13.6-11 1.8.11

Revenue (1899) Department.

MISCELLANEOUS SERIES.

G.O., No. 1964-65

DATED 2nd June 99

[Despatch Abstract.]

Forwarding to the Govt of Bombay ~~a copy of~~ memorandum containing detailed ~~instructions~~ information regarding the system of abkari administration pursued in the Madras Presy.

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
C.no. 3590	99						

Revenue (1899) Department.

CURRENT No. 2858

From

The Secretary to the Commissioner of Salt, Abkari and Separate Revenue, Madras.

Order

Mis. No. 1826

Dated 28 April 1899.

Received 30th -do-

Registered 2nd May

Enclosures 4 3 of which Enclosure manual sent separately.

Spare copies

SUBJECT.

Submitting to Government, with remarks, a note containing detailed information regarding the system of Abkari administration prevailing in the Madras Presidency.

M/26

BACK PAPERS.

G.O.	No.	Department.	Date.
Mis.	795	Rev	22-2-99.
Madras Act I of 1886			
Memorandum of Excise Administration			

FURTHER PAPERS.

G.O.	No.	Department.	Date.
C.No.	3590/99		

memo attached

800
6-6-98

REVENUE BOARD OFFICE MADRAS.

Proceedings of the Board of Revenue

(Separate Revenue),

Dated 28 April 189 9

Mis. No. 1826

Read endorsement of Government, Revenue Department, Mis. No.795, dated 22nd February 1899.

Resolution.

With reference to the endorsement of Government, Mis.No.795, dated 22nd February 1899, the Board begs to submit a note containing detailed information regarding the system of Abkari administration prevailing in the Madras Presidency.

2. On para 2 of the Bombay Government's letter, the Board would observe that the first step to be adopted by that Government would appear to be to separate the privilege of manufacture and supply of country spirits from that of vend and to dispose of the former privilege by districts or other tracts. Middlemen should be gradually eliminated by reducing the size of vend farms from district to taluk and from the latter to Revenue Inspectors' firkas. Shops should also be sold separately in the more important towns and the system gradually extended everywhere. The Excise duty should be gradually raised. The system of letting out the privilege of supplying whole districts to a contractor should be replaced by the private distillery supply system if and when there is sufficient certainty that there will be competition among ~~the~~ distillers. As regards toddy administration the Board would suggest that the

minimum guarantee system now obtaining in portions of the Bombay Presidency should be abandoned at the earliest opportunity as it offers a direct incentive to consumption. Tree foot booth licenses shuuld cease to be issued.

3. A copy of the Excise Manual and a Notification showing the conditions of sale of Abkari privileges in Madras are herewith forwarded for favour of transmission to the Bombay Government.

(True extract)

C Balakrishnan
Acting Secretary
26.4.99.

To the Secretary to Government, Revenue Department.

26.4.99

MEMORANDUM:-

The liquor traffic is regulated under the provisions of

Para 120 of Mr Meyer's memorandum

the Madras Abkari Act, I of 1886, throughout the Presidency, with the exception of the major portion of the Agency tracts of the Ganjam, Vizagapatam and Godavari districts in which the law in force is Madras Act III of 1864 as amended by Madras Act, V of 1879.

do 124 "

2. The most typical and widespread of the methods by which the taxation on country-spirit is levied in Madras is the"private distillery supply system" which may be said broadly to extend over the whole Presidency, with the exception of the Northern Circars and the two West Coast districts(Malabar and South Canara).

do do

3. This system is one of free competition amongst distillers subject only to the payment of the prescribed rate of Excise duty. Not only is manufacture separated from sale, but there is no exclusive privilege of manufacture in any of the areas over which it extends. Licenses to establish distilleries for manufacturing and supplying, and private warehouses for supplying, spirits are granted on payment of a prescribed annual fee(Rs.100 for distilleries and Rs.50 for warehouses)to respectable persons who are prepared to provide suitable buildings and to conform to the conditions prescribed, and vend licensees may obtain the spirits required by them from any licensed distillery or warehouse on payment into a Government treasury of the prescribed still-head duty. The spirits so supplied must be

issued only at 20°, 30° or 60° under-proof.

4. Each licensed distiller has to equip and maintain his own distillery on plans approved by the Commissioner of Salt, Abkari and Separate Revenue and is bound to make any alterations in or additions thereto which the latter officer may consider necessary in the interests of the revenue. The distilleries are worked after English methods, and each distillery has attached to it a Government officer of the Salt, Abkari and Customs Department (generally an Assistant Inspector on Rs.125-175 per mensem) with a small guard of peons whose duty it is to carefully check, in the interests of the revenue, every detail in the process of manufacture and to finally pass the spirit out for warehousing or consumption, in bond or on payment of duty as the case may be.

5. A special officer of long experience in the Inland Revenue Department in England has recently been entertained for the general supervision of distilleries and the instruction of a sufficient proportion of the officers of the Department in everything appertaining to distillery work so as to allow of only thoroughly qualified men being employed on distillery duty. It is intended that the method of supervision shall eventually correspond as nearly as possible to that in force in Great Britain which it already closely resembles.

6. Bonded warehouses are supervised by the ordinary establishment of the Salt, Abkari and Customs Department. Spirits are received therein from a distillery or another warehouse under bond and may be

blended or reduced and thereafter issued, under the control of the supervising officer, on payment of the prescribed rate of duty or under bond as the case may be. Methylation and compounding of spirits are, however, prohibited at warehouses.

7. Distillers and warehousekeepers are bound to provide houses the rent of which must not exceed a fixed sum for the officers who supervise their operations if suitable quarters cannot be rented in the neighbourhood at reasonable rates.

8. To facilitate the supply of spirits to tracts which are not within easy reach of either a distillery or a warehouse, licenses are issued on payment of a fee of Rs.15 for the wholesale vend of country-spirits, the licensees being allowed to sell only to licensed arrack vend renters, other wholesale depotkeeprs and independent arrack shopkeepers in the districts or other tracts to which the license applies, in quantities of not less than half a gallon at a time to licensed arrack vend renters and independent arrack shopkeepers, and not less than nine gallons at a time to other wholesale depotkeepers. This class of licenses is an important feature of the private distillery supply system; it is a necessary link between the distiller who cannot afford to issue or distribute liquor in small quantities, and the petty renter or shopkeeper who cannot afford to purchase more than a few gallons at a time or go long distances to obtain it. The spirits kept in these wholesale depots are, of course, duty-paid, and consignments are verified on arrival.

9. The right of retail vend of country spirits is annually sold by auction. In most parts of the Presidency the sale is by separate shops. In the remaining portions the privilege of vend is sold by fixed areas, such as Revenue Inspectors' Ranges. In the latter case the vend renter is limited to a certain number of sanctioned shops for which he is at liberty to select his own shopkeepers. He is responsible for the supply of liquor to these shops, and must maintain depots for this purpose to which the liquor he obtains from a distillery or warehouse must be brought, for verification of the consignments before issue to the shopkeepers. Consignments of liquor obtained from wholesale vendors do not, however, require to be verified before being passed into consumption.

10. Distillers, warehousekeepers and wholesale depotkeepers are bound to sell spirits to all persons licensed to purchase from them so long as they have stock in hand on payment of the value in legal tender. The maximum prices to be charged by distillers and warehousekeepers for country spirits have, for the present, been fixed as under:-

DISTILLERIES.

Kind of spirits	Per gallon of 20° U.P. Rs.--A--P	Per gallon of 30° U.P. Rs.--A--P	Per gallon of 60° U.P. Rs.--A--P
Sugar cane jaggery arrack	0-12--0	0-10--6	0--6--0
Palmyra do do	0-11--5	0-10--0	0--5--9
Molasses arrack	0--9--9	0--8--6	0--4-10

WAREHOUSES

Sugar cane jaggery arrack	0-14--3	0-12--6	0--7--2
Palmyra do do	0-13--8	0-12--0	0--6-10
Molasses arrack	0-12-00	0-10--6	0--6--0

Collectors have been authorized to fix maximum prices for wholesale depots.

11. The contract distillery system is a preliminary step towards that just described and is in force in a few districts whose remote situation and lack of easy communication with the rest of the Presidency preclude the competition amongst distillers which is an essential feature of the private distillery system. Under the contract distillery system the exclusive privilege of manufacture and supply of country spirits throughout a district or other specified area is disposed of by tender. The successful tenderer has the monopoly of supply of liquor at the regulation strengths of 20°, 30°, 60° under-proof to retail vendors within the area of his contract, and the rates at which he shall supply them are fixed. The still-head duty to be paid to Government on each gallon so issued is also fixed, and the privilege of manufacture and supply is granted to the approved tenderer who agrees to supply spirits at the lowest rate over and above the duty.

12. The distilleries which work under the contract distillery system are all owned by single individuals or firms and are of the same character, and work under the same supervision, as the distilleries in the "private distillery" areas; in fact the same distiller sometimes is a private distiller in respect of one district and a contract distiller in regard to another.

13. To facilitate the supply of liquor to vendors "contract distillers" are required, when necessary, to set up "Excise depots" within their contract areas to which spirit is conveyed under bond and from which it is issued on payment of duty.

Ordinary wholesale depots are also allowed to be opened by private parties.

14. The right of vend is disposed of in the same way as in the para 136 private distillery areas, i.e., it is sold by auction either by separate shops or by fixed areas such as Revenue Inspectors' ranges, and in the latter case the rights and duties of the vend renter are as already described in paragraph 9 supra except that he must obtain all his liquor from the contract distiller, and of course the independent shopkeepers must do likewise. The disposal of the right of vend by separate shops is generally prevalent and farms are gradually being done away with.

15. In order to obviate the undue dilution of liquor by shopkeepers and to facilitate the detection of cases of smuggling and illicit distillation, retail vendors in all distillery areas, "private" or "contract" are bound, as a condition of their licenses, to sell their liquor at certain specified strengths, viz., 20°, 30° and 60° under-proof. It is one of the duties of Abkari officers to ascertain by hydrometer tests that these strengths are not departed from, a due margin being of course allowed for unintentional inaccuraeies. The great bulk of the liquor sold is at 30° under-proof. para 137

16. In a few small and backward tracts the revenue is collected by means of the ordinary Renting system under which there is no attempt made to concentrate manufacture in distilleries or to levy a still-head duty. The exclusive privilege of manufacture and sale is disposed of by auction, by the Taluk or by the Revenue Inspector's division or other convenient unit. The contractors in some cases sublet 140

portions of their rent-areas and in others license local Agents to sell for them at the shops. The number of stills is limited as far as possible; and the number and sites of the shops are previously fixed. The renting system has been entirely abandoned where circumstances have permitted the introduction of the distillery system, and is gradually being confined to narrower limits. It is still in force chiefly in tracts where arrack is generally distilled from toddy and facilities for its manufacture are therefore so great that the establishment of distilleries and the levy of still-head duty have hitherto been found impracticable. para 142

17. In a portion of the rented tracts the privilege of manufacture has been separated from that of sale. Five "manufacturing areas" have been established, the auction renters of which have the monopoly of manufacture and supply to the shops within their respective limits. The right of retail vend is granted by separate shops and is, like the privilege of manufacture, disposed of by auction. Arrack therein is ordinarily distilled from toddy, and tree-tax has to be paid on the palm trees tapped for this purpose. The manufacturers are bound to supply their shopkeepers at fixed rates. Each manufacturer is allowed a main still for carrying on his operations and a limited number of outstills (generally one apiece) in which weak spirit may be manufactured for transport to the main still for redistillation.

18. For the convenience of shopkeepers, the manufacturers

are required to maintain depots to which spirits are consigned from stills for issue to shops.

20. Unfermented toddy is not subject to any taxation but it must be drawn in pots freshly coated internally with lime(to prevent fermentation), and in a few districts licenses(for which no fee is charged)must be obtained for the tapping of trees for this kind of toddy.

21. Fermented toddy is taxed by means of rents payable for the right of retail vend and also throughout the greater part of the Presidency by means of the tree-tax system, under which a fixed fee is charged for every tree from which it is intended to draw fermented toddy.

22. Where the tree-tax system is in force no palm tree can be tapped for the purpose ~~for~~ of producing fermented toddy without a license upon issue of which the tree receives a distinguishing mark. The tapping of unmarked trees for the purpose of producing fermented toddy is an offence.

23. Licenses for the tapping of trees for fermented toddy are issued on the application of independent toddy shopkeepers, of toddy renters in tracts where the right to manufacture and sell toddy is not sold by separate shops, of arrack renters in tracts where country spirits are manufactured from toddy, of toddy drawers in South Cahara and of tree owners up to five trees for the drawing of toddy required for domestic consumption but not for sale.

24. Licenses are issued half yearly for cocoanut and sago palms and yearly for palmyras and dates and the license fees are generally

as below:-

For each cocoanut palm-----Rs.2--4--0 per half year.
For each sago palm---------Rs.4--8--0 do
For each palmyra or date palm---Rs.1--8--0 for the whole year.

In some districts where the system has been only recently introduced, two-thirds of these rates are levied. In the Madras Town Circle higher rates are in force.

25. A minimum number of trees must be applied for, for tapping purposes, before a license can be granted. The prescribed minimum varies in different tracts, but is generally 15 trees for an original and 5 for a supplementary license.

26. In the Madras Town Circle, the right of retail vend of toddy drawn from licensed trees in a prescribed number of shops is granted on payment of fees fixed with reference to the tree-tax paid during the previous lease. The tree-tax for the lowest class of shops is fixed at Rs.400 and under and the license fee at Rs.50, the fee for the other classes being raised by Rs. 50 for each Rs.400 of tree-tax or fraction thereof paid in addition. During the palmyra season(between January and May)additional temporary shops are also licensed in the portion of the Circle outside the town on payment of a fee of Rs.50. Elsewhere the right of retail vend is sold annually by auction, generally by separate shops, but sometimes by rent areas corresponding as a rule to a Revenue Inspector's range.

27. Shopkeepers and other persons to whom licenses for tapping may be granted must make their own arrangements for

procuring trees, either from private owners or from Government. The usufruct of palm trees on Government waste land was formerly, as a rule, disposed of by auction; but the system of charging a fixed fee per tree is now resorted to in most districts.*

28. Considerable numbers of trees are tapped in the Presidency for shops in Mysore while many British shops derive their supply of toddy from Mysore and Hyderabad. To regulate this traffic arrangements have been made with the Mysore Government which employs the tree-tax system, though in a modified form, for permitting the tapping of Mysore trees for British shops and vice versa, the revenue in either case following the consumption. Where the rates of tree-tax on the two sides of the border are different, the higher rate is levied. On toddy brought from Hyderabad, where the tree-tax system is not in force, a transport duty of one anna a gallon is levied, at chowkies fixed along the frontier.

29. Pseudo-European Spirits known as Country rum, etc, are manufactured in distilleries in the same manner as arrack, but may be issued at any strengths (whereas arrack can only be issued at 20°, 30°, or 60° under-proof) on payment of the tariff rate of duty (Rs.6 per proof gallon). Under Madras Act, I of 1886, spirits on which excise duty at the full rates chargeable on spirits imported into British India from foreign countries has been levied are included in the designation of "foreign liquor" although manufactured in British India, and the only restrictions imposed on the distillers in respect of country made-spirits so excised are:-

(a) that they shall be issued only to persons licensed to sell

* This fee is merely for the use of the tree and is quite distinct from the tree-tax

"foreign spirits", or to private persons for domestic consumption, but not for sale; and

(b) that all spirits issued to licensed vendors shall be coloured or flavoured, so as to resemble gin, brandy, whiskey or rum.

30. As regards wholesale and retail sale spirits of this description are subject to precisely the same regulations, and are sold in the same shops as imported European spirits. The bottles must, however, be labelled "Spirits manufactured in India".

31. Licenses for the establishment of breweries are granted by Collectors under the orders of the Board of Revenue to respectable applicants on payment of an annual license-fee of Rs. 15. The establishment of breweries, which was originally restricted to hill stations, was in 1890-91 permitted anywhere. No brewery has, however, yet been opened in the plains, and there are only three at hill stations,—all in the Nilgiri district. No Government establishments are stationed at breweries but the brewers' accounts which must be kept in a prescribed form are systematically examined and duty (at the rate of one anna per Imperial gallon) is levied on all beer issued for consumption. To prevent the issue of fermented sugar worts under the name of beer, samples of the worts and beer are occasionally taken and analysed.

32. Beer, like country rum, etc., is ordinarily sold in "foreign liquor" shops; but taverns for the sale of beer alone

(whether locally made or imported)exist in the Nilgiri district and in four towns on the plains.The right to retail beer in these taverns is annually sold by auction, at a minimum upset price of Rs.100, and the vendors are free to obtain their supplies as they wish, subject, of course, to the condition that the beer has paid Customs or local excise duty as the case may be. Retail licenses for the sale of beer in bottles for removal from the premises are granted to purchasers of beer taverns on payment of a further fee of Rs.50.

33. In the case of imported liquors the duties leviable under the Tariff for the time being in force are credited to Customs, and the excise revenue is derived only from licenses for the privilege of vend. As above remarked, these licenses include also the privilege of vending the other liquors which in Madras come under the definition of "Foreign liquor", viz., locally made beer, rum, etc. Foreign liquor is subject to no restrictions as to strength, etc., but, if it is imported in bulk and bottled in the Presidency, the bottles must each bear a printed label showing the country of manufacture, the name of the bottler as entered in his license, and the place of bottling.

34. The vend licenses are determined by auction in the case of taverns licensed for the retail sale of liquor on and off the premises, and in other cases by fixed fees. The principal of this latter class of licenses are-

(1)wholesale licenses(fee Rs.25 per annum),
(2)retail licenses for consumption off the premises(fees Rs.50 and Rs.100)

(3)hotel and refreshment-room licenses(fees Rs.25 to Rs.100 for hotels and Rs.75 to Rs.500 for refreshment-rooms).

35. Representations made by the Municipal Councils, Local Boards and other public bodies are duly considered in respect of alterations in the number and sites of shops and the Police authorities are also consulted. The general rule is that shop licenses are issued for a single year; and the number and sites of the shops are determined beforehand. New shops are not added except for very special reasons, while, on the other hand, sanctioned shops are occasionally not opened. The gradual extension of the system of selling arrack and toddy shops separately is calculated to facilitate the closure of such as are not really needed and has already brought about a very large reduction.

36. The Madras Abkari Act, I of 1886, so far as it requires a license for sale was extended to intoxicating drugs prepared from the hemp plant on the 1st April 1889. The provisions of the Act relating to the cultivation of the plant and the manufacture, possession and transport of intoxicating drugs were brought into force from the 1st August 1897. Licenses for cultivation are issued only in the Bapatla taluk of the Kistna district and in the Javadi hills of the Polur taluk of the North Arcot district. Elsewhere, except in the hill tracts of the Northern Circars, cultivation is absolutely prohibited. In the tracts where it is licensed, the cultivators are required to convey their produce to public storehouses established by Government, and from the 1st April 1898 removals from the storehouses are allowed only on prepayment of

16

Excise duty at Rs.4 per seer of ganja, 8 annas per seer of bhang and Rs.6 per seer of charas. The import of intoxicating drugs by land or sea is prohibited. Their export on payment of duty is allowed. Licenses for the retail vend of intoxicating drugs are sold by auction. The issue of wholesale licenses for sale to licensed vendors only on payment of an annual fee of Rs.15 was commenced from the 1st April 1898.

Walthumbs
Acting Secretary.
26.4.99.

S.R.
26.4.99

899
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2858

Referred
Issue telegram & prepare the letter for Dy: signature
T.P.K
2/6/99.

Under Secy

Telegram issued
2-6-99

Revenue Department

Telegram

To

The Secretary,
Board of Revenue (S.R.)

79. Please expedite notification referred to (iii) para three (of) ~~referred to (iii) para three (of)~~ B.P. (No.) 1826 dated 28th April X 99.

2.6.11

T.P.K.
2.6.99.

KD
2-6-99

Note.

The note referred to in para 1 of the letter below has not yet been received from the Board. ✗

KD

Revenue Department

Read B.P.(S.R) No. 1826 d.
28-4-99 (C No. 2868)
Q.J. mis No. 1964 d/2nd June '99
Ordered that
the Govt of Bombay
be addressed.

Letter No. 1965 d/2nd June '99

To

The Secy to the Govt of Bombay
Rev: Dept.

Sir,

In compliance with
your letter No. 1133/32 d. 13-2-99,
I am directed to trans-
mit a memorandum
containing detailed
information regard-
ing the system of
abkari administration
pursued in this Presy.
It is substantially a
reproduction of Mr
Meyer's memorandum
on these Excise adminis-
stration in India so

D+P/W
5.6.54

Dupl
SA/16

with Endt 795
2-2-99.

far as it relates to
the Madras Presy with
a few verbal alterations
and additions made
therein to bring it
up to date. A copy of
the Excise Manual and
a notification showing
the conditions of Sale
of abkari privileges in
this Presy are ~~enclosed~~
herewith forwarded.

2. I am also to
forward an extract
from the Pro. of the
Board of Revenue con-
taining suggestions
as to the best mode
of introducing the
Madras system into Bombay
~~to State that H.E. in~~
~~Council agrees in~~
~~the Board's suggestions.~~

Extract of para 2 of current.

× Not yet received from Board. Has been called for

given for copying ____
copied ____
examined ____
signed ____
} 189.

BAIN G.O., No. 189. DATED

ENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT	A	A	A	A	A	A	A
LETTER OF GOVERNMENT.							
STATEMENT WITH DITTO.							
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.							

N.B.—
A = Copy in full.
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AH
19.5.99