

Revenue (189) Department.

PRESS SERIES.

G.O., No. 75476

DATED 5.2.97.

Alhaji Guel

[Despatch Abstract.]

Revenue — Ordering that a letter be despatched to the Govt. of India furnishing information as to the rules in force in this Presy for the grant of licenses for the sale of — manufactured at sugar refineries, as to the rates of duty levied on such sugar and as to the possibility of making the rules & rates of duty uniform in all provinces.

BACK PAPERS.

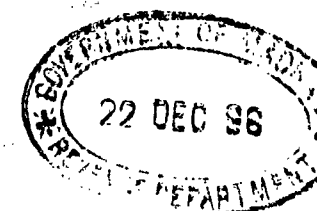
G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

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

Revenue (1896) Department.

CURRENT No. 969



The Hon. Mr. P. S. C. J. E.

From
The Secretary to The
Commissioner of Salt, Akbari
and Ceparate Revenue, Madras.
His No. 5-162.

For Orders.

In the letter under G.O. No. 4538 dated 13-11-96,
requested the Govt. of India requested information
on three points in connection with the sale of rum
manufactured at sugar refineries in India.
The points are

- The rules for the grant of licenses to sugar
refineries;
- The rates of duty levied on such rum; and
- The possibility of making the rules and
duties uniform in all provinces.

2. The Board furnishes information on the
first two points, which will be forwarded
to the Govt. of India. The Board is silent
on the third point, apparently on the ground that
it does not know the rules in force in other places. The
Govt. of India, however, forwards a memorandum
of the rules and duties for reference. Para 3 of
the memorandum refers only to "duty and enquiry".

Dated 12th December 1896.

Received 22.12.96

Registered 24.12.96

Enclosures

Spare copies

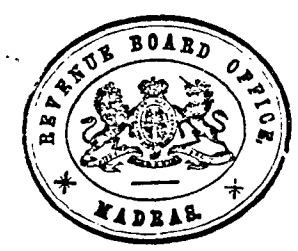
SUBJECT.

Submitting to Government
certain information regarding
the rules for the grant of
licenses for the sale of
rum manufactured at
sugar refineries in the
Presidency.

D. J. O.

2 Dec 1897

C. 24/1/97
R. 27/1/97



Proceedings of the Board of Revenue

(Separate Revenue),

Dated 12th December, 1896.

His No. 5-162.

Read Endorsement from the Under-Secretary to Government, Revenue Department, dated 13th November 1896, His No. 4538.

Resolution.

70

With reference to the endorsement of Government read above, the Board begs leave to report that in this Presidency Sugar Refiners enjoy no advantage over others with regard to the manufacture and sale of spirits except that afforded by their having in their molasses

BACK PAPERS.

G.O.	No.	Department.	Date.
Lo	4538	213-	11-56
	364	27-	11-71

FURTHER PAPERS.

G.O.	No.	Department.	Date.
Yes			

Whether the remedy is to level up or to level down. It is presumed that in this province no change can be made. Rum manufactured at sugar refineries ^{to deal with the} as ~~country~~ ^{as} foreign liquor & the rate of duty to be charged should therefore be different ^{in the case} for the present at least.

in this Presidency. The rate of duty in the latter case is already the maximum one of Rs six a gallon.

In the former ^{case} the rate of Excise duty sanctioned for the district must apply to the rum also and a fixed duty cannot therefore be accepted. The proposal to ~~have~~ ^{have} a uniform duty everywhere will have to be negatived.

KD
22/1/97

At least in this Presy - we cannot say what should be done in other parts of the country for want of sufficient knowledge of their conditions -

In replying to India, the fact should be clearly brought out that in this Presy, with rare exception, the whole of the country spirit consumed by the people is rum, that is, spirit, directly made from sugar, whether made by sugar refiners or not.

RS
27/1/97
Dy. Secy.
H. S. S. S.

molasses a waste product which
can be converted into alcohol.
They are not allowed to manu-
facture spirits without conforming
to the conditions prescribed in the
rules applicable to all distilleries
and framed under the Alkali
Act I of 1886, and take out the
necessary license.

2. The spirits produced can be
sold as country liquor to licensed
country spirit vendors at excise rates
which are usually a little over
Rs 4 per gallon of proof, or may
be coloured and flavoured
and issued as rum or other
description of foreign liquor on
payment

of the tariff rate of Rs 6 per
gallon of proof. In the former
case the rate of excise duty levied
is only a major portion of the total
revenue collected per gallon as
it is exclusive of the sums paid
by the ^{shopkeepers} purchasers for the privilege
of vend, the incidence of which
varies considerably, but may be
roughly stated to be about Rs 2
per gallon. In the case of so-called
foreign spirits also the privilege
of sale is to a certain extent
similarly taxed but as the privilege
of sale carries with it the right of
selling imported liquors also, it is
not possible to calculate the
additional taxation paid on each gallon.
The

law for the time being in force;
(2) on spirits issued to the persons
mentioned in para 62, clauses (i) and
(ii), at the tariff rate;
(3) on spirits issued to the persons men-
tioned in clauses (iii), (iv) and (v) of
para 62, at such rate as may
from time to time be prescribed
by His Excellency the Governor in
Council under Section 17(c) of the
Madras Alkali Act, 1886, for
the local area for consumption
in which the spirits are declared.

4. The persons mentioned in
clauses (iii) and (iv) of para 62
pay annual rentals for the pri-
vilege of vend, as explained
in

in para 2 supra, in addition
10/10
to the excise duty.

(True Extract)

Cambridge

Assistant Secretary.

To the Secretary to Government
Revenue department.

19/12/1916

C No. 9497 of 1897.

From the Board (S.O.)

11P

Dated 12-12-1896.

FOR ORDERS.

G.O. No. 75, d/5.2.97

Ordered that the following letter be despatched to the Govt. of India.

To the Board (S.O.)

26.2.97

Letter no 76.

To the Secretary to the Govt. of India

Finance and Commerce Dept.

Sir,

I am directed to acknowledge the receipt of your letter no 4593 S.O. dated 30-10-96 requesting information (1) as to the rules in force in this Presidency for the grant of licenses for the sale of rum manufactured as sugar refineries; (2) ^{as to} the rates of duty levied on such rum; and (3) as to the possibility of making the rules and rates of duty uniform in all Provinces.

2. In reply, I am to forward a copy of the Progs of the Board of Rev furnishing the information on the first two points, together with a copy of the distillery rules referred to

NOTE FOR THE SECRETARY.

Please see the red ink alterations on the back of the draft order.

KD

21/2/97

No 5762 min dated 12-12-96

Wherein:

3. It can not be stated what should be done in regard to the third point in the Provinces for want of sufficient knowledge of their conditions.

So far as the Presidency is concerned, H. E. the

Governor in Council is unable to accept the proposal

to fix a fixed rate of duty on rum manufactured

at Sugar refineries. It may be treated by

the manufacturer either as foreign liquor, ^{under the Atkari law in force here} or

in which case the maximum duty of one pice per

a gallon is already levied, If or ^{or} country spirits,

in which case the rate of excise duty ^{to be levied is that} sanctioned

for the district or part of the district in which the

is the liquor is issued. ^{Excise} Sugar refinery is situated. The rate of duty

varies from district to district, and is being gradually

raised as found expedient in each case.

4. In this connection, I am to point out

that in this Presidency, with rare exceptions,

the whole of the country spirits consumed by

the people of this Presidency is rum, that is,

spirits made from sugar, whether made by

sugar refiners or not.

dir. from orders

KD

3/2/97

FOR ORDERS.

Government (1897) of Madras. REVENUE.

Recd.

Regd.

1897.

Enclosures

Spare copies

G.O., No. 75, 5th February 1897.

FEBRUARY.

Rum.

Ordering that a letter be despatched to the Government of India, furnishing information as to the rules in force in this Presidency for the grant of licenses for the sale of — manufactured at sugar refineries, as to the rates of duty levied on such rum and as to the possibility of making the rules and rates of duty uniform in all provinces.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

READ—the following Proceedings of the Board of Revenue (Separate Revenue),
Mis. No. 5162, dated 12th December 1896:—

Read—the following G.O., Mis. No. 4538, Revenue, dated 13th November 1896:—

Read—the following letter from W. S. MEYER, Esq., Officiating Deputy Secretary to the Government of India, Finance and Commerce Department, to the Secretary to the Government of Madras, Revenue Department, dated Simla, the 30th October 1896, No. 4593-S.R.:—

I am directed to forward, for favour of report, copy of a despatch from the Secretary of State for India in Council, No. 69, Revenue, dated the 18th June last, on the subject of the grant of licenses for the sale of rum manufactured at sugar refineries in India; and to request that this department may be furnished with information as to the rules for the grant of such licenses to sugar refiners in Madras and the rates of duty levied on such rum.

2. I am also to ask that the Government of India may be favoured with an opinion on the possibility of making such rules and rates uniform in all provinces. To assist the Government of Madras in giving this opinion, I am to enclose, for information, copy of a memorandum stating the rules and rates in the principal provinces so far as they are known in this office.

ENCLOSURES.

Despatch from the Secretary of State for India in Council, to His Excellency the Right Honourable the Governor-General of India in Council, dated India Office, London, 18th June 1896, No. 69, Revenue.

I forward herewith copies of a question recently put to me in the House of Commons, and of my reply. I request that your Excellency's Government will consider whether, if uniformity of practice as to the sale of rum by sugar refiners does not now exist, it may not be advisable to take measures to introduce it, and that you will let me know the opinion at which you arrive.

Question by Mr. Bhownaggee in the House of Commons, dated 2nd June 1896.

To ask the Secretary of State for India, in view of the fact that the Government of India issued a Resolution in 1882 in which they expressed a desire that all possible encouragement should be held out to the development of sugarcane industry in the Bombay Presidency, and the Government of Bombay acting upon this instruction held out hopes in 1883 and 1884 to the proprietor of a sugar refinery in Poona that he would be allowed to effect retail sale of rum (which is a bye-product of sugar manufacture) under similar conditions to those which were adopted in Madras and other parts of India, and that in consequence of this privilege being withheld, the sugar refinery at Poona had to be closed in 1892, whether, as a means of reviving and developing this industry in Bombay, he would recommend the Local Governments to give all sugar refineries the privilege of selling rum under the same conditions as prevail at Madras and elsewhere.

Answer, dated 2nd June 1896.

I have no complete information about the Poona sugar factory to which my honourable friend refers; but a copy of his question will be forwarded to the Government of India and their attention will be drawn to the matter.

MEMORANDUM.

Molasses produced at sugar refineries can be utilised in the production of "foreign," i.e., European spirit in the form of rum. As such it is sold in shops specially licensed for the sale of "foreign liquors" (except in Bengal where Indian rum seems to be sold under country spirit licenses, and in the Panjab where it would seem to be sold along with beer, but apart from imported spirit), and the general practice throughout India in regard to these shops appears to be that they are separately licensed either at rents fixed by auction or on fixed fee, and that they have the right of procuring their spirit as they please, i.e., by importation from Europe, from licensed wholesale vendors, or from local distilleries.

Paragraph 17 of Board of Revenue's letter prefixed to the Bengal Excise Administration Report for 1894-95.

2. It is a fact that "European-brands of spirit" as they may be termed, manufactured in this country, are subject to varying rates of duty in different provinces—

(1) In Madras, as in Bombay, such spirit is excised at the full foreign tariff rate of Rs. 6 a gallon, London proof.

(2) In the Punjab the duty is only Rs. 4 per gallon of proof; and locally manufactured spirits, as will be seen from paragraph 18 of the Provincial Excise Report for 1895-96 and paragraph 6 of its introductory note on page 5 were issued in that year to the extent of over 60,000 gallons, the bulk of which came from the Rosa distillery in the North-Western Provinces.

It would seem also from paragraph 7 of the report that "Jamaica rum" is classed with these spirits for purposes of retail sale; but apparently the full tariff duty is levied on this article on importation.

(3) In Bengal the spirit in question is excised at Rs. 5 per gallon. The nominal rate on the Rosa (Shahjahanpur) rum is Rs. 4 only, but an additional rupee is said to be levied by special arrangement with the manufacturers.

(4) In the North-Western Provinces, where it is manufactured, the Rosa rum pays Rs. 4 only, except in the case of consignments for Bengal which, as above remarked, are excised at a rupee extra.

(5) In Burma, where European-brand spirits appear to be largely manufactured, the full foreign tariff rate of Rs. 6 per gallon is charged.

3. It will thus be seen that the local sugar cum rum factories in Bombay, Madras and Burma have a grievance as compared with those of other provinces in regard to the duty charged on rum; but it is for consideration whether the proper remedy for this would not be to "level-up" rather than to "level-down."

Order—Mis. No. 4538, Revenue, dated 13th November 1896.

Referred to the Board of Revenue for report.

(True Extract.)

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

To the Board of Revenue (Separate Revenue).

Resolution—Mis. No. 5162, dated 12th December 1896.

With reference to the endorsement of Government read above, the Board begs leave to report that in this Presidency sugar refiners enjoy no advantage over others with regard to the manufacture and sale of spirits except that afforded by their having in their molasses a waste product which can be converted into alcohol. They are not allowed to manufacture spirits without conforming to the conditions prescribed in the rules applicable to all distilleries and framed under the Abkari Act I of 1886, and take out the necessary license.

2. The spirits produced can be sold as country liquor to licensed country spirit vendors at excise rates which are usually a little over Rs. 4 per gallon of proof, or may be coloured and flavoured and issued as rum or other description of foreign liquor on payment of the tariff rate of Rs. 6 per gallon of proof. In the former case, the rate of excise duty levied is only a major portion of the total revenue collected per gallon as it is exclusive of the sums paid by the shopkeepers for the privilege of vend, the incidence of which varies considerably, but may be roughly stated to be about Rs. 2

per gallon. In the case of so-called foreign spirits, also the privilege of sale is, to a certain extent, similarly taxed, but as the privilege of sale carries with it the right of selling imported liquors also, it is not possible to calculate the additional taxation paid on each gallon. The incidence must, however, be comparatively small, as the major portion of the spirits sold in foreign liquor shops is imported.

3. Under paragraph 62 of the Distillery and Warehouse rules, spirits may be issued for local consumption only—

(i) to licensed vendors of foreign liquor, provided that the spirits issued be coloured or flavoured so as to resemble gin, brandy, whisky or rum;

(ii) to private persons as foreign liquor for domestic consumption but not for sale throughout the Presidency;

(iii) to licensed arrack vend farmers;

(iv) to licensed arrack shopkeepers in districts and towns in which the shops are separately sold instead of being farmed out in groups; and

(v) to licensed wholesale vendors of country spirits who can, however, only sell to classes III and IV or to each other but cannot retail. Paragraph 63 of the rules lays down that duty shall be paid at the following rates on all spirits issued from distilleries unless they are removed under bond or sold to officers of Government on account of the public service under paragraph 57 of the rules:—

(1) If methylated, *ad valorem* at the rate of 5 per cent. or at such other rate as may be prescribed by any law for the time being in force;

(2) on spirits issued to the persons mentioned in paragraph 62, clauses (i) and (ii) at the tariff rate;

(3) on spirits issued to the persons mentioned in clauses (iii), (iv) and (v) of paragraph 62 at such rate as may, from time to time, be prescribed by His Excellency the Governor in Council, under section 17 (c) of the Madras Abkari Act, 1886, for the local area for consumption in which the spirits are declared.

4. The persons mentioned in clauses (iii) and (iv) of paragraph 62 pay annual rentals for the privilege of vend, as explained in paragraph 2 *supra*, in addition to the excise duty.

(True Copy and Extract.)

(Signed) EDMUND MILLETT,
Assistant Secretary.

To the Secretary to Government, Revenue Department.

ORDER—No. 75, Revenue, dated 5th February 1897.

Separate Revenue No. 7.

Ordered that the following letter be despatched to the Government of India.

(True Extract.)

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

To the Board of Revenue (Separate Revenue).

Exd. Md. Fahlwan.

70 Copies.

1897.

DEPARTMENT OF FINANCE AND COMMERCE.

From

The Government of Fort St. George.

Recd.

Enclosures

Regd.

1896.

Spare copies

Letter, No. 76, 5th February 1897.

FEBRUARY.

FURNISHING information as to the rules in force in this Presidency for the grant of licenses for the sale of rum manufactured at sugar refineries, as to the rates of duty levied on such rum and as to the possibility of making the rules and rates of duty uniform in all provinces.

REVENUE DEPARTMENT.

From

G. STOKES, Esq., I.C.S.,
Ag. Secretary to the Government of Madras,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF FINANCE AND COMMERCE,

Dated Fort St. George, 5th February 1897.

SIR,

I am directed to acknowledge the receipt of your letter, No. 4593-S.R., dated 30th October 1896, requesting information (1) as to the rules in force in this Presidency for the grant of licenses for the sale of rum manufactured at sugar refineries; (2) as to the rates of duty levied on such rum; and (3) as to the possibility of making the rules and rates of duty uniform in all provinces.

Separate Revenue No. 8.

2. In reply, I am to forward a copy of the Proceedings * of the Board of Revenue furnishing information on the first two points, together with a copy of the Distillery rules referred to therein.

* No. 5162, Mis., dated 12th December 1896.

3. It cannot be stated what should be done in regard to the third point in other provinces for want of sufficient knowledge of their conditions. So far as this Presidency is concerned, His Excellency the Governor in Council is unable to accept the proposal to levy a fixed rate of duty on rum manufactured at sugar refineries. It may be treated by the manufacturer under the Abkari rules in force here either as foreign liquor, in which case the maximum duty of Rs. 6 a gallon is levied, or as country spirits in which case the rate of excise duty to be levied is that sanctioned for the district or part of the district for consumption in which the liquor is issued. The rate of excise duty varies from district to district, and is being gradually raised as found expedient in each case.

4. In this connection, I am to point out that, with rare exceptions, the whole of the country spirits consumed by the people of this Presidency is rum, that is, spirits made from sugar, whether made by sugar refiners or not.

I have the honour to be,

Sir,

Your most obedient servant,

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

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Returned for signature.

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Letter only.
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READ AGAIN G.O., No.
182

CURRENT No

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP BEING MEANT FOR DESPATCH
ORIGINAL.

F.R.—
A = Print in full.
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P = Print abstract only.
Q = Print heading only.

75-76

Furnishing information as to the rules in
force in this Prov^y for the grant of licenses
for the sale of rum manufactured at sugar
refineries, as to the rates of duty levied
on such rum and as to the possibility of
making ^{the} rules & rates of duty uni-
-form in all provinces