 of its Prop is approved.

to be done
30th July 1897

1897/17

AR.
3/7/97

To
The B^d of Revenue (Dep^y = Revenue)
Note. The H. M. has not passed orders
regarding the additional establishments
asked for by the (M^r). But as no changes
in the system of management are to be
introduced it is presumed that the estab-
lishments are not to be sanctioned

Recd.
2/8/97
40/3

AR.
3/7/97

1897/17

44/3

Government {1897} of Madras. REVENUE.

Recd.

Enclosures

1897.

Regd.

Spare copies

G.O., No. 658, 30th July 1897.

JULY.

Management of the Abkari Revenue of the Godavari District.

Stating that Government, while generally approving of the proposals for the — for the lease commencing on the 1st October 1897, considers that they are premature and should there-fore stand over until next year.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—the following Proceedings of the Board of Revenue (Separate Revenue), No. 249, dated 23rd June 1897 :—

Read—the following Proceedings of the Board of Revenue (Separate Revenue), Mis. No. 2312, dated 1st June 1897 :—

Read—the following letter from V. A. BRODIE, Esq., Collector of Gódvári, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated Madhavarowpeta, 17th May 1897, C. No. A-Eng. :—

I have the honour to submit the following proposals regarding the abkári administration of this district during the ensuing abkári year 1897-98 with reference to Board's Proceedings, Mis. No. 504, dated 10th February 1897.

2. In G.O., No. 341, Revenue, dated 21st July 1896, the Government, concurring in the Board's view that enhancement of the tree-tax should precede any large measure of reform in the abkári administration of this district as this would transfer a large proportion of the revenue from "rents" to "tree-tax," sanctioned an increase of 50 per cent. in the rates. In this district toddy is practically drawn only from palmyras and date palms so that under that order the tree-tax is this year Rs. 1-8-0 per tree as against Re. 1 before; but it has not yet been possible to fully gauge the effects of the enhancement as the abkári revenue generally has been most prejudicially affected and work interfered with since the commencement of the current lease by the general failure of the north-east rains and the abnormal prices of food-grains. In consequence of the former the yield of the trees has generally, I am given to understand, been poorer than usual and the toddy season was exceptionally late in coming in. In these respects palmyras have not differed from many other trees. Last year the mango crop was most exceptional, this year mangoes are extremely scarce; last year the tamarind yielded well, this year the crop is half the average; and the same difference has been noticeable in the case of other trees. The second cause has affected the revenue because the people outside the Delta have required all their money to supply themselves with food and have had much less superfluous cash to invest in liquor than heretofore. Even in the Delta, though the high prices prevailing have benefited the ryots as the crops were good where not damaged by floods, the revenue has not been benefited as the working classes, not the ryots, are the main source of income of the Abkári Department, and the high prices of food-grains have compelled them too to curtail to some extent their expenditure on liquor of which the price has risen in consequence of the enhancement of the tree-tax.

3. The following table shows the amount of the tax realized in the first four months of the current lease compared with the same period last year :—

MONTHS OF THE CURRENT LEASE COMPARED WITH THE																
Month.							Lease year, 1895-96.			Lease year, 1896-97.			Difference.			
							RS.	A.	P.	RS.	A.	P.		RS.	A.	P.
October	..	..	..	..	..	..	4,423	0	0	6,793	8	0	+	2,370	8	0
November	..	..	..	..	..	..	17,074	8	0	21,729	12	0	+	4,655	4	0
December	..	..	..	..	..	..	31,236	0	0	19,981	8	0	-	11,254	8	0
January	..	..	..	..	..	..	37,165	8	0	19,917	0	0	-	17,248	8	0

This shows that the increase was over 50 per cent. in October so that more trees were tapped this year than last notwithstanding the increase in the tree-tax; that in November the increase fell to a little under 30 per cent., and that in December and January the number of trees tapped was so much smaller this year than last that notwithstanding the enhancement of the tree-tax there was a heavy fall in the revenue

under this head. This fall is no doubt mainly attributable to the unfavourable character of the season, but there were also minor causes which contributed to it :—

(a) There were large stocks of arrack at the close of the last lease on which a sum of Rs. 29,544 had been realized up to the end of January as differential duty consequent on the enhancement of the tree-tax.

(b) There was also as usual on the introduction of every change some hesitation on the part of the Kalalis (toddy-drawers) to invest in sub-leases and apply for more trees than they were certain was absolutely necessary as they did not know how far increase of price would affect consumption.

4. Other measures introduced in the current year were—

- (ii) a small measure of concentration of the arrack manufacture, and
- (iii) an alteration in the rules regarding initial deposits and the kistbandi of independent shops.

Both were unimportant and neither calculated to have much effect upon the revenue though (iii) has undoubtedly proved a boon to the shop-keepers.

5. In Board's Proceedings, No. 224, dated 12th June 1896, it was anticipated that the increase in the tree-tax would leave but little to be realized in the shape of rents under toddy, and, in recommending the enhancement of the tree-tax, the Board stated that it considered this advisable as it would reduce the financial risk of measures for the improvement of the administration by breaking down the complicated arrangements subsisting between the renters, sub-renters and Kalalis. The rents, however, realized at the last sales were not so low as were anticipated, the decrease being considerably below 50 per cent. in the case of both arrack and toddy as the following table shows :—

Head.	Rents, 1895-96.	Rents, 1896-97.	Decrease.
	RS.	RS.	RS.
Arrack	5,55,035	4,05,822	— 1,49,213
Toddy farms	95,912	56,675	— 39,237
Independent toddy shops	33,647	26,485	— 7,162
Total	6,84,594	4,88,882	— 1,95,712

The complicated arrangements above referred to, which were given in detail in my report of last year printed in the above-quoted Board's Proceedings, still, however, continue, and the only difference entailed by the changes introduced this year is that the Kalali has to pay As. 8 more for every tree he taps in addition to the old demands upon him and, therefore, unless and until the middleman is wholly eliminated and the Kalali freed from his exactions, I do not see how material progress can be expected. Under "toddy," therefore, I would propose the following changes which are practically only those proposed by the Assistant Commissioner (a copy of whose letter I enclose) and which the Deputy Commissioner has approved of.

6. (a) *Toddy*.—The right of manufacture and vend of toddy is at present disposed of by fixed areas, or, in the case of certain towns and important villages, *shopwar*, the number of farms being 129 and of independent toddy shops 87. In order to eliminate the middleman and effect more than a nominal separation between arrack and toddy, I propose that all the toddy shops in the district should be sold *villagewar* in the case of the existing farms—the selling officer having the option of clubbing villages at the time of the sales subject to the condition that no more than five villages shall be so clubbed together. In connection with this proposal I solicit a reference to paragraphs 10 and 11 of my letter printed in Board's Proceedings, No. 224, of 12th June 1896, in which the subject is fully discussed. I still think they might be sold *shopwar* rather than *villagewar*, but I am also still prepared to concede this point and as the Abkári officers prefer the latter make their proposal mine.

(b) To increase the number of shops (toddy) in the Penugudur Circle (Peddápuram taluk and the Cocanada, Pithápuram and Tuni divisions) by 48 if necessary. It

is proposed to reduce the number of stills in this area by far more than 48 and in many cases there are now stills and no toddy shops. In such places the stills are in fact also toddy shops. As the proposal is in accordance with paragraph 3 of Government Order, No. 341, Revenue, dated 21st July 1896, and is made in order to provide for the case of stills, which are also shops practically being abolished, I request that it may be sanctioned.

(c) As regards initial deposits and the kistbandi, the village farms—in most cases such farms will contain but a single shop—should be placed on exactly the same footing as the existing independent town toddy shops. The reasons for this proposal are the same as were put forward last year in the case of independent shops and approved after modification in favour of the shopkeeper by the Board in paragraph 5 of its Proceedings, No. 224, dated 12th June 1896.

(d) To limit the area of toddy shops to 20 yards by 20 yards, or 400 square yards. The object is to prevent the boundaries of a toddy shop being so vague as to cover a whole Idiga hamlet or a whole street. Experience has proved that restriction to a single building is not enough, for the building may then take the form of a shed 200 yards long, in which 30 or 40 different Idigas can sell each out of his own pot in his own compartment.

7. *Arrack*.—In consideration of the recent enhancement of the tree-tax I am not in favour of making very extensive changes this year. At present, vend and manufacture are combined and the right disposed of by fixed areas, the number of farms being 86. I concur with the Assistant and Deputy Commissioners in thinking no changes necessary as regards the Rajahmundry, Ellore and Mogalturru circles, but I strongly advocate the "monopoly supply" system being introduced into the Penugudur circle comprising Peddápúram taluk and the Cocanada, Pithápúram and Tuni zemindari divisions. The existing retail prices are reported to be—

	RS.	A.	P.	to	RS.	A.	P.	
Tuni division	1	8	0	to	2	4	0	per gallon of 70° under-proof.
Pithápúram division.	1	8	0					" " "
Cocanada division	1	8	0	to	2	4	0	" " "
Peddápúram taluk	1	8	0					" " "

As a matter of fact prices are higher in Cocanada town than they are in the Cocanada division generally, and I cannot concur therefore in the Inspector's remark that "no hardship will be entailed by raising the price of 70° under-proof liquor to Rs. 2-4-0 per gallon all round, as the people can well afford to pay this in places where a lower price obtains." At Tuni and at Annavaram, the prevailing price when I visited those stations in March was As. 5 a bottle, or Rs. 1-14-0 per gallon, whilst the minimum price in Cocanada town is As. 6 per bottle or Rs. 2-4-0 per gallon. In Pithápúram, Peddápúram and Cocanada division outside the Cocanada town farm the price is usually As. 4 per bottle or Rs. 1-8-0 per gallon 70° under-proof and a rise in price from As. 4 to As. 6 per bottle, which is the usual measure for the sale of weak arrack, is so considerable that I cannot believe it true that such an enhancement will cause no hardship. It also puts the people of the dry tracts of the Peddápúram taluk, who are among the poorest in the district, on the same footing as those of Cocanada town, who are among the best off. Under those circumstances, outside the limits of the existing Cocanada town farm I would fix the issue price at Rs. 1-10-0 per gallon 70° under-proof against the Assistant Commissioner's rate of Rs. 2 and make the minimum selling price in shops Rs. 1-14-0 per gallon or As. 5 per bottle. The existing Cocanada town farm can be easily constituted a separate supply area and in its case no hardship will result if Rs. 2 per gallon 70° under-proof is made the issue price and Rs. 2-4-0 per gallon made the minimum retail price, as in practice this last is the price which as a rule now obtains. When the price differs from this now, it differs in being higher and not lower. In the case of both the Cocanada town area and the rural tracts I propose a difference of As. 4 per gallon between the issue price and the minimum retail price, because in both cases this allows a very liberal margin for profit to the shopkeeper and this I think advisable in order to render the new system popular with him. If the system

proves a success this allowance can always be reduced either generally or in the case of specific areas known to have large sales. If the difference is deemed too small in the rural tracts it can be increased to As. 6 by reducing the issue price to Rs. 1-8-0 per gallon, but this does not seem to me to be called for.

8. To prevent the risk of loss from smuggling which is otherwise inevitable with varying prices in adjoining areas, it will be necessary to have a belt on the western boundary (Rámachandrapuram and Rajahmundry taluks) of the area into which it is proposed to introduce the monopoly supply system within which no arrack shop shall be allowed. This belt the Salt and Abkari Inspector proposes to make three miles wide; but, as the price of arrack is roughly Rs. 1-8-0 per gallon in the Rajahmundry circle, two miles seems to me sufficient, as the difference in price, if the retail minimum price is fixed as I suggest at Rs. 1-14-0 outside Cocanada town area, is not so great as to prove a very strong incentive to smuggling or render smuggling very lucrative, as unvarying success in such a risky business cannot be hoped for. Of course, if the issue price generally is made Rs. 2 per gallon a wider belt of three miles is necessary. In the case of the Cocanada town area no belt is required, for, the shops being sold separately both in the town and outside, in fixing the location of the latter shops care will be taken to see that they are not so near the town area boundary, that it will pay towns people to travel to outside shops for their liquor. Smuggling there is even less to be dreaded than it is now, for the monopoly supplier for the town will take as great care to prevent it as the farmer does now, whilst the motive for smuggling will be much less strong as the prices inside and out will only differ by As. 6 per gallon if my proposals are accepted; whereas the difference now is always the difference between Rs. 1-8-0 and Rs. 2-4-0 per gallon or double and often greater. Of course, in order to prevent loss to the still area renter for the town under the quart system, it is necessary to lay down the town area boundary and prohibit the introduction of all liquor from outside by any one except the renter, but this is all.

If the Board think that it is advisable to have only one price both for Cocanada town and the rest of the Penugudur circle into which it is proposed to introduce the monopoly supply system, though I do not think it is at all necessary or advisable, I would prefer levelling by reducing the Cocanada price a little and raising the outside price less than the Abkari officers propose. This can be done by making the issue price Rs. 1-12-0 per gallon and the minimum selling price all round Rs. 2 per gallon or As. 5-4 per bottle, as when introducing changes it is just as well not to make them unpopular by at the same time raising prices.

9. Of course the monopoly of supplying each separate still area or collection of shops can be sold and should be sold by public auction as well as the shops themselves as in South Canara. In the event of those who purchase the monopoly of supplying liquor at the fixed issue prices being hard put to it at first to supply toddy-arrack at those prices in consequence of the depletion of stocks, &c. at the close of the current year, they can be allowed by the Collector to manufacture and supply jaggery spirits on emergency—such manufacture to be carried on under departmental supervision to be paid for by the distiller—and As. 9 per gallon 70° under-proof, with higher rates for higher strengths, paid as extra duty in lieu of tree-tax. In South Canara the distiller was, and probably still is, given the shop or shops in the village in which his still was situated, for the village in which he should establish his still was there fixed beforehand; but here I would give him no shop at all and allow him to set up his still in any fairly central part of his farm, for we do not know here, and did in South Canara, the most suitable locality in each supply area for the establishment of the still. The renter can safely be left to find this out for himself and in a year or two we also will have better and fuller information on the subject.

10. As regards the number of still areas the Salt and Abkari Inspector, Penugudur, proposes to have only four, i.e., to make each taluk and zemindari division in the circle a still area, but then he proposes also to give each farm several stills in place of only one each; e.g., Tuni 5 stills, Pithápúram and Cocanada 10 stills each, and Peddápúram taluk 20, or 45 stills in all. This is, however, wholly opposed to the spirit of the monopoly supply system, which is based upon the idea of a single still supplying a certain number of shops, or, in other words, a certain area.

11. Neither the Assistant Commissioner nor the Inspector, whose proposals he endorses, tells us how many shops there are in the Penuguduru circle or how they are distributed; but the Inspector incidentally mentions that there are 189 stills, and we can take it practically that outside Cocanada town farm there is a still for every shop which gives us roughly—

	SHOPS.
Tuni division	16
Pithápuram division	55
Peddápuram taluk	83
Cocanada division	34
Cocanada town	19

This, of course, is a mere rough approximation, for, as a matter of fact, I know from one of last year's reports that there are 26 shops in Tuni and only 40 in the Pithápuram division, whilst in Peddápúram taluk and Cocanada division the number of shops exceeds slightly the number of stills. In place of making the Tuni and Pithápuram divisions still areas (monopoly supply) with five and ten stills, respectively, I would divide the Tuni division into two single still areas (Tuni and Tondangi) and Pithápuram into three (Pithápuram, Uppada and Jalluru). The Peddápúram taluk can be broken up into six [(1) Thottapalli, (2) Lingamparti, (3) Jaggampeta, (4) Viravaram, (5) Peddapuram and (6) Vadiseleru], and the Cocanada division, exclusive of the town, naturally breaks up into three areas [(1) Samalkot, (2) Nemam and (3) Coringa]. This arrangement, inclusive of Cocanada town farm area, will give us 15 single still areas and 15 stills for the circle in place of 4 still areas with 45 stills and is, I think, in every way a decidedly preferable arrangement to having so many stills to look after. The supply areas being smaller too smaller men can compete for them, and we should therefore realize better prices for the privilege of supply. Very possibly, indeed very probably, not a single one of these stills will be able to manufacture enough arrack to supply all the shops attached to it, but this is not of much consequence. All can import as cheaply as they can manufacture or manufacture jaggery arrack with the Collector's permission under supervision until the delta distillers they will have to deal with abate their demands should they at first prove unreasonable.

12. At the close of paragraph 1 (d) of its Proceedings, No. 224 of the 12th June last, the Board says "minimum selling prices at shops are not called for." No doubt it is in practice difficult to enforce the minimum, yet both as regards arrack and toddy a minimum selling price has always been prescribed hitherto throughout the Presidency, and it seems to me that, in the case of the monopoly supply system, we must have such a minimum in order to secure purchasers for shops. If those inclined to buy shops think that after they buy there will be a general scramble for custom with general price-cutting, every shopkeeper trying to attract as much as he can by lowering his price, buying will be regarded as a very speculative investment indeed, and consequently only low and safe bids will be made. On the other hand, fixing a minimum price means practically in the case of the monopoly supply system an universal price, and in such a case enforcement is easier than is often the case where we have minimum prices now as every shopkeeper will keep watch over his neighbour and naturally resent it and report it if he attempts to put down prices below the minimum. If the minimum price is done away with in place of leaving shopkeepers to fix their own prices without let or hindrance, I would prefer a fixed selling price subject to no variation at all.

13. I have not yet been able to draw up a statement giving particulars of the different shops I would attach to each of the thirteen stills I would have for the Penuguduru circle; but this, of course, is a matter of detail which can be done in a couple of hours in consultation with the officers of the Salt and Abkari Department. The independent arrack shops, of course, I propose to sell shopwar at the same centres as the rural toddy shops. The upset prices can be fixed at two-thirds of the valuation of each shop by the Abkari department and the initial deposit fixed at three months' rent and the rent be payable in twelve equal monthly instalments, of which the first shall become payable on the 15th October and towards the last three of which the deposit shall be credited. For security it is necessary to have rather a large deposit in the case of such shops, for the purchasers are often likely to be only men of straw put forward by still area renters.

14. The annual sale of the arrack farms of the Rajahmundry, Ellore and Mogal-turru circles can, as hitherto, be held at Rajahmundry at the end of August or the commencement of September, and the sale of the single still areas (thirteen), into which it is proposed to divide the Penuguduru circle, can be held at the Collector's office, Cocanada, about the same time. The toddy shops throughout the district and the independent arrack shops in the Penuguduru circle should be sold at several centres in each taluk or division by the Divisional officer, for the more centres we have the more likelihood is there of the sales being attended and the shops bid for by the men who will ultimately take them up whether they buy directly or indirectly from speculative purchasers. The difference to Government is that it will realise more by dealing with them directly than through middlemen.

15. The only other point represented by the Abkari officers of the district is the necessity for introducing and strictly enforcing the restrictions I proposed last year (*vide* paragraph 14 of my letter) upon the drawing of sweet toddy in order to control that industry better, for it is notorious that most of the illicit toddy drawn is drawn by the holders of sweet toddy licenses. I can only repeat that I do not think those restrictions would hamper honest jaggery manufacturers at all, whilst the danger to the revenue is so great as to render their imposition or that of some of them practically a matter of necessity.

16. *General*.—As the changes I propose must necessarily add greatly to the work of the division and taluk offices—especially the latter in the Penuguduru circle—some strengthening of the establishment is necessary. In this connection I solicit a reference to paragraph 31 of my letter of last year. I have accordingly to submit the following proposals:—

(a) *In the case of my own office*.—An additional clerk on Rs. 20 per mensem is wanted.

(b) *Head-quarters Deputy Collector's office*.—An additional clerk on Rs. 20 per mensem.

(c) *Peddápuram Taluk office*.—One additional clerk on Rs. 15, one process server on Rs. 6 and one peon on Rs. 6 per mensem.

(d) *Pithápuram Division*.—One peon who can also serve notices on Rs. 6 per mensem.

(e) *Tuni Division*.—One additional clerk on Rs. 15 and one peon who can also serve notices on Rs. 6 per mensem.

(f) *Cocanada Division*.—To increase the pay of the abkari clerk to Rs. 20, *i.e.*, by Rs. 5 per mensem and entertain an additional process server and peon combined on Rs. 6 per mensem.

(g) *In the heavy taluks of Rámachandrapuram, Amalápuram, Tanuku, Narsapur, Bhimavaram and Ellore* one assistant clerk on Rs. 10 per mensem.

17. In conclusion, I have to say that I much regret the late date of the submission of this report. It is partly due to the fact that I did not receive the report of the Assistant Commissioner in camp till about the 6th April, but more to the fact that I have been ever since on the move in the Agency and until quite lately very far from well.

ENCLOSURE No. 1.

From A. P. RUSSELL, Esq., Assistant Commissioner of Salt, Abkari and Customs Department, Cocanada Sub-division, to the Collector of Gódavari, dated Camp, Polikurru, 31st March 1897, C. No. 61.

With reference to your letter No. 265-Eng., dated 3rd March 1897, requesting to submit proposals for the administration of the abkari revenue during the lease year 1897-98, I have the honour to submit as follows.

2. During the current year, the changes introduced were—

- (i) a small measure of concentration of arrack manufacture;
- (ii) the enhancement of tree-tax from Re. 1 to Rs. 1-8-0 per tree;
- (iii) the alteration of the rules as regards initial deposits and the kistbandi of independent toddy shops.

3. The first two changes which are important ones will have hardly adjusted themselves by the end of the lease, and I am therefore reluctant to propose any further very radical changes, which will only tend to unsettle the minds of the Kalilis and result in failure. The following, however, I beg to propose as the arrangements which I consider can safely be carried out in the next lease.

Arrack.

4. At present manufacture and vend are combined, the right of which is disposed of by fixed areas, the number of farms being 82. For the reason given by me in paragraph 3, I would not propose any alteration in present conditions so far as they relate to the Rajahmundry, Ellore and Mogalturru circles, but I would, however, for the reasons furnished by you in your letter embodied in Board's Proceedings, No. 22+ (S.R.), dated 12th June 1896, suggest that the monopoly supply system be given a trial in the Penuguduru circle. In order, however, to make it a success, it should, I submit, be introduced into the whole circle.

5. The Inspector, Penuguduru circle, who also suggests that the monopoly supply system be introduced into his circle, writes as follows:—

"In introducing this system I would beg to point out that, in order to prevent shopkeepers seriously underselling each other with the object of attracting custom, it will be necessary to fix the *issue* prices sufficiently high. This will also prevent gambling on the part of bidders at the sale of shops and will tend to maintain a high retail price which will check drunkenness.

"The present retail selling prices are as follows:—

Tuni division, Rs. 1-8-0 to Rs. 2-4-0 per gallon	...	70° under-proof.
Pithapuram division, Rs. 1-8-0	...	70° "
Cocanada do. Rs. 1-8-0 to Rs. 2-4-0	...	70° "
Peddapuram taluk, Rs. 1-8-0	...	70° "

"I have given the retail prices for 70° under-proof alone as this is the strength generally drunk, except in the case of Tuni and Cocanada towns, where a slightly higher strength about 65° under-proof is maintained in the shops.

"To prevent the risk from smuggling, which is the inevitable result of unequal prices obtaining in neighbouring areas and which will militate against the success of the new system, I would beg to propose that prices be equalised throughout by having a uniform *issue* price for the whole circle. No hardship will be entailed by raising the price of 70° under-proof to Rs. 2-4-0 per gallon all round as the people can well afford to pay this in places where a lower price obtains.

"Paragraph 4.—If this circle is the only one to be selected for this experiment, I submit, it will be necessary in order to ensure its success to form a belt, say, of three miles, within which no arrack shops should be located on the western boundary (i.e., on the border of the Rajahmundry and the Ramachandrapuram taluks) from which there will be danger from smuggling. No such belt need be formed on the south as the river forms a natural barrier. A notification prohibiting the transport of arrack into this circle from other parts of the district, except under permit, will also be absolutely necessary, as large quantities of arrack will find their way in by smuggling under the 'quart system.' Unless both these precautions are taken, no one, I submit, can be held responsible if the proposed change results in failure.

"Paragraph 5.—If the equalisation of prices in the circle as proposed be accepted, I would beg to propose the following as the issue and selling prices under the monopoly system:—

	Issue prices per gallon.				Selling prices per gallon.			
	Rs.	A.	P.		Rs.	A.	P.	
20° under proof	...	...	...	...	5	5	4	6 0 0
30° do.	...	...	...	...	4	10	8	5 4 0
60° do.	...	...	...	...	2	10	8	3 0 0
70° do.	...	...	...	...	2	0	0	2 4 0

"This will leave the shopkeeper a margin of As. 4 a gallon of 70° under-proof and proportionately for higher strengths, which, with the usual profits accruing from manipulation in retail measurements, will be sufficient inducement to men to take up the shops. I would here again submit that a high *issue* price will tend to maintain a uniform selling price, thus rendering unnecessary any enforcement of a *minimum* selling price, as the danger from shopkeepers underselling each other is reduced to a minimum.

"Paragraph 6.—As regards the monopoly of supply I would beg to propose that it be disposed of by auction to the highest bidder or granted to the highest tenderer, and, to enable men of small capital to compete, the right of supply should, I submit, be disposed of by the taluk or division.

"Paragraph 7.—To accurately gauge the financial result of the scheme is, I submit, at present impossible owing to the absence of any thing like reliable statistics as regards the consumption in this circle. I can only therefore furnish a rough estimate or rather guess at the consumption which I give marginally.

In terms of 70° under-proof.				
Tuni division	...	...	...	4,000
Pithapuram division	...	...	...	20,000
Cocanada division including Coringa	...	...	...	80,000
Peddapuram taluk	...	...	...	26,000
Total	...	...	...	130,000

"As regards the cost price of arrack to the monopolist (inclusive of carriage and similar contingent expenses) it should not, even with the present enhancement, exceed the following appended rates provided the present sanctioned number of stills in the delta is not reduced:—

	Per gallon.			
	RS.	A.	P.	
20° under-proof	...	...	...	2 10 8
30° do.	...	...	...	2 5 4
60° do.	...	...	...	1 5 4
70° do.	...	...	...	1 0 0

"It is impossible now to foretell what surplus stocks will be available at the end of the current lease and on which will greatly depend the wholesale price of arrack in the first four or five months of the coming lease, when manufacture is very limited and does not anything like meet the demand. Owing to the enhancement of tree-tax and the present disastrous season, applications for manufacture are not encouraging, and at present there is every reason to apprehend a depletion of stocks everywhere before December of the next lease, by which time manufacture will not have really commenced as the palmyra season sets in only in January or February and the source of supply from dates is very limited. For this reason alone, i.e., to prevent such a contingency, or rather to ameliorate it, I would beg to deprecate any further concentration of manufacture in the delta taluks, which, at present, are the chief sources of supply. I may here state that I am going solely on the assumption that the monopoly supply system will be introduced into this circle alone. If, as I have stated above, there is a serious falling off in surplus stocks at the beginning of the next lease, and the cost price of arrack to the monopoly supplier, in consequence, becomes prohibitive, I would recommend to grant him the concession of importing rice or jaggery spirit from the Vizagapatam or other distillery, paying duty at the rate of As. 9 per gallon 70° under-proof and proportionately for higher strengths in order to cover the incidence of tree-tax lost thereby.

"To roughly estimate the financial result of the scheme, I append the following calculation worked out in terms of 70° under-proof assuming Re. 1, Rs. 2 and Rs. 2-4-0 per gallon as the cost price, issue and selling prices, respectively:—

Monopoly of supply.		RS.	A.	P.
Difference between issue and cost price per gallon	...	1	0	0
Do. on 130,000 gallons, estimated consumption of circle	...	1,30,000	0	0
Deduct 25 per cent. for margin of profit and on account of suppliers' establishment and other charges	...	32,500	0	0
Net value of right of supply which should accrue to Government as tender or highest bid	...	97,500	0	0
Shop rentals.				
Difference between issue and selling prices per gallon	...	0	4	0
Realisations by shop-keepers on a consumption of 130,000 gallons	...	32,500	0	0
Deduct 25 per cent. as margin of profit and shopkeepers' expenses	...	8,125	0	0
Net rentals accruing	...	24,375	0	0
Total revenue derivable from monopoly of supply and shop rentals	...	1,21,875	0	0
Present rentals for vend and manufacture	...	1,13,900	0	0
Probable gain	...	7,975	0	0

"Paragraph 8.—In my figures I have estimated the consumption as low as possible so as to be on the safe side, but I beg to submit that unless the issue prices are fixed as high as I have given them, the result of the scheme will be a loss for the first year.

"Paragraph 9.—The monopoly supplier should, I submit, be also allowed the concession of distilling arrack within the circle to supplement his supplies from the delta from where he will obtain the bulk of his stock. I would therefore beg to propose the following scale of stills for the first year:—

	Stills.
Tuni division	5
Pithápuram division	10
Cocanada	10
Peddápuram taluk	20
Total	45

"Thus will be a further concentration of manufacture in this circle at least. It will be necessary to watch these stills very closely as they will be a source of danger from within, as the temptation to sell illicitly at the expense of the shop-keeper will be great. This may also, however, be said of monopoly suppliers' depôts, which, I presume, will be allowed to be located at several centres for the convenience of shop-keepers. To prevent fraud of this nature, it will be necessary for Magistrates to inflict really deterrent punishments on proof of all such cases in their courts. The stills can be reduced in the following year, when matters will adjust themselves, so as to minimise this risk.

"Paragraph 10.—The right of vend I beg to propose to sell shopwar with the option of clubbing shops in case of inadequate bids being secured by bidders combining at the sales.

"Paragraph 11.—As regards initial deposits and the kistbandi I would fix the former on the same scale as at present allowed in the case of independent town toddy shops and the latter as prescribed for foreign liquor tavern shops.

"Paragraph 12.—These are the rough details of scheme which may afterwards be elaborated, if approved, and the upset prices fixed at three-fourths their valuation to be calculated on the estimated consumption in each shop."

6. With all that the Inspector says I agree, and I would also draw your attention to my letter No. 2454, dated 1st August 1896, in which I reported on the matter of issue prices, when it was suggested to introduce the monopoly supply system into the town of Cocanada. The danger from smuggling into Cocanada from adjoining rural farms, which I then anticipated, will disappear, if issue prices are equalised and the system introduced into the whole circle, and if the precautions proposed by the Inspector are adopted, the danger from smuggling of arrack from the Rajahmundry and Rámachandrapuram taluks will be to a great extent minimised by rendering detection easier.

7. The stills and shops which fall within the belt should, I submit, be lost to the taluks affected, but moved simply further in so as not to come within the three miles' limit from the Penuguduru circle.

8. *Toddy*.—The right of manufacture and vend of toddy is at present disposed of by fixed areas and shopwar in the case of towns and certain large villages; the number of farms and independent toddy shops being 129 and 87, respectively. In order to eliminate the middleman and to effect more than a nominal separation between arrack and toddy, I would propose that all the toddy shops in the district be sold villagewar, where they are at present sold in farms, with the option of clubbing villages at the time of sales in case of combination among the bidders.

9. The Inspector, Penuguduru, proposes an increase of 48 shops in his circle on the ground that if the proposal to reduce the stills in his circle to 45 on the introduction of the monopoly supply system is approved, it will be necessary to provide toddy shops in villages where stills will be closed and no toddy shops will be necessary. His request is reasonable, and I recommend that the list submitted by him with his letter No. C 34, dated 14th October 1895, to you, may be approved.

10. As regards initial deposits and the kistbandi, I would fix them on the same scale as at present fixed for independent town toddy shops.

11. In the matter of upset prices, I would suggest that they be fixed at two-thirds valuation, which may be arrived at for each unit of vend on a calculation based on the consumption for the past three years. It may be feasible later on to adopt a system of classification of all shops with fixed prices which should on no account be lowered, and to dispose of the right of vend by tender. By this means the risk run at the time of the auction sales from combination among bidders will be avoided, and the revenue derived from rentals will be stable instead of, as at present, being a very uncertain figure.

12. While on the subject of toddy shops I would again draw your attention to the necessity of limiting the boundaries of toddy shops to say, 20 yards × 20 yards, or 400 square yards, which I consider ample. The old evil of loosely defined boundaries still exists and it can be easily checked, if before the issue of licenses the officers of this department are instructed to personally examine the boundaries furnished by shop-keepers before they are accepted by the Revenue Department.

13. In my proposals submitted last year and which you also accepted, the necessity of placing restrictions on the facilities afforded tappers for sweet toddy in drawing illicit toddy was brought forward, and I would therefore suggest that the restrictions contained in paragraph 14 of your letter No. 484-Eng., dated 21st April 1896, to the Board be adopted and strictly enforced in the next lease. Under the present system, the facilities afforded tappers to draw fermented toddy under the guise of jaggery manufacture are many and detection is rendered difficult. I would also suggest the advisability of introducing a system of concentration of jaggery manufacture, as at present there are so many jaggery works as to render efficient supervision impossible. I do not consider that these restrictions will hamper the industry and there is no reason why the present lax conditions should be allowed to continue, when it is considered how great a source of danger they are to the abkari revenue.

14. The Inspectors of Rajahmundry and Ellore propose a 5-mile belt on the Agency border with a view to check smuggling into the ordinary tracts. A proposal to extend the tree-tax system to certain Agency villages, which are included in this belt, was disapproved of by the Special Assistant Agent (vide his letter No. 1245-S.A.A., dated 27th April 1896), on the ground that it would interfere with long-standing privileges conceded to Koyas living in these villages, and, as a formation of a belt will similarly affect such privileges, I am not prepared to support the proposal.

15. As regards the place and time when the annual abkari sales are to be held, I would propose that the arrack farms in the Rajahmundry, Ellore and Mogalturru circles be sold as usual at Rajahmundry by the end of August and the arrack shops of the Penuguduru circle and the toddy shops of the district proposed to be sold villagewar be disposed of at taluk head-quarters, the sales of the former commencing in the last week of August and the latter in the first week of September, so that there may be ample time to get rid of as many of these shops as possible before the new lease commences.

16. To sum up my proposals are—

As regards arrack—

(i) To allow present arrangements to continue except so far as they relate to the Penuguduru circle where manufacture may be separated from vend by the introduction of the monopoly supply system with a shopwar sale of vend.

(ii) To fix issue prices in this area at Rs. 2 per gallon 70° under-proof and proportionately for higher strengths.

(iii) To allow the monopoly suppliers 45 stills for the circle in order to supplement supplies from the delta, with the concession also of obtaining supplies from a central distillery in the event of a depletion of stocks at the beginning of the lease, duty at a rate of annas 9 per gallon 70° under-proof, and proportionately for higher strengths being levied on all spirits so imported to cover the incidence of tree-tax.

(iv) To dispose of the monopoly of supply by the taluk or division by auction to the highest bidder or grant to the highest tenderer.

(v) To sell the right of vend, as already stated, shopwar with the option of clubbing shops in case of combination among bidders.

(vi) To fix initial deposits on the same scale as for independent toddy shops and the kistbandi as for foreign liquor tavern shops.

As regards toddy—

(i) To sell the right of vend and manufacture throughout the district by the village where at present it is sold by farms, with the option of clubbing villages in cases of combination at sales.

(ii) To fix initial deposits and the kistbandi on a similar scale as that allowed for independent town toddy shops.

(iii) To limit the boundaries of all toddy shops to, say, 400 square yards.

(iv) To increase the number of toddy shops in the Penuguduru circle by 48, consequent on the introduction of the monopoly supply system and concentration of manufacture in this area.

(v) To hold the sales of arrack farms of the Rajahmundry, Ellore and Mogalturru circles at Rajahmundry as a centre by the end of August and to dispose of independent arrack shops and toddy shops at taluk head-quarters by the end of August and from early in September, respectively.

(vi) To impose restrictions on the facilities afforded jaggery-tappers to draw illicit toddy under cover of their sweet toddy licenses and to concentrate jaggery works in each village.

17 I regret the delay in the submission of this report, which is due to my being in camp and to the Ellore Inspector's report having reached my office only on the 24th instant, and also to heavy pressure of work in this last week of the official year.

Resolution—Mis. No. 2312, dated 1st June 1897.

The following telegram will be despatched to the Collector of Górávari:—

“Reference paragraph 11, abkári proposals. Wire correct number of stills for Penuguduru circle, 13 or 15.”

(True Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Collector of Górávari.

Read—the following telegram from the Collector of Górávari, to the Secretary to the Board of Revenue (Separate Revenue), dated 2nd June 1897:—

Yours yesterday. Correct number of stills for Penuguduru circle is 15.

Resolution—Sub. No. 3131, dated 8th June 1897.

Recorded.

(True Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

Read—also the following letter from W. C. F. LEGGATT, Esq., Acting Deputy Commissioner of Salt, Abkári and Customs Revenue, Central Division, to the Secretary to the Commissioner of Salt, Abkári and Separate Revenue, dated 31st May 1897, No. 2972:—

Referring to Board's Proceedings, Mis. No. 4692, dated 6th November last, communicating G.O., Mis. No. 4269, dated 29th October 1896, calling for a report after the end of six months on the effect of the arrangement made in constituting a two-mile belt of country devoid of arrack shops and stills along the Górávari-Kistna frontier, I have the honour to state that the results, so far obtained, do not show that this belt has been of any advantage. The Assistant Commissioner, Masulipatam subdivision, reports that the consumption (circlewar) for the six months ending 31st March 1897 compares as follows with that of the preceding year:—

Bezavada Circle frontier.										Proof gallons.
1895-96	...	...	...	...	...	...	...	...	...	
1895-96	...	...	...	...	...	...	...	...	...	260
1896-97	...	...	...	...	...	...	...	...	...	193
Manginápudi Circle frontier.										
1895-96	...	...	...	...	...	...	...	...	...	
1895-96	...	...	...	...	...	...	...	...	...	405
1896-97	...	...	...	...	...	...	...	...	...	408

As the Assistant Commissioner points out, there has been an actual decrease in the Bezavada circle, while the figures in Manginápudi remain stationary. Mr. Kearns adds that he does not believe that the consumption in Kistna is really affected by the presence of Górávari shops in the vicinity of the frontier so long as they are at a reasonable distance. To open the shops again on the Górávari side would doubtless facilitate smuggling to some extent, but the figures afforded *supra* show that even this would not to any material extent affect the consumption in the Kistna district.

Resolution—No. 249, dated 23rd June 1897.

The Board begs to submit its proposals for the management of the abkári revenue of the Górávari district during the coming lease.

2. The alterations introduced last year were as follows:—

- (1) The reduction in the number of stills from 1,000 to 873.
- (2) The enhancement of tree-tax from Re. 1 to Rs. 1-8-0 per palmyra and date tree.
- (3) The alteration of the rules regarding the initial deposits and the kistbandi for independent toddy shops with a view to lessening the difficulties experienced by shop-keepers.
- (4) The constitution of six separate agency rent-areas out of the 31 agency villages in which the tree-tax system is in force.
- (5) The extension of the power of Tahsildars, Deputy Tahsildars, Inspectors and Assistant Inspectors in the district in the matter of issuing special permits for transport and licenses for possession of country spirits.

3. The only really important one of these was the enhancement of the tree-tax which the Board regarded as a necessary preliminary to the introduction of further improvements as it considered that as much as possible of the revenue should be made secure by being so transferred before any important changes in other directions were attempted. The Collector has misapprehended the object of the Board in speaking in paragraph 5 of his letter of the enhancement as intended to break down the complicated arrangements between the renters, Kalalis, &c. Its intention was, as stated in paragraph 2 of Board's Proceedings, No. 224, dated 12th June 1896, to reduce the importance of these complicated arrangements, and it trusts that this end has to some extent been attained. The unfortunate season which has been experienced has upset the work of the toddy tappers so seriously that it is not possible to form any idea as to the result of the enhancement. Prices have been very high, and, though this has benefited the ryots, it has placed the cooly class, who are the greatest consumers, in very straightened circumstances and left but little money available for such luxuries as intoxicants. The course of nature has also been seriously affected by the drought and palmyra trees have thrown out their spathes at abnormally late dates. This, of course, has not only retarded applications for licenses, but has introduced an element of doubt into the calculations of the tappers who are unable to tell to what extent the lateness of the date at which a tree begins to yield will be compensated for by the termination of the fruitful period being equally postponed.

4. So far as the Board can see the year is likely to terminate with a loss of about Rs. 1,10,000 as compared with the past one. The figures on which this estimate is based are as follows:—

	1895-96.	1896-97.
	RS.	RS.
Arrack rentals	5,55,035	4,05,822
Toddy rentals	1,29,559	83,060
Tree-tax	4,99,392	5,00,780
Differential duty on toddy arrack	...	40,116
Tree-tax receipts from May to September 1897	...	45,000
Total	11,83,986	10,74,778
Net loss	...	1,09,208

* Rs. 4,80,741 up to April 1896.

† Up to April 1897.

5. The Board does not regard this result as unsatisfactory in itself, as 10 per cent. is not a heavy loss to follow on the introduction of enhanced rates in a peculiarly unfortunate year. It, however, views with some uneasiness the fact that the increase in tree-tax up to the end of April was only Rs. 20,000. That the loss will be only 10 per cent. is due to the rents having fallen off much less than might have been expected owing to the enhancement. The difference was only Rs. 1,49,213 in the case of arrack

rents and Rs. 46,499 in that of toddy. It is, however, in the Board's opinion, desirable that the existing state of affairs should not be disturbed too much until the revenue has reached its former dimensions. Any very large measure of concentration of distillation is therefore inadvisable.

6. The Collector's proposals for alteration and improvement in abkari administration in the coming year (which have the support of the Assistant Commissioner and Deputy Commissioner) are as follows:—

Arrack.

(a) To separate the privilege of manufacture from that of vend in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni divisions;

(b) to constitute the foregoing tracts into fifteen manufacturing areas with a still attached to each;

(c) to fix the issue prices from these stills and the minimum selling prices at the connected shops at Rs. 1-10-0 and Rs. 1-14-0 per gallon of 70° under-proof, except in the Cocanada town farm where it is proposed to fix them at Rs. 2-0-0 and Rs. 2-4-0, respectively;

(d) to establish a two-mile belt clear of shops in the frontier of these areas adjoining the Ramachandrapuram and Rajahmundry taluks;

(e) to prohibit the transport of arrack into the Cocanada town area from the surrounding still areas;

(f) to dispose of the privilege of manufacture in these areas by auction;

(g) to introduce the system of separate sale of shops into these areas;

(h) to permit the manufacture of jaggery arrack by the still-area renters in cases of emergency; and

(i) to fix the preliminary deposit by the independent arrack shop-keepers in these areas at three months' rent.

Toddy.

(1) To sell villagewar all the shops in the vend-area portions of the district;

(2) to increase the number of shops in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni divisions, where there will be a large reduction in the number of stills, by 48 if necessary;

(3) to afford the purchasers of the village farms the same facilities for the payment of initial deposits and kists as have been granted to independent town shop-keepers—*vide* paragraph 5 of Board's Proceedings, No. 224, dated 12th June 1896;

(4) to fix the area of shop limits at 20 by 20 yards; and

(5) to place restrictions on the manufacture of sweet toddy.

General.

To entertain certain additional establishments in the Collectorate.

Arrack.

7. As regards arrack, the Collector suggests the separation of the privilege of manufacture from that of vend in the Peddapuram taluk and the Cocanada, Pithapuram and Tuni zemindari divisions, the former privilege being disposed of by auction in the fifteen manufacturing areas into which it is proposed to divide them. In each of these still areas, the Collector proposes to establish a still for the supply of the shops which it contains and to fix the issue price of spirits at Rs. 2-0-0 in the case of the Cocanada town and Rs. 1-10-0 in the case of the rest. The Collector further suggests that the renters may, in cases of emergency, be permitted to manufacture spirits from jaggery under departmental supervision on payment of a differential duty of 9 annas per gallon of 70° under-proof and proportionately for other strengths. As regards the right of vend the Collector recommends that the shops in these areas may be sold separately, the shop-keepers being bound to obtain their supply from the still-area renters and to sell at prices not less than Rs. 2-4-0 in the case of the Cocanada town and Rs. 1-14-0 in the rest of the still areas. These proposals are generally approved, but the Board does not think it worth while to introduce differential rates in the case of

the Cocanada town. The additional revenue which this would bring in will probably be covered by additional rentals if a uniform rate is adopted. The Board is also opposed to formally permitting the still area manufacturers to distil from jaggery even in cases of emergency, as the concession is likely to be abused and lead to unnecessary difficulties between Government and the renters. It would prefer that a clause should be added to their license reserving power to the Collector to himself supply the shop-keepers with toddy spirits from the delta or with jaggery spirits from Vizagapatam or elsewhere at their cost in case of failure of supply.

8. With a view to preventing the smuggling of arrack from the adjoining taluks of Rajahmundry and Ramachandrapuram, the Collector suggests the formation of a two-mile belt clear of shops on the western boundary of the area dealt with above. This proposal does not commend itself to the Board, as it considers that the loss of revenue that would result from the closure of shops in the belt would be greater than that which would result from smuggling, to say nothing of the hardship involved on the consumers resident in the villages concerned. A belt with special restrictions on transport without permit and possession without license appears to be all that is necessary. The Collector will be requested, if these proposals meet with the approval of Government, to submit a list of villages, any portion of which lies within two miles of the frontier for the issue of the necessary notification in the *Fort St. George Gazette*.

9. With a view to protecting the interests of the renter of the Cocanada town farm, the Collector recommends the prohibition of transport of country spirits from outside that area by any one except the renter. The adoption of a uniform rate for issue will render this unnecessary.

10. The Collector recommends that the deposits to be made by arrack shop-keepers should be fixed at three months' rent in all, the rent being payable in twelve equal monthly instalments, of which the first shall be paid on the 15th October, while the deposit will be credited towards the last three. The deposit required of the independent shop-keepers in the rest of the Presidency is only two months' rent, but the Collector suggests a deviation from this limit for sake of greater security, as he considers that the purchasers are often likely to be men of straw put forward by the still area renters. This danger is a real one, but the Board thinks that it will be better to accept it than to take such a retrograde step.

Toddy.

11. *Proposal (1).*—In his proposals disposed of in Board's Proceedings, No. 224, dated 12th June 1896, the Collector proposed that in the tracts lying to the north of the Godavari river, the shops should be sold separately in villages where there is only one shop in a village and villagewar in other cases. The proposal was not sanctioned by Government owing to the important enhancement of tree-tax which was about to be made. The Collector now recommends that the shops may be sold villagewar throughout the vend area portion of the district, the selling officers being given the option of clubbing together a few villages (not exceeding five) at the time of the sales. The proposal may be approved, but the Board considers that, where there are more than three shops in a village, they should not be sold villagewar, but should be disposed of as independent shops.

12. *Proposal (2).*—The Collector recommends an increase of 48 in the number of toddy shops in the Penuguduru Circle in view of the proposed reduction in the number of stills from 189 to 15 (*vide* paragraph 7 *supra*). The stills proposed to be abolished have hitherto practically served as toddy shops in many cases. The Collector's recommendation is therefore reasonable and may be accepted as being in accordance with the instructions in paragraph 1 (3) of G.O., No. 341, Revenue dated 21st July 1896.

13. *Proposal (3).*—This is calculated to afford desirable relief to the purchasers of the village farms and, as it is not in any way likely to prejudice the interests of Government, the Board considers that it may be adopted. The initial deposit will then be Rs. 25 per village and Rs. 10 in the case of the rural independent shops.

14. The subject matter of proposal (4) is one regarding which the Collector is competent to issue the necessary instructions. The Board, however, considers that, instead of laying down a hard and fast rule such as that proposed, the object in view

can best be attained by general instructions to the officers issuing shop licenses that the boundaries of the shop to be specified in the schedule annexed to the license should not be unnecessarily wide.

15. In paragraph 15 of the report, the Collector returns to the question of the necessity for imposing suitable restrictions on the drawing of sweet toddy. The Deputy Commissioner, Northern Division, will be requested to submit a full report on the subject, and the Collectors of Gódvári and Tinnevely will be asked to state whether in their opinion there is any real objection from the point of view of the jaggery manufacturer to a prohibition of drawing toddy between sunset and sunrise.

16. In paragraph 16, the Collector applies for certain additional establishment and an increase to the salary of certain clerks in the Huzur and Taluk offices. The following statement shows the strength of the existing abkári establishment in the Collector's Divisional and Taluk offices, as compared with the establishment which will be required in the opinion of the Collector on the introduction of the changes discussed above:—

		Present strength.		Proposed strength.	
		Rs.		Rs.	
Abkári clerk, Huzur office	.. .. .	1	30	1	30
Do. do.	.. .. .	1	15	1	15
Do. do.	.. .. .	..	..	1	20
Abkári clerk, Head-quarters Deputy Collector's office	.. .. .	1	15	1	15
Do. gumastah, Rámachandrapuram Taluk office	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Amalápuram	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Narsapur	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Bhimavaram	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Tanuku	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Ellore	.. .. .	..	..	1	10
Assistant do. do.	.. .. .	1	15	1	15
Abkári do. Peddápúram	.. .. .	..	..	1	15
Additional Abkári gumastah, Peddápúram Taluk office	.. .. .	..	..	1	6
Process-server Peddápúram Taluk office	.. .. .	..	..	1	6
Peon, Peddápúram Taluk office	.. .. .	1	15	1	15
Abkári gumastah, Pithápúram Division office	.. .. .	..	..	1	6
Peon for service of process, Pithápúram Division office	.. .. .	..	..	1	15
Abkári gumastah, Tuni Division office	.. .. .	..	..	1	6
Peon (who can also serve notices) Tuni	.. .. .	1	15	1	20
Abkári gumastah, Cocanada	.. .. .	..	..	1	6
Process-server and peon, Cocanada	.. .. .	1	15	1	15
Abkári gumastah, Rajahmundry Taluk office	.. .. .	1	15	1	15
Do. do. Yernagudem	.. .. .	1	15	1	15
Do. do. Polavaram Deputy Tahsildar's office	.. .. .	..	..	..	..
Total ..		14	225	29	390

The Collector's proposals, which involve a net increase of Rs. 165 per mensem in the cost of establishment, are approved. The cost can be met from the provision in the budget. A proposition statement in duplicate is enclosed.

17. With reference to G.O., No. 4269, Revenue, dated 29th October 1896, in which a report is called for on the working of the belt maintained on the frontier of the Gódvári district for the prevention of smuggling of cheap toddy-arrack thence into Kistna, the Board begs to report that the Deputy Commissioner, Central Division, is of opinion that the belt has not been of any advantage, as no improvement in licit consumption is noticeable in the frontier of the Kistna district, and that its withdrawal will not materially affect the consumption in that district. The prevalent bad season may be partly responsible for the fact that there has been no increase in consumption, and it is hardly therefore safe to draw any definite conclusions in regard to the utility or otherwise of the belt. The Board is, however, inclined to think that, taking it all round, the retention of the belt is not advisable in the interests of the Government revenue. The Collector of Gódvári has reported that the formation of the belt and the consequent closure of 15 stills and 40 arrack shops have prejudicially affected the revenue in his district and the Deputy Commissioner, Northern

Division, has estimated that the loss on this account amounts to about Rs. 36,600. This is probably a good deal above the true figures, as allowance has not been made for the additional value conferred on shops just inside the belt which now get the custom of its inhabitants. There can be no doubt, however, but that it does result in a serious loss in the Gódvári revenue. The Board is therefore in favour of the abolition of the belt. Smuggling on a large scale is not likely to be affected by the existence or otherwise of the belt, which would only transfer the source of supply a couple of miles further north and there is no reason to believe that petty smuggling exists on an extensive scale. Should the belt inside the Gódvári border be abolished, the Board will establish another in which possession and transport without permit is prohibited in the Kistna boundary villages.

18. The Board does not like to let the next year pass without some advance being made towards the concentration of distillation. It begs to call the attention of Government to the suggestion made last year by the Collector (*vide* paragraph 24 of his report, printed in Board's Proceedings, No. 224, dated 12th June 1896) that a tax of Rs. 5 per pot-still should be levied and suggests that this rule be brought into force. The result which it looks for is the placing of stills in areas unfavourable for economical distillation at a disadvantage. Of course it will be evaded in many ways, but the Board does not regard it so much as a means of collecting revenue as of weeding out stills where distillation is only carried on intermittently or under adverse circumstances, such as the scarcity or distance of toddy trees, high rents for trees charged by owners and the like. It thinks, however, that the rate of Rs. 5 proposed by the Collector is too high and would prefer Rs. 2 as affording less temptation to evasion.

19. The late date at which these proposals are submitted is regretted. The Collector's report was only received on the 27th May 1897 and the Board found it necessary to await the receipt of the abkári administration report before it could formulate its views.

(True Copies and Extract.)

(Signed) C. G. TODHUNTER,
Acting Secretary.

To the Secretary to Government, Revenue Department,
with a proposition statement in duplicate,
through the Accountant-General, Madras.
" Collectors of Gódvári and Tinnevely.
" Deputy Commissioner, Northern Division.
" Assistant Commissioner, Cocanada Sub-division.
Copy to the Collector of Kistna.
" " Deputy Commissioner, Central Division.

ORDER—No. 658, Revenue, dated 30th July 1897.

Separate Revenue No. 68.

While generally approving of the proposals submitted with the foregoing Proceedings for the management of the abkári revenue of the Gódvári district for the lease commencing on 1st October 1897, the Government considers that they are premature and should stand over until next year. The district has not yet recovered from the increase of the tree-tax by fifty per cent. made only in October last and the introduction of any further changes now might lead to a loss of revenue. Moreover, there is now hardly time to carry out the proposed changes, the detailed working out of which must take some time. The Board of Revenue will accordingly be requested to bring these proposals forward

not later than 1st April next, by which date it will have before it the results of the best part of the next tapping season. The following telegram will be despatched direct to the Collector of Gódávāri:—

"No changes to be made next year in abkārī system."

2. The Board's proposal in paragraph 17 of its Proceedings is approved.

(True Extract.)

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

To the Board of Revenue (Separate Revenue).

Exd. C. M. Thumbarawmy.

Copy sent to Press.

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G.O., No.
189

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