

SECOND REPORT

ON THE

ABKARI SYSTEM

OF THE

MADRAS PRESIDENCY.

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OOTACAMUND:  
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FROM

THE HON'BLE R. A. DALYELL,

*Second Member of the Board of Revenue,  
On Special Duty.*

TO

THE HON'BLE D. F. CARMICHAEL,

*Secretary to Government, Revenue Department.*

SIR,

I have the honor to submit herewith a Report upon the working of the new system of Abkari management, as directed in the Order of Government under date 3rd July, 1876, No. 891. I have visited the three Districts in which it has been found desirable to sanction remissions of revenue during the past year, and full details in regard to them will be found in the Appendices to the Report. I have also deemed it advisable, for purposes of comparison, personally to investigate the operation of the new excise system in North Arcot and Trichinopoly, and of the improved farming system in Madura,

I have honor to be,

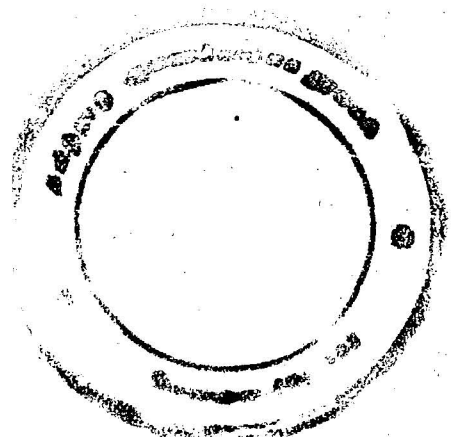
SIR,

Your most obedient Servant,

R. A. DALYELL,

*Second Member of the Board of Revenue. •*

OOTACAMUND,  
23rd September, 1876.



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# REPORT.

## SECTION I.—PRELIMINARY.

WHEN my General Report on the Excise of the Madras Presidency was submitted to Government in 1874, the old farming system was in force in fifteen out of the twenty Districts, and the experimental excise system, as it was then styled, was under trial in the Districts of Ganjam, Vizagapatam, Chingleput, and North and South Arcot. In that report, after giving due consideration to the various systems of excise management, which were in operation in other Provinces of the Empire, I recommended that a plan, based upon the experimental excise system, should be gradually introduced into this Presidency, which, I ventured to think, would combine the moral checks of the Sudr distillery system (which professed to secure the maximum of revenue from the minimum of consumption) with the financial advantages of the farming system, and would be free from many of the defects which were inherent in both these modes of managing the excise revenue. I considered that at the termination of the contracts then in force (30th June, 1875), it would be feasible to introduce this system into those Districts, in which the experimental excise system was under trial, and perhaps into one or two others; but I recommended that the farming system should be continued in the remainder of the Presidency for the term of one more contract, with such modifications as would prepare the Districts concerned for the introduction of the new system on the expiration of that term.

2. My colleagues of the Board of Revenue concurred in these views, and eventually a recommendation was made to Government, that what may now be termed “the improved excise system,” should be introduced into the

Ganjam.  
Vizagapatam,  
Chingleput.  
North Arcot.  
South Arcot.  
Nellore.  
Salem.  
Trichinopoly.  
Neilgherry.

Districts noted in the margin on contracts extending to three years, from the 1st July, 1875, and that an improved farming system should be adopted in the other Districts of the Presidency. The Government sanctioned these proposals, and after some discussion, the Districts of Coimbatore and Tanjore and the town of Bellary were added to the list of those into which the

new system was to be introduced, and it was also settled that the toddy farms should in all cases, be separated from the arrack contracts. Such a separation had been advocated in my report, but eventually I was a party to the recommendation that any change in this respect should be deferred, partly in deference to the opinion expressed on the subject by the local officers, but mainly because I feared that a separation, at that particular time, of the two farms which for so many years had been held together, might imperil the financial success of the new system.

3. The main differences between the improved excise system and the experimental excise system, are (1) that, under the former the duty on spirits is fixed with reference to the actual selling price of spirits in the Districts concerned, instead of being an arbitrary rate; (2) that the Contractors are not permitted to sell spirits beyond a fixed maximum price, in order to prevent their securing to themselves a large profit on a small and easily managed consumption to the detriment of the excise duty, and the neglect of the supply of out-lying tracts of country; and (3) that a minimum guaranteed revenue for each District is arrived at by tenders in the open market, so that a public estimate may be occasionally obtained of that normal consumption of spirits in each locality upon which the State is entitled to levy its excise. The

improved farming system requires that all spirits shall be sold at certain specified strengths, and at retail rates between certain specified minima and maxima. It also provides, as far as possible, for the manufacture of all spirits at Central Distilleries, which are subject to Government inspection, and requires that detailed accounts shall be kept at all Distilleries and Shops for the information of the officers of Excise.

4. On the 1st April 1875, the arrack and toddy farms of the several

| Districts.       | Total Abkarry Revenue in 1873-74. | New demand from 1875-76. |                        |                |
|------------------|-----------------------------------|--------------------------|------------------------|----------------|
|                  |                                   | Total bids for Toddy.    | Total bids for Arrack. | Total Revenue. |
| Godavery ...     | 2,47,635                          | 82,120                   | 1,95,520               | 2,77,640       |
| Kistna ...       | 2,25,505                          | 64,400                   | 1,94,800               | 2,59,200       |
| Cuddapa ...      | 2,41,425                          | 17,112                   | 2,16,095               | 2,33,207       |
| Bellary ...      | 6,07,400                          | 3,33,800                 | 3,01,950               | 6,35,750       |
| Kurnool ...      | 3,26,550                          | 90,830                   | 1,36,700               | 2,27,530       |
| Madura ...       | 1,85,050                          | 82,450                   | 1,98,250               | 2,80,700       |
| Tinnevely ...    | 2,06,048                          | 44,050                   | 1,37,000               | 1,81,050       |
| South Canara ... | 1,24,500                          | 59,800                   | 82,600                 | 1,42,400       |
| Malabar ...      | 2,77,950                          | 99,250                   | 1,55,400               | 2,54,650       |
| Total...         | 24,42,063                         | 8,73,812                 | 16,18,315              | 24,92,127      |

Districts, where the farming system was retained, were sold by Taluks for a term of three years, from 1st July following, and realized the amounts noted in the margin. The result of these sales showed that the value of the toddy farms, or rather their relative value to the arrack farms, had been very much under-estimated. It will be seen that these farms fetched an annual rent of Rs.8,73,812, or upwards of

one-half of the arrack revenue, instead of little over one-sixth as had been estimated. Tenders had in the meantime been invited, guaranteeing a minimum arrack revenue for some of the Districts which were to be managed on the new system, and were subsequently called for for others, whilst the contractors of the five Districts, in which the experimental excise system

had been in operation were permitted to retain them on the terms required by the new plan of management, the minimum guarantees having been fixed by the Board of Revenue, with reference to the known consumption of the previous three years. The toddy farms of these Districts had also been sold taluk-war on the 1st April, and the marginal statement exhibits the total annual excise revenue both from arrack and toddy, which was anticipated for the

| Districts.        | Toddy Revenue in 1873-74. | Total Abkarry Revenue 1873-74. | Total bids for Toddy. | Revenue guaranteed by Contractors. | Total Abkarry Revenue under new system. |
|-------------------|---------------------------|--------------------------------|-----------------------|------------------------------------|---|
| Ganjam ...        | 7,500                     | 86,246                         | 9,451                 | 66,000                             | 75,451                                  |
| Vizagapatam ...   | 25,560                    | 1,27,247                       | 37,650                | 93,600                             | 1,31,250                                |
| Chingleput ...    | 105,055                   | 1,93,570                       | 1,35,000              | 40,000                             | 1,75,000                                |
| North Arcot ...   | 43,450                    | 2,81,745                       | 1,20,580              | 2,42,000                           | 3,62,580                                |
| South Arcot ...   | 63,000                    | 1,93,679                       | 1,30,000              | 1,24,000                           | 2,54,000                                |
| Total...          | 2,49,565                  | 8,82,487                       | 4,32,681              | 5,65,600                           | 9,98,281                                |
| Nellore ...       | ...                       | 84,490                         | 19,480                | 61,000                             | 80,480                                  |
| Bellary, Town ... | ...                       | 93,500                         | 21,000                | 1,00,600                           | 1,21,600                                |
| Tanjore ...       | ...                       | 4,90,355                       | 3,23,000              | 1,80,000                           | 5,03,000                                |
| Trichinopoly ...  | ...                       | 1,40,400                       | 39,790                | 1,10,000                           | 1,49,790                                |
| Coimbatore ...    | ...                       | 2,83,600                       | 90,900                | 2,70,000                           | 3,60,900                                |
| Nilgiris ...      | ...                       | 65,600                         | .....                 | 80,500                             | 80,500                                  |
| Salem ...         | ...                       | 3,72,088                       | 1,39,430              | 3,41,000                           | 4,80,430                                |
| Total...          | ...                       | 15,30,083                      | 6,33,600              | 11,43,100                          | 17,76,700                               |

three years of the new contract, compared with the revenue of 1873-74.

## SECTION II.—RESULTS OF THE NEW SYSTEM.

5. It will be seen that the estimated excise revenue in the districts managed on the farming system was about half a lac of rupees in excess of that which had been realized during the late Abkarry contracts, so that as far as these districts were concerned, the separation of the toddy farms had not as yet had by any means the disastrous effects which had been anticipated in some quarters. The actual collections in these districts too for the first year of the new contract, which closed on the 30th June last, must have fully realized the estimate, for including both current and arrears, they have amounted to about twenty-six lacs of rupees against about twenty-four lacs, which were collected in 1874-75. The lac-and-a-half in excess of the estimated increase is owing

to there having been more arrears outstanding at the commencement of 1875-76 than at the commencement of 1874-75. A comparison of the figures in the statement in the margin of the last paragraph relating to those districts into which the improved excise system was introduced, shows that a gross increase of about three-and-a-half lacs per annum was anticipated. It will also be noticed that the toddy farms of these districts realized upwards of ten-and-a-half lacs, against an anticipated revenue of about seventeen lacs from arrack. The increased proportion of the former rents in these districts is mainly owing to the heavy revenue which is derived from toddy in the Tanjore District, but the figures afford abundant evidence that no loss is likely to result from the separation of the toddy and the arrack farms. Indeed, the large increase which has taken place in the value of the toddy farms in the five districts which were lately managed on the experimental excise system (see column 2 of the statement) would seem to show that this measure has had quite the contrary effect.

6. The new system has been in force now for a little over a year in the eleven districts concerned, and in the town of Bellary, and a reference to the collections for the revenue year ending 30th June 1876, which was the first year of the new contract, will prove that it has been generally a financial success, except as regards the arrack revenue in the districts of Coimbatore, Salem and Tanjore. It will be observed from the statement given in para. 4 above, that, in the five districts in which the experimental excise system

| Districts.     | Combined Arrack and Toddy collections including Miscellaneous for 1875-76. |           |           | Combined Arrack & Toddy collections including Miscellaneous for 1874-75. |          |          |
|----------------|--|-----------|-----------|--|----------|----------|
|                | Arrears.   | Current.  | Total.    | Arrears.   | Current. | Total.   |
| Ganjam ...     | 13,017   | 75,958    | 88,975    | 10,222   | 74,328   | 84,550   |
| Vizagapatam... | 19,497   | 1,37,325  | 1,56,822  | 32,016   | 1,23,838 | 1,55,854 |
| Chingleput ... | 35,049   | 1,98,378  | 2,33,427  | ...  | 1,85,100 | 1,85,100 |
| North Arcot... | 31,893   | 3,70,248  | 4,02,141  | 25,735   | 2,61,169 | 2,86,904 |
| South Arcot... | 18,257   | 2,59,445  | 2,77,702  | 13,686   | 1,71,504 | 1,85,190 |
| Total...       | 1,17,713   | 10,41,354 | 11,59,067 | 81,659   | 8,15,939 | 8,97,598 |

had been previously tried, an increase in the annual excise revenue of a little over one lac of rupees was expected; but it would appear from a comparison of the actual collections in 1874-75 with those of the past revenue year, as shown in the margin, that the collections of current revenue in these districts

rose by upwards of two lacs in the latter year. The main portion of this increase is to be ascribed, no doubt, to the improved toddy revenue, but the arrack revenue has also been very largely developed under the new system during the year, and this too with a diminished consumption of spirits. In Ganjam and Vizagapatam matters appear to have remained much as they were, both as regards revenue and consumption, and I am not of opinion that this is altogether satisfactory when the results which have been attained in other districts are considered; but so long as the contractors continue to pay their guarantee, no objection can be taken. In Chingleput, the consumption was reduced by nearly five thousand gallons, but the arrack revenue was raised by upwards of Rs.9,000 owing to increased excise duty and the toddy revenue, which in this district is managed by the arrack renter as an exceptional case, also improved by upwards of Rs.17,000. In all upwards of Rs.29,000 were paid over and above the guaranteed revenue. In South Arcot also there was a small decrease in the consumption of arrack, but the payments to Government were considerably above those of the previous year, and the contractors have exceeded their guarantee by upwards of Rs.11,000. In North Arcot, regarding which full details are given in Appendix F., (as it was one of the districts which I visited on my recent tour), the excise duty was fixed at Rs.2-10-0 for spirits 20° *u.p.*, and the minimum guarantee at Rs.2,42,000. The contractors have issued 109,855 gallons, and have paid Rs.2,88,514 as excise duty, so that they have exceeded the guarantee by upwards of Rs.46,000. In these five districts then it will be seen that payments in excess of the guaranteed or estimated revenue from spirits to the extent of nearly three-quarters of a lac have been realized, and that the gross excise revenue has increased during the first year of the new system by about a lac-and-three-quarters.



7. In three of the remaining six districts in which the new system has been introduced, and in the town of Bellary, the results have been equally encouraging, though no doubt future years will show even better results when the contractors become better acquainted with the resources of their districts, and the people become accustomed to the change of system. Full details in regard to the Trichinopoly district will be found in Appendix D. The guarantee has been fully paid up, and this amount, combined with the annual rental for which the toddy farms have been sold, represents a sum about Rs.9,000 in excess of the old combined rents of the district. The Nellore guarantee has also been realized, but the gross revenue will not quite reach that of 1874-75. On the Neilgherries, the contractor has paid some Rs.7,000 in excess of his guarantee, and the revenue of the year will be upwards of Rs.22,000 beyond that of 1874-75. In the town of Bellary still more satisfactory results have been obtained. The former revenue for both arrack and toddy was Rs.93,500, and the present contractor guaranteed Rs.1,00,600 for arrack alone. He has paid Rs.1,28,597, and the separate toddy rent has realized Rs.21,000. Thus in this group of districts also the arrack revenue will be some Rs.35,000 beyond the guarantee or estimate, and total annual excise revenue, both from arrack and toddy, will be improved by about Rs.87,000 per annum.

8. There remain the three districts of Coimbatore, Salem and Tanjore, in which, as already stated above, the new system does not appear to have been financially successful. As desired in the Government Order, dated 3rd July 1876, No. 891, I have recently made a full enquiry into the working of the system in these districts, and complete details in regard to them will be found in Appendices A., B., C. The guaranteed arrack revenue is

| Districts.      | Excise revenue of 1873-74. | Toddy rents of 1875-76. | Guaranteed arrack revenue for 1875-76. | Total.    |
|-----------------|----------------------------|-------------------------|--|-----------|
| Coimbatore..... | 2,83,600                   | 90,900                  | 2,70,000                               | 3,60,900  |
| Salem .....     | 3,72,088                   | 1,39,430                | 3,41,000                               | 4,80,430  |
| Tanjore .....   | 4,90,355                   | 3,23,180                | 1,80,000                               | 5,03,180  |
| Total....       | 11,46,043                  | 5,53,510                | 7,91,000                               | 13,44,510 |

exhibited in the marginal statement, together with the toddy rents for the present year, compared with the old revenue obtained from the combined rents in 1873-74. It will be seen that had the guarantees been fully paid up, there would have been an increase of nearly two lacs in the annual excise revenue of the three districts. Instead of this, owing to its having been determined, under the

circumstances which are fully explained in the Appendices referred to above, to require the arrack contractors of these districts to pay the Government duty only upon the actual quantity of spirits issued, instead of in accordance with their guarantee, there will be a falling off in the estimated receipts of something under three lacs of rupees, so that for the year 1875-76 there will be a decrease of about a lac of rupees in the gross excise revenue of these three Districts instead of an increase. The augmentations of excise revenue which have been obtained in the other groups of districts, which have been under reference in the previous paragraphs, amounting to upwards of three lacs of rupees, will, of course, more than cover this diminution, leaving a net increase of revenue of something over £20,000 in the first year of the new system.

### SECTION III.—CAUSES OF PARTIAL FAILURE.

9. A reference to Appendices A., B. and C. will show that various causes have operated to induce a depression of the arrack revenue in the three Districts referred to in the last paragraph. It will be seen that in my opinion the original tender made by the several contractors in each case contemplated a consumption of spirits which was considerably in excess of the ordinary consumption of the district. Then the season of 1875-76 was not a favorable one, and experience has amply proved that the excise revenue is invariably much more easily realized when harvests are plentiful, and the cultivating classes in comparatively good circumstances, than in a year when owing to a

failure of crop they find a difficulty in paying the dues of Government for the land revenue. The separation of the toddy farms from the arrack farms has also undoubtedly given a strong stimulus to the traffic in the former beverage, and has to some extent affected the consumption of arrack. From enquiries made, I believe it to be an entire mistake to suppose that the consumers of toddy are a different class of people from the consumers of arrack, and the fact that in every district in which the improved excise system is in force, the arrack sales from July to December are invariably in excess of those from January to June, which is specially the toddy season, is a confirmation of this opinion. There is also some ground for the very general complaint made by the contractors, that the Magistracy are not sufficiently alive to the necessity of administering the excise law with some severity if punishment is to prove deterrent to smugglers and illicit distillers, and it would probably be desirable that the attention of the Magistrates of districts should be drawn to the matter. The thorough co-operation of the Police with the Revenue Department in the detection and suppression of smuggling is also most essential. At the same time, as stated in the Appendices, I am decidedly of opinion that the main reason why the consumption of arrack in the two districts of Coimbatore and Salem is so far below the estimates, is because the retail price has been so largely increased. It will be noticed that whereas in the Coimbatore district the old retail price of spirits 30° *u.p.* (which was probably the strength in common use) was, during the last contract, Rs.3 per gallon, it has now been raised to Rs.3-12, and the stronger liquor is of course proportionately dearer, though it is questionable whether the people sufficiently realize the superior strength when comparing the high price demanded with the old rate at which they were accustomed to purchase their daily stimulant. It will be seen, too, that, in Salem, though all the spirit sold is of a superior strength and description to that formerly in use, the price has been raised from an average of about Rs.3-4 per gallon to an average of about Rs.4-8. I am aware that the contractors of both districts are not prepared to admit that their increased prices have reduced the consumption, and ascribe it mainly to the toddy competition, but it is well known that in all countries an increase in the price of any article of general consumption, such, for instance, as is usually caused by a rise in the duty, almost invariably results in a decreased demand. It is also the general opinion among the native abkarry contractors that this is the explanation of the decreased consumption in the two districts in question. A reference to Appendix E., on the Madura District, will show that the contractor of the Madura taluk is content to put up with a very small profit, per gallon, rather than increase the price of spirits in Madura town from Rs.3-0-0, per gallon, to Rs.3-4, as he feels satisfied that he would lose more by the check placed upon consumption, than he would gain from the increased price. If this is the case in the rich and prosperous town of Madura, what must be the effect of the much more serious augmentations of price which have taken place in Coimbatore and Salem? In order to show that the consumption in these two districts is not equal to that of adjoining localities

|             |  | Gallons per head per annum of spirits 30° <i>u.p.</i> |  |  |  |      |
|-------------|--|---|--|--|--|------|
| Coimbatore. | { Dharapuram . . . . .                   |   |  |  |  | ·019 |
|             | { Oodumulpettah . . . . .                |   |  |  |  | ·040 |
|             | { Caroor . . . . .                       |   |  |  |  | ·048 |
| Madura.     | { Dindigul . . . . .                     |   |  |  |  | ·073 |
|             | { Palni . . . . .                        |   |  |  |  | ·056 |
|             |  | Gallons per head per annum of spirits 20° <i>u.p.</i> |  |  |  |      |
| Salem.      | { Tripatur . . . . .                     |   |  |  |  | ·048 |
|             | { Kistnagherry . . . . .                 |   |  |  |  | ·047 |
|             | { Oosoor . . . . .                       |   |  |  |  | ·038 |
| N. Arcot.   | { Gudiatum . . . . .                     |   |  |  |  | ·065 |
|             | { Palmanair . . . . .                    |   |  |  |  | ·071 |
|             | { Taluks of Bangalore District . . . . . |   |  |  |  | ·069 |

where the circumstances of the people may be supposed to be very similar, I annex in the margin the annual consumption, per head, in some of the taluks, in each, compared with that of neighbouring taluks in North Arcot and Madura, and with that of the outlying parts of the Bangalore District which adjoins Oosoor. Now, it is impossible to suppose that the consumption of spirits can have been really checked to this extent in one year, and the only conclusion to be arrived at is

that the licit and taxed consumption has been largely supplemented by illicit spirits. In other words, that the high price of spirits has led here, as in other countries, to wholesale smuggling, though the high price has not, as elsewhere, been mainly owing to a high duty, but rather to the monopolist

contractors determination to secure a large profit. It will be seen by a reference to Appendix C. that the foregoing remarks do not apply to the Tanjore District as the price of spirits has not been raised by the new contractors.

10. It is natural that the contractors of Coimbatore and Salem should wish to think that an increased price does not affect consumption for every anna per gallon, which they can add to the price beyond the cost of production and sale, *plus* the Government duty, represents clear profit to them. It requires, moreover, considerable experience in the business so to adjust the price of liquor in each locality as to secure the largest possible profit on the quantity sold, and, at the same time, not to check the ordinary consumption by charging rates which the public are unwilling or unable to pay. The Board of Revenue, however, left the matter to the contractors, merely fixing the minimum and maximum rates for the protection of the public, for all their previous knowledge of the old native abkarry contractors showed that, as a rule, they had invariably preferred to look for their gains to a small profit per gallon on a large consumption, rather than to a large profit on a small consumption. The provision in the contracts too that a minimum gross sum should be paid as revenue, irrespective of the quantity of liquor passing into consumption, was an additional safeguard against contractors charging a prohibitive price to their own benefit, but to the detriment of the consumption and consequently of the excise, for if they did so raise prices as to check consumption, it would be impossible for them to pay their guarantee at the prescribed rate of duty, and the making up of that guarantee out of their own increased profits, per gallon, would practically have the effect of giving the Government a duty somewhat proportionate to the increased price charged by them. For instance, supposing the estimate given in Appendix B. of what I considered to be the normal consumption of the Salem District to be correct (and it would only be .07 of a gallon of 20° *u.p.*, per head, or very little in excess of that of the outlying parts of the Bangalore District, which is .069), and that with reference to this estimate, Messrs. Wilson and Co. had tendered a revenue of Rs.3,50,000, representing a duty of Rs.2-8 per gallon on 140,000 gallons. Then, if they sold at Rs.3-12 per gallon, the consumption would probably be unaffected, the full guarantee would be paid to the Government, and the profits of the firm would be such sum per gallon, as they could save out of Rs.1-4-0 for cost of manufacture, distribution, management, and vend. If, however, they sold at Rs.4-12 per gallon, and the consumption was thereby reduced to say 100,000 gallons, though their own additional profit would be one rupee per gallon, or Rs.1,00,000, the Government revenue at the prescribed rate of excise would only amount to Rs.2,50,000, so that the whole of their additional profits would be swallowed up to meet their guarantee of Rs.3,50,000 per annum. In other words the Government would receive an excise duty of Rs.3-8 per gallon, on a selling price of Rs.4-12 per gallon, instead of a duty of Rs.2-8 on a selling price of Rs.3-12 per gallon.

#### SECTION IV—PROBABLE EFFECTS OF THE REMISSIONS.

11. It will be perceived that the recent action of Government in permitting the contractors to pay excise duty upon their issues only, and without reference to the prices which they have charged for their liquor, has frustrated, for the present, so far as the Districts of Coimbatore and Salem are concerned, one of the most essential objects of the minimum guarantee, as explained in the previous paragraph. In the Appendices, I estimate the profits of the three contractors during the past year at the sums noted in the margin, and it is perhaps to be regretted that when the case of the Coimbatore contractors was represented to Government, it was not explained that though they had only succeeded in issuing sufficient spirits

|             | Rs.        |
|-------------|------------|
| Coimbatore* | ... 37,795 |
| Salem ...   | ... 60,182 |
| Tanjore ... | ... 16,912 |

\* In an account supplied to me when this Report was in the press, the contractors of Coimbatore exhibit a profit of less than half the sum here named, which will cause the subsequent calculations made in this paragraph to be even more unfavorable to them than they now appear.



to pay, at the prescribed rate of duty, per gallon, about three-fifths of the guaranteed revenue, they had sold the whole of this quantity at the maximum price of Rs.3-12 per gallon, so that they might well be called upon to pay a duty of say Rs.2-4 per gallon, on their actual issues, instead of only Rs.1-12 per gallon. The effect of their present engagement with Government will, however, have a better financial result, for I much question whether they will succeed in selling more than 130,000 gallons during the second eighteen months of their contract, and upon this they will be required to pay the full guarantee of Rs.4,05,000, being equivalent to a duty of about Rs.3-2 per gallon, on this quantity. Their payments during the whole contract would thus be brought up to about Rs.2-7 per gallon upon the total quantity issued. According to their own accounts, the contractors would be very considerable losers (about four annas per gallon, or say Rs.65,000 in the three years) under such a result, but this is chiefly owing to their expensive system of management. In the Salem district, unless the consumption improves, the sales during the last eighteen months of the contract will only reach about 1,50,000 gallons, upon which the contractors will have to pay the full guarantee of Rs.5,10,000, representing a duty of Rs.3-6-4 per gallon. Their payments during the whole contract would thus be brought up to Rs.2-15-2, per gallon, which, with an average selling price of Rs.4-8 per gallon, would still leave Rs.1-8-10 per gallon in the hands of the contractors for the payment of all costs and charges, which would give them a profit of about Rs.50,000 on the three years results. In Tanjore, the results of the present arrangement, should the consumption remain at the existing figure, or, say at 80,000 gallons for the last eighteen months of the contract, would be the payment of an excise duty of Rs.3-6, per gallon, on this quantity, bringing the total payments during the contract up to Rs.2-11, per gallon, against a selling price of Rs.3-7-7 per gallon, so that if the contractor's account of his costs and charges is correct he would lose an average of six annas and seven pies on every gallon sold by him during the contract, or in all about Rs.65,000. If the consumption in any of these districts should increase, the position of the contractors will be to such extent improved, but it will be seen that even without any such increase the contractors in the Salem district will realize during their contract about Rs.16,500 per annum, representing more than 30 per cent. on a capital of Rs.50,000 which should be ample to work the business in the Salem district.

#### SECTION V.—ALTERNATIVE COURSES AVAILABLE.

12. It is perhaps questionable whether on the introduction of a new system it is advisable to hold the contractors of Coimbatore and Tanjore even to the terms of their new agreements with Government if there appears to be no prospect of the consumption improving, and there is no question that the contractors of the former district have a fair ground of complaint owing to the number of toddy shops having been increased *after* their contract was made. I should be disposed to recommend then that both contractors be released to some extent even from the existing engagements. They might either be permitted to resign their contracts at the close of the second year, *i.e.*, on 30th June next, provided they give notice of their desire to do so before the end of February next, and on the understanding that the full guarantee is to be paid from January to June 1877, as already provided in the agreements now in force, or they might be permitted, for the entire contract, to pay duty, as at present, only upon the actual quantity issued, but he required either to reduce the prices charged for spirits, so as to give the consumption some chance of improving, or to pay duty at rates proportionate to the present prices. It would probably be most convenient to adopt the former mode of relief in the Tanjore district, where prices have not been raised, and where no extension of consumption is likely to result from lowering them, and the latter mode in the Coimbatore district, where the consumption has undoubtedly been affected by the high rates charged. Though the contractors of the latter

district put their present expenses for manufacture, distribution, management and vend at upwards of Rs.1-9 per gallon, if they were entirely remitted from the guarantee, they would probably be willing to reduce the retail selling price to, say Rs.3-4 per gallon, leaving the duty as at present Rs.1-12, and trusting to increased consumption and improved management to reduce their expenditure, so as to enable them to make a small profit on every gallon sold. Should the first-named form of relief be adopted, and the rates of consumption remain as at present, the contractors of Coimbatore would be required to pay the full guarantee of Rs.1,35,000 for the six months ending 30th June next, upon a consumption of about 43,000 gallons, representing a rate of duty of Rs.3-2 per gallon. This would bring up their total payments for duty to a rate of Rs.2-1-6 per gallon, for the two years of the reduced contract, and would give them a small profit of about  $1\frac{1}{2}$ as. per gallon during the whole period.\* In Tanjore the contractors would be required to pay the full guarantee of Rs.90,000 on the 26,000 gallons they would sell between January and June next year, which would represent a duty of Rs.3-7, and would bring up their total payments, during the two years, to Rs.2-5-9 per gallon, which would leave them losers of about six pice per gallon during the two years of the contract. It will of course be understood that neither of the modes of relief here proposed would be applicable to the case of the Salem contractors, as under the present modified contract they will realize some Rs.90,000 during the first eighteen months, and their losses, even without any increase of consumption during the second eighteen months, will not exceed about Rs.40,000. At the same time, I think it in every way advisable from a financial point of view that the enormous increase of price which has taken place in the Salem district, should be reduced at the earliest opportunity possible, in order that some approach may be made to what I am satisfied has hitherto been the normal consumption of the district. I am, moreover, of opinion that this is no less desirable from a moral point of view, for I feel assured, as already stated, that the present reduced licit consumption is supplemented by a considerable illicit traffic which neither the police nor the contractors are competent to cope with.

## SECTION VI.—APPARENT DEFECTS IN THE SYSTEM.

13. The consideration of the cases of these three districts in which the new system has not been successfully worked, leads me to question whether it is generally advisable to leave the contractors so large a margin as one rupee between the minimum and maximum price at which they are permitted to sell. After a careful calculation of the cost of production, distribution, management, and vend of spirits, the Board of Revenue came to the conclusion that as a general rule spirits of a strength of 30° *u.p.*, could be sold without loss at one rupee per gallon, plus whatever might be the rate of excise duty fixed by Government. They accordingly in most cases in which the new system was adopted fixed the minimum price at which spirits might be sold at one rupee beyond the duty, and the maximum price at a rupee higher. Though Mr. T. Prichard is the only one of the European Distillers now under engagements with the Government who has succeeded in approaching this rate of one rupee per gallon, for the manufacture, sale, &c., of spirits, I am quite satisfied that, as a rule, a native distiller's expenditure, for this purpose, is well under this sum. The present toddy contractor of the Tripatore taluk in the Salem district, who for 30 years has been an abkari contractor in a large way, and who is related to the Tanjore family which for many years carried on the largest business of this kind in the Presidency, assured me that he would willingly take up as many districts as the Government would consent to give him, on the new system, but with the understanding that he should pay as duty whatever sum in excess of one rupee per gallon might be fixed as the retail price of spirits in any locality, and stated that under such an arrangement he would make a very fair profit. The figures too in my note on

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\* This would be converted into a considerable loss under the new accounts submitted by the contractors.

the Madura district (Appendix F.) clearly show that unless the several taluk contractors are able to reduce their expenditure below one rupee per gallon, many of them are working at a heavy loss. At the same time it must not be lost sight of in all such calculations that the cost of management and distribution when rated per gallon, must largely depend upon the number of gallons sold, for the gross charge would probably be much the same whether the quantity sold was 50,000 gallons or 100,000 gallons, so that it would be more correct to take into account the probable quantity to be sold when fixing the margin between the duty and the minimum price. In fixing the maximum price at one rupee beyond the minimum, the Board of Revenue, as already explained in para. 10 above, were under the impression that it might be safely left to the contractors to charge such rates as would not check consumption, as it would be against their own interests to do so, and as the provision in the contracts that a minimum sum should be paid as revenue irrespective of the duty paid on issues was also expected to act as a check upon prices.

14. In spite, however, of these supposed safeguards against contractors unduly increasing prices, I find that in nearly every district into which the improved excise system has been introduced, the contractors have charged either the maximum prices, or at any rate such rates as have had the effect of realizing for themselves profits considerably in excess of those obtained in ordinary mercantile transactions, while the Government excise duty, though equal to or in excess of the minimum revenue guaranteed has not been fairly proportionate to the price paid by the public for spirituous liquors. No doubt the profits of the contractors are very much below what they used to be under the old unrestricted farming system, and the Government revenue has been to this extent augmented without any additional burden being placed upon the tax-payer, but it seems to me that as further experience is gained under the new system, further steps should be taken in this direction, for there is no valid reason why persons entering into contracts with Government for the supply and sale of spirits to the public should obtain a larger interest for the

capital invested than persons employed in any other branch of trade. The marginal statement exhibits the average retail prices at which spirits are sold in all the districts in which the new system is in operation, except those of Vizagapatam and Ganjam, compared with the prices formerly charged, and the maximum prices sanctioned under the contracts. The duty charged is also shown, and it will

| Districts.   | Maximum price prescribed |    |    | Average price charged. |    |    | Duty per gallon. |    |    | Balance. |    |    | Average price in 1874-75. |    |    |
|--------------|--------------------------|----|----|------------------------|----|----|------------------|----|----|----------|----|----|---------------------------|----|----|
|              | Rs.                      | a. | p. | Rs.                    | a. | p. | Rs.              | a. | p. | Rs.      | a. | p. | Rs.                       | a. | p. |
| Salem        | 5                        | 0  | 0  | 4                      | 8  | 0  | 2                | 8  | 0  | 2        | 0  | 0  | 3                         | 0  | 0  |
| North Arcot  | 4                        | 12 | 0  | 4                      | 6  | 0  | 2                | 10 | 0  | 1        | 12 | 0  | 3                         | 14 | 10 |
| Neilgherries | 4                        | 8  | 0  | 4                      | 8  | 0  | 2                | 12 | 0  | 1        | 12 | 0  | 4                         | 0  | 0  |
| Chingleput   | 4                        | 4  | 0  | 4                      | 2  | 0  | 2                | 4  | 0  | 1        | 14 | 0  | 3                         | 15 | 3  |
| Bellary Town | 4                        | 4  | 0  | 4                      | 4  | 0  | 2                | 12 | 0  | 1        | 8  | 0  | 4                         | 8  | 0  |
| South Arcot  | 4                        | 0  | 0  | 3                      | 12 | 0  | 2                | 0  | 0  | 1        | 12 | 0  | 3                         | 0  | 0  |
| Tanjore      | 4                        | 0  | 0  | 3                      | 7  | 7  | 2                | 0  | 0  | 1        | 7  | 7  | 3                         | 8  | 0  |
| Coimbatore   | 3                        | 12 | 0  | 3                      | 12 | 0  | 1                | 12 | 0  | 2        | 0  | 0  | 2                         | 14 | 0  |
| Trichinopoly | 3                        | 12 | 0  | 3                      | 12 | 0  | 1                | 12 | 0  | 2        | 0  | 0  | 2                         | 14 | 0  |
| Nellore      | 3                        | 8  | 0  | 3                      | 8  | 0  | 1                | 8  | 6  | 1        | 15 | 0  | 2                         | 14 | 0  |

N.B.—The spirits sold in North Arcot and Salem are 20°u.p., in all others 30°u.p.

be seen that in every district an unnecessarily large margin is left for contractors' and vendors' expenditure and profits. It will also be observed that in all the districts, except Salem and Tanjore, into which the improved excise system has been introduced, without a preliminary trial of the experimental system, the maximum price sanctioned under the contracts has invariably been adopted, and that it has been very nearly approached in Chingleput, South Arcot and North Arcot and Salem.

15. In the three districts formerly managed on the experimental system the retail price of the previous year has been largely increased, and a fall in the consumption has been the invariable result, though it has not been so considerable as to preclude the payment of the minimum guarantees which in these districts have been fixed at somewhat low rates. In the other districts the



| Districts.          | Estimated, or actual consumption in 1874-75 in gallons. | Issues of Spirits in 1875-76. | Contractors' receipts in excess of Rs.1-4 per gallon. |    | Estimated additional Profits at this rate. |
|---------------------|---|-------------------------------|---|----|--|
|                     |   |                               | a.  | p. | Rs.  |
| Salem ... ..        | 163,887   | 100,085                       | 12  | 0  | 75,064                                     |
| North Arcot ... ..  | 119,743   | 109,835                       | 8   | 0  | 54,918                                     |
| Neilgherries ... .. | 18,000  | 13,413                        | 8   | 0  | 16,707                                     |
| Chingleput ... ..   | 42,838  | 37,611                        | 10  | 0  | 23,507                                     |
| Bellary Town ... .. | 51,766  | 49,227                        | 4   | 0  | 12,307                                     |
| South Arcot ... ..  | 77,623  | 72,820                        | 8   | 0  | 36,410                                     |
| Tanjore ... ..      | 70,482  | 52,285                        | 3   | 7  | 11,710                                     |
| Coimbatore ... ..   | 135,795   | 86,390                        | 12  | 0  | 64,793                                     |
| Trichinopoly ... .. | 80,730  | 66,166                        | 12  | 0  | 49,625                                     |
| Nellore ... ..      | 58,306  | 42,000                        | 11  | 6  | 30,188                                     |

consumption has been very much below the estimates given in my General Report, as shown in the marginal statement, and though these may have been somewhat above the actuals, owing generally to a reduced estimate of the toddy receipts having been adopted, there is every reason to suppose that the increase of price which has taken place everywhere, except in Tanjore and Bellary town,

has to some extent affected consumption, and that consequently the Government receipts in the shape of excise duty have been unduly depressed, and the profits of the contractors unduly augmented. This is clearly shown in regard to the North Arcot and Trichinopoly Districts, in Appendices D. and F., and a reference to columns 4 and 5 of the marginal statement will show what these, so to say, "extra profits" of the contractors should have been during the past year, supposing that all of them had been equally successful in manufacture and management, for it is well known that any successful abkarry contractor with a consumption of not less than 20,000 gallons, after allowing for the cost of manufacture, distribution and vend of spirits and for superintendence, will make a considerable profit on every gallon of spirits for which he can realize Rupees 1-4, exclusive of the excise duty, so that all he obtains in excess of this amount may fairly be viewed as extra profit. Though it is true that, as already stated, the receipts of the State during the year have in all districts, except three, reached the guaranteed revenue, and, in several districts have very largely exceeded it, and that they have, moreover, been very considerably beyond the receipts of former years, when the old farming system of management was in force, so that the improved excise system may be said, on the whole, to have proved an unqualified success, as far as it has gone, still, so long as the contractors are enabled under it to realize such inordinate profits as those shown in the statement, it cannot be considered an entirely satisfactory system of management, though no doubt greatly superior to the system which preceded it. At the close of the present contracts, therefore it will probably be worth consideration whether contractors shall be allowed any margin between the minimum and maximum prices, and, perhaps, it may be found advisable to fix absolutely the selling rates in particular localities before calling for future tenders, but no doubt these and other questions which will doubtless arise as further experience is gained of the working of the new system, will be fully considered by the Board of Revenue before the expiration of the present contracts.

16. At the same time I feel sure that I am only expressing the opinion of my colleagues of the Board when I state that they would obtain the very greatest assistance in dealing with all such questions, if the Government would be pleased to reconsider their determination adverse to the employment of a special officer in connection with the abkari. The Board when proposing the new arrangements, urged the permanent appointment of an officer on a salary of Rs.1,500, to be called "Superintendent of Excise," but it would probably be sufficient if such an officer were placed temporarily at the disposal of the Board, say for eighteen months, from the 1st of January next. The excise revenue has more than doubled itself during the past sixteen years, and may, I believe, if carefully developed and regulated, so as to bring about some sort of uniformity of excise duty both on arrack and toddy, be moulded into an equally convenient engine of taxation as the salt

tax; being raised or depressed in accordance with the State necessities. The recent improvements of system are all tending to this desirable result, but I feel confident that these changes will not have a fair trial unless, for a time at least, they are carefully watched by a special officer, who will be able to visit every district of the Presidency, to discuss matters with the district officers, and to explain to them the importance of certain details of excise management, to which unfortunately it has become the habit of the revenue officer to pay but scant attention. My recent tour has quite confirmed all my previous convictions on this point, for I found that in every district many of the instructions of the Board had not been carried into effect, and that several of the conditions of the new excise licenses were, as a rule, not enforced.

## SECTION VII.—THE TODDY REVENUE.

17. As I understood before starting upon my tour that the Government were desirous that I should make some enquiries regarding the toddy revenue, and the results of the recent separation of the toddy and arrack farms, I have obtained such information on the subject as was available in the different districts which I visited, the details of which will be found recorded in the Appendices to this report. I have already expressed my opinion that the separation of the two farms has been an unqualified benefit to the revenue, and I have every reason to believe that it has been an equal advantage to the people, who are now, as a rule, plentifully supplied with a natural and exhilarating beverage, of which formerly they were to a great extent deprived by the native abkarry contractors, in the hope of forcing them to the consumption of the much more deleterious drink—native spirits. A reference to the statements appended to para. 4 above will show that the separation of the two farms resulted in a largely increased revenue in those districts in which the former revenue from toddy

\* The excise revenue of the town of Madras is about 11½ lacs, of which about 3 lacs is derived from toddy.

was accurately known, and in the elicitation of the fact that of a gross mofussil excise revenue\* of about 52½ lacs of rupees, about 19½ lacs, or a good deal over one-third, is derived from the tax upon this hitherto much neglected article of consumption. As this revenue is let in farm, talukwar, in every district, it is impossible, without very much more detailed enquiries than I have been able to undertake, to ascertain either the mode in which the different farms are managed, the quantity of toddy consumed in each, or the excise duty, per gallon, which is paid in the shape of the farm rentals. Supposing, however, that the average net profit, per gallon, is three annas, which is said to be the rate in the town of Madras and in the district of Chingleput, the consumption throughout the Presidency must amount to at least twelve million gallons to admit of the present revenue being paid, and a small profit being obtained by the renters. This quantity would represent a consumption of about two-fifths of a gallon per head, per annum, throughout the whole population of the Presidency. It will be seen from the details given in the Appendices that in several farms the net receipts, per gallon, are a good deal in excess of three annas, consequently if any uniform system of management could be devised, it would probably be found feasible to raise the average receipts beyond this figure, and so to increase the revenue by a very considerable sum. Even under the present system of triennial farms, however, there is every reason to suppose that the present revenue under this head will be very considerably augmented at the close of the present contracts, for the enormous profits which have been made in many of the farms cannot fail to become generally known, and will have the effect of largely raising the rents at the next auction.

18. Such details as I have been able to obtain of these profits, as well as of the consumption and net receipts, per gallon, in each locality which

I visited, are given in full in the Appendices, together with the calculations

| Taluk.           | Toddy Rental. | Payments made to Renter or Sub-Renter by Under-renters or Shop-keepers. | Profits. | Net Receipts per gallon. | Consumption per head per annum. |
|------------------|---------------|---|----------|--------------------------|---------------------------------|
|                  | Rs.           | Rs.   | Rs.      | a. p.                    | Gallons.                        |
| Coimbatore.      |               |   |          |                          |                                 |
| Coimbatore -     | 34,050        | 45,000  | 10,950   | 3 9                      | 881                             |
| Erode -          | 16,150        | 28,000  | 11,850   | 4 0                      | 397                             |
| Caroor -         | 3,050         | 8,000   | 5,000    | 2 6                      | 291                             |
| Dharaporam -     | 4,060         | 9,000   | 4,940    | 3 0                      | 251                             |
| Bhowani -        | 3,020         | 3,500   | 480      | 1 0                      | 577                             |
| Sattiamangalam - | 14,000        | 23,000  | 9,000    | 2 0                      | 176                             |
| Pulladum -       | 5,700         | 9,156   | 3,456    | ...                      | 333                             |
| Pollachy -       | 3,000         | 8,000   | 5,000    | 3 0                      | 285                             |
| North Arcot.     |               |   |          |                          |                                 |
| Gudiatum -       | 20,110        | 19,965  | ...      | ...                      | ...                             |
| Vellore -        | 15,910        | 19,921  | 4,011    | ...                      | ...                             |
| Wallajah -       | 14,500        | 19,815  | 5,315    | ...                      | ...                             |
| Arcot -          | 10,990        | 15,665  | 4,675    | ...                      | ...                             |
| Wandewash -      | 3,110         | 9,504   | 6,394    | ...                      | ...                             |
| Polur -          | 4,510         | 4,852   | 342      | ...                      | ...                             |
| Tanjore.         |               |   |          |                          |                                 |
| Seven Taluks -   | 2,71,000      | 4,15,000  | 1,44,000 | 5 0                      | 763                             |
| Titrapundi -     | 19,000        | 27,458  | 8,458    | 2 3                      | 1.36                            |
| Trichinopoly.    |               |   |          |                          |                                 |
| Trichinopoly -   | 35,050        | 49,400  | 14,350   | 3 0                      | 669                             |
| Museri -         | 1,650         | 7,174   | 5,524    | 4 0                      | 112                             |
| Kulitallai -     | 2,030         | 5,011   | 2,981    | 3 6                      | 101                             |

undertaking. It will also be noticed that the consumption, per head, seems to vary very largely in every locality, and that the renters' net receipts, per gallon, are by no means uniform.

19. It remains to be ascertained whether there are any special reasons for these variations, and whether it would not be feasible to take some uniform sum as tax upon the liquor, both to the benefit of the revenue, and of the consumers. Such a course would not of course be possible under the present system of management, which leaves it to the renters to charge such retail rates, in excess of the minimum, as they please; but it may be worthy of consideration whether the plan of leaving the farms in the hands of a single monopolist, on payment of ten per cent. of his net receipts, which has worked with such marked success in the Chingleput district, might not with advantage be still further extended at the close of the present contracts. In any case, the first step to be taken is to ascertain with some sort of accuracy what is the actual consumption of every locality, and what are the retail prices charged to the public. Under the present licenses the shopkeepers are required to keep accounts showing these details, but, inasmuch as most of them are very illiterate persons, generally unable to read or write, and quite unable to keep any sort of accounts, this condition of the license is practically a dead-letter; but the same result might be attained if the Board of Revenue issued a rule under clause 6 of the Toddy Licenses, requiring all renters and sub-renters to submit a monthly account giving the information required for each shop in their rent or sub-rent, as the case might be. The renters and sub-renters would have no difficulty in complying with the rule, as the accounts which they now keep with their shopkeepers would supply the necessary materials. In connection with the subject of the toddy revenue, I took occasion during my tour to ascertain the views of the local officers regarding the present rule prohibiting the use of toddy tax-free for domestic consumption. The general opinion seems to be that no great hardship is caused by the rule, and that any relaxation of it would lead to a general system of smuggling which could not but prove disastrous to the revenue. There is no more cogent reason why the owner of land growing toddy-yielding trees should be allowed to use tax-free liquor than that the owner of land growing opium should be exempt from the Government duty

upon which my estimates are based. The marginal statement shows these particulars for some of the taluks of four districts, and it will be seen that if my calculations are at all correct, the renters' profits are everywhere very considerable, and in the Tanjore district especially so. This, however, was to be expected, as the purchaser of the rents of seven taluks was an old abkarry renter of the district of great wealth and influence, and he no doubt succeeded, to some extent, in checking competition for the farms, and thus securing to himself an unduly large profit from his



on the drug, supposing the exigencies of the State to require the imposition of the tax in both cases.

## SECTION VIII.—COUNTRY BEER AND BRITISH SPIRITS.

20. In conclusion, I would desire to draw the attention of Government to the manufacture of country beer, and to the importation of British spirits of inferior quality, as no doubt the abkarry revenue is already to some extent affected thereby. It is acknowledged under the fiscal systems of most European countries that the duty upon wholesome beer should be more favorably rated than the duty upon spirits, in order that the consumption of the less injurious beverage may be encouraged. Hence it is found that the duties charged are not in proportion to the alcoholic strength of beer, as compared with spirits. The same course has been followed in India as regards import customs duties, for beer is charged at the rate of one anna per gallon, against proof spirits at the rate of Rs.4, per gallon, though the beer usually imported contains about 7 to 8 per cent. of alcohol. A reference to even the lowest rates of duty charged upon country spirits in the several districts, will also show that European beer is everywhere admitted into the market at a specially favorable rate with reference to its alcoholic strength. I confess that it appears to me that the policy which has been hitherto adopted in this matter is correct, and that it would be a mistake to raise the duty upon imported fermented liquors in the interests of our abkari revenue from spirits, but the case of inferior European spirits is altogether different, and the effect of their importation upon our local spirit revenue should be carefully watched. I am disposed to think, however, that the reasons in favor of imposing a light duty upon imported beer apply with equal, if not greater force, to the case of country-made beer, especially at the present juncture, when the state of the exchange with Europe, renders it in the highest degree desirable that all local manufactures of any article of general consumption should be liberally encouraged. I understand that the recent orders raising the duty on country-made beer from one to four annas, per gallon, have had a disastrous effect upon the manufacture, and after a perusal of the correspondence which has taken place upon the subject, I hardly think that it has been sufficiently clearly established that the beer brewed upon the Hills "is not worthy of encouragement as a wholesome or genuine beverage." Some years back, I ascertained from the Financial Commissioner of the Punjaub that no duty was charged upon the beer brewed by the Murree Brewery Company, as it was the wish of that Government to give every encouragement to the new enterprise, and I observe it stated in the correspondence that no duty beyond the license fee is charged upon country beer in the Bombay Presidency. The Murree Brewery now supplies to the Commissariat a considerable proportion of the beer consumed by the European troops in the Punjaub, and I believe that the climate of the Neilgherries affords special facilities for brewing, which, if properly developed, might secure an equally satisfactory result in this Presidency. Nearly thirty years ago the late Colonel Ouchterlony drew attention to the subject of brewing on the Neilgherries, and reported that he had himself brewed several casks of excellent beer, without a single failure, and that it had been highly approved of by many persons who had tasted it. He, at the same time, explained that the barley grown on the Hills was of such inferior quality that the malt made from it yielded but a very small proportion of saccharine matter, and that it therefore became necessary to add raw sugar to the malt, in order to produce a wort of the proper strength. No doubt many of the alleged defects of the beer now brewed on the Hills is owing to the brewers allowing too large an admixture of sugar with the malt, but there seems to be no valid reason why what was successfully accomplished by Colonel Ouchterlony in 1848 should not be carried out with equal success at the present time. The late increase of the duty on the beer by 75 per cent, however, is certainly not calculated to forward such a result, and I think that the former rate might well be reverted to, provided

that the rules regarding the materials from which the beer shall be manufactured are strictly enforced.

21. While then I would recommend the encouragement of the consumption of a wholesome country-made beer, even though such a course might to some extent affect the revenue from country spirits and toddy, I would strongly urge that early steps be taken against permitting the inferior imported spirits to come into general consumption to the displacement of the improved country spirits which are now being manufactured and sold under the new excise system. It has been stated by Messrs. Parry and Co. that a cheap common spirit of proof strength, made from potatoes, but called brandy, can be purchased in bulk, in bond, at Madras, at from a rupee-and-a-quarter to a rupee-and-a-half per gallon, and that such spirits are every year finding a larger market in India. Spirits of this quality could be sold, including the customs duty of Rs.4 per gallon of proof, at Rs.12 per dozen, with a fair profit, or if reduced to 20° *u.p.* the price might be reduced to Rs.9-9-9 per dozen, or Rs.4-12-10 per gallon, so that in many districts they might well compete with the country spirits. It has been ascertained that the high prices which the Sudr distillery monopolists in the Province of Coorg have placed upon the country spirits distilled by them has had the effect of largely increasing the consumption of cheap brandy among the Hill population, and similar results may be expected in this Presidency, unless the subject is carefully kept in view by all revenue officers. The number of licenses for the sale of European liquor has, I believe, considerably increased of late years throughout the country, and brandy, gin, and whisky, of inferior quality, is generally consumed to some extent in all large towns, though Madura was the only town I visited, in which such liquors were sold by the dram. The shop license requires that full details of the quantity sold, and the prices charged shall be supplied to the officers of excise, and, for the present, this will probably be a sufficient check, but it will be advisable that Collectors should be directed carefully to scrutinize these returns, to test them by occasional and unexpected visits to shops, and to bring to the notice of the Board any considerable increase in the consumption which may be observed.

## APPENDIX A.

### COIMBATORE DISTRICT.

#### ARRACK REVENUE.

The Coimbatore District was not included by the Board of Revenue in the list of those recommended for the introduction of the improved excise system, because it was known that it had for many years been managed throughout on the sub-renting system, which involved the possession of a Still by almost every shopkeeper, a state of matters which would necessarily have rendered it highly probable that illicit distillation would take place under the new system, which requires all spirits to be manufactured at a central distillery.

2. In consequence, however, of an application having been received to that effect, tenders were, under the orders of Government, invited for a three-years' contract, under the new system, some time after the toddy farms had been sold. The duty on spirits, 30° *u.p.* was fixed at Rs.1-12-0 per gallon, which had been settled as the rate of duty in the adjoining districts of Salem and Trichinopoly, and the minimum price per gallon was placed at Rs.2-12-0, the maximum being Rs.3-12-0. Five tenders were received guaranteeing, at this rate of duty, a minimum payment to Government. The lowest offer was Rs.1,70,000 representing an estimated sale of 97,142 gallons; and the highest Rs.3,05,000 representing an estimated sale of 1,74,285 gallons. In view, however, to the character and competency of the tenderers, the Board of Revenue accepted the offer of Messrs. Lecot and Saravanamuttu Pillay, guaranteed by Messrs. Arbuthnot and Co., which amounted to Rs.2,70,000, representing a sale of 154,285 gallons, and which was the highest tender save one.

3. The contractors entered upon their undertaking on the 1st July 1875, and after six weeks' experience, obtained permission to issue a certain quantity of their liquor at 20° *u.p.* at the proportionate duty of Rs.2-0-0 per gallon, and to sell it at from Rs.3-0-0 to Rs.4-0-0 per gallon, as they had received frequent complaints from certain quarters that their liquor was inferior, and weaker than that formerly sold. They also desired to be permitted to sell Colombo Arrack at a similar rate of duty, as it was said to be in demand in the town of Coimbatore and other places, but as under the Imperial Customs Act this spirit is liable to an import duty of Rs.4-0-0 per gallon of proof, the Board of Revenue were unable to comply with their request.

4. It has been stated that, in order to fulfil the guarantee it was necessary that the contractors should sell 154,285 gallons of liquor at 30° *u.p.* per annum, proportionately reduced, of course, by any quantity of liquor which might be sold at 20° *u.p.* It will be convenient, however, in all future calculations to reduce all sales at the latter strength to the former denomination. This annual quantity represented an average monthly sale of 13,000 gallons, and when, after three months' experience, the contractors found that their sales never reached 8,000 gallons, they complained that their business was interfered with by the numerous toddy shops which had been opened since they entered into their contract, and begged that they might be closed. To this, however, the Collector and Board of Revenue objected as the number of sanctioned toddy shops was still little more than 50 per cent. of the sanctioned arrack shops, and not more than the convenience of the public required. Eventually on a reference to Government, the contractors were allowed the option of cancelling their agreement, at the close of the first year (*i.e.* on the 30th June 1876), or of paying the duty only on the issues during the first 18 months of the contract, the full guarantee of Rs.2,70,000 per annum being paid for the remaining 18 months. The contractors have accepted the latter alternative, and as their issues during the first year of the contract, ending on 30th June last, amounted to only 66,761 gallons of spirits at 30° *u.p.*, and 17,176 gallons, at 20° *u.p.*, their payments of duty have amounted to only about Rs.1,50,000, instead of Rs.2,70,000, thus resulting in a loss to Government of nearly Rs.1,20,000.

5. The total sales during the past revenue year ending on 30th June 1876, reduced to 30° *u.p.* amounted to 86,390 gallons, or .049 of a gallon per head. The marginal statements exhibit the monthly sales for the whole district, and the annual sales in each taluk. There were 46 depots for the receipt and issue of liquor in the district, and every portion of it was within a convenient distance of some depot, so that any demand for spirits was fully met. It will be seen that in the Taluks of Coimbatore, Collegal, and Bhowani, the consumption is fair, that it is moderate in Caroor, Suttiamangalum, Pollachy and Oodumulpettah, and very low in Erode, Pulludum,

| Sales in 1875-76. |          |        |          |        |        |
|-------------------|----------|--------|----------|--------|--------|
| July.             | August.  | Sept.  | October. | Nov.   | Dec.   |
| 7,377             | 7,313.   | 7,275. | 8,559.   | 7,792. | 7,791. |
| January.          | February | March. | April.   | May.   | June.  |
| 8,024             | 6,619.   | 6,230  | 5,817.   | 6,586. | 7,001. |



and Dharapuram. The Collegal figures show clearly that no advantage would be gained by increasing the number of distilleries. Though it is certainly the most inaccessible taluk in the District in consumption it is only second to Coimbatore.

| Taluk.               | Sales in gallons reduced to 30° u.p. in year 1875-76. | Annual consumption per head in gallons. |
|----------------------|---|---|
| Coimbatore .....     | 27,318  | ·112                                    |
| Pulladam .....       | 5,889   | ·024                                    |
| Pollachy .....       | 7,828   | ·046                                    |
| Erode .....          | 6,657   | ·028                                    |
| Bhowani .....        | 5,086   | ·052                                    |
| Caroor .....         | 8,520   | ·048                                    |
| Dharapuram .....     | 4,320   | ·019                                    |
| Sattiamangalam ..... | 7,808   | ·046                                    |
| Oodumulpettah .....  | 4,989   | ·040                                    |
| Collegal .....       | 7,989   | ·036                                    |

6. The retail price to the public was invariably the maximum permitted by the contract, i.e., Rs.3-12-0 per gallon for spirits 30° u.p., and Rs.4-0-0 per gallon for spirits 20° u.p. The contractors have not yet supplied accurate details of their expenses during the year, but

|  | Per Gallon. |
|--|-------------|
| Jaggery, Bark, Firewood, and Distillery establishment - - - - -        | 0 10 4½     |
| Carriage - - - - -   | 0 1 2½      |
| Govt. Excise estab. and depreciation of stores and machinery - - - - - | 0 0 10½     |
| Total Rs.  | 0 12 5½     |

from the figures submitted, it appears that the cost of the liquor was: as shown in margin, but to this has to be added upwards of 8as. per gallon for cost of office and taluk establishment, and a further charge of about 1a. 4p. per

gallon, for sundries. The gross cost is thus raised to nearly Rs.1-5-9½ per gallon, and allowing a further sum of 4as. per gallon for salesman's commission, which appears to be about the average, the cost of each gallon to the contractor may be put down at Rs.1-9-9½, but inasmuch as one-fifth of the spirits to which these figures refer were 20° u.p., the cost of liquor 30° u.p. may be estimated at Rs.1-9-0. If to this be added Rs.1-12-0, the Government excise duty, it will be seen that 7as. remain out of the retail price as the contractor's profit, which, at this rate, would amount to a sum of Rs.37,795 on the consumption of the year 1875-76. The cost of manufacture, distribution, and management, amounted in 1874-75 to 14as. 8p. in the Chingleput District, and to Rs.1-3-0 in the North Arcot District, but as this latter figure refers to liquor 20° u.p., it should be reduced to Rs.1-1-5 for the lower strength of 30° u.p. There seems to be no reason why these charges should be higher in Coimbatore than in North Arcot, the population and area of the two districts being very similar, so that the contractors in the former district should have realised 10½as. per gallon, which would have brought their profits up to upwards of Rs.56,000.

7. In order to have paid up their guarantee, the contractors must have sold during the year 154,285 gallons or ·092 of a gallon per head. In the original estimate, which appears in my General Report, I put the arrack consumption of the district at 135,000 gallons, at an average retail price of Rs.3 per gallon, but I arrived at this figure on the supposition that only one-sixth of the old rent appertained to toddy. It would appear from the late separate sales of the toddy rents that probably one-fourth would have been a more proper deduction on this account, and in such

| Taluks.          | Dowle in Gallons. | Actual Sales. | Estimated normal consumption by Saravana Pillay. |
|------------------|-------------------|---------------|--|
| Coimbatore - -   | 33,870            | 27,318        | 30,000   |
| Pollachy - - -   | 9,000             | 7,828         | 10,000   |
| Oodumulpettah -  | 9,000             | 4,989         | 7,500  |
| Dharapuram - -   | 8,280             | 4,320         | 6,500  |
| Palladam - - -   | 16,000            | 5,889         | 12,000   |
| Sattiamangalam - | 16,200            | 7,808         | 12,000   |
| Collegal - - -   | 7,200             | 7,989         | 9,000  |
| Erode - - - -    | 11,100            | 6,657         | 12,000   |
| Caroor - - - -   | 9,756             | 8,520         | 9,000  |
| Bhowani - - -    | 9,000             | 5,086         | 7,000  |
| TOTAL...         | 129,406           | 86,390        | 115,000  |

case the estimated consumption of arrack would have been reduced to 110,000 gallons. At the commencement of their contract, the present contractors obtained engagements, or dowles, for the sale of spirits in the several taluks, to the amounts noted in the margin, but none of the dowledars, except those of the Collegal Taluk, fulfilled their engagements, and the contractors were compelled to reduce the quantities agreed for. The third column of the marginal statement gives an estimate of what Saravanamuttu Pillay, who is now joint-contractor with Messrs. Arbuthnot and Co., considers to be the normal consumption of the District in an average season. It will be noticed, that it is just 5,000 gallons beyond what I have shown above should have been the original estimated consumption, and would

represent ·064 of a gallon per head, which is almost precisely the same as the present consumption in the North Arcot District.

8. It remains to consider why the consumption of the past revenue year should have been only 86,390 gallons. Undoubtedly the main reason for the decrease has been the increase of the retail price from an average of Rs.3 to Rs.3-12-0, per gallon, being a rise of no less than 25 per cent. The season too has not been a prosperous one, and the development of the toddy traffic by the separation of the arrack and toddy farms, has also no doubt operated to some slight extent in the same direction. It is also probable that dilution of the liquor takes place to some extent, (though it was at the full strength at all shops examined by me), for it is hardly likely that in former years an equally pure and strong spirit was sold, and there would therefore be a strong temptation to the shopkeepers to dilute and so increase their profits, and moreover though very few cases of smuggling or illicit distillation have been discovered, it is hardly possible to suppose that the shopkeepers do not supplement the liquor supplied by the contractor from the Stills which they had in use during the previous year.

## TODDY REVENUE.

9. The toddy farms of the District, though estimated to be worth something less than

| Taluks.          | Toddy Rental. | Consumption in Gallons as estimated below. | Annual consumption per head in gallons. |
|------------------|---------------|--|---|
| Coimbatore - -   | 34,050        | 2,13,000                                   | ·876                                    |
| Pollachy - - -   | 3,000         | 48,000                                     | ·285                                    |
| Oodumulpettah -  | 320           | ...  | ...                                     |
| Dharapuram - -   | 4,060         | 54,000                                     | ·248                                    |
| Pulladam - - -   | 5,700         | 80,000                                     | ·333                                    |
| Sattiamangalam - | 14,000        | 29,999                                     | ·176                                    |
| Collegal - - -   | 7,550         | ...  | ...                                     |
| Erode - - - -    | 16,150        | 92,000                                     | ·394                                    |
| Caroor - - - -   | 3,050         | 51,000                                     | ·289                                    |
| Bhowani - : -    | 3,020         | 50,000                                     | ·512                                    |
| TOTAL...         | 90,900        |  |   |

Rs.60,000, realized, when sold by auction for a three years' contract, Rs.90,900 per annum, as shown in the margin. From information obtained too, it seems that even this sum is very much below their proper value. It is asserted that the Coimbatore Taluk farm has been sublet for Rs.42,000, and that the sub-renters realize no less than Rs.50,000. On the other hand, the Tahsildar reports that the Renter retains 48 out of 78 shops which are opened in the taluk in his own hands, and that he rents the remaining 30 at about Rs.500 per mensem. Of those retained in his own management, 30 are in the hands of shopkeepers, who undertake to dispose of 7,100 gallons of toddy per mensem, and to pay the renter an average of 5as. 8p. on every gallon sold. Supposing 4as. 6p. of this to be clear profit, the renter's receipts from these 30 shops would be about

Rs.2,000 per mensem. His receipts, exclusive of the 18 shops in his own hands, would thus amount to Rs.2,500 per mensem, or Rs.30,000 per annum, and as no doubt these shops are much the best in the farm, the estimate of Rs.50,000 as total receipts is not probably very excessive. As toddy is sold on the average at 4 $\frac{3}{4}$ as. per gallon and as the charges may be put down at 1a. per gallon, this figure would represent a consumption of 213,000 gallons of toddy per annum, being about ·870 of a gallon per head.

10. The toddy renter of the Erode Taluk is said to have sub-rented the farm at Rs.23,000, or at a profit of Rs.6,850 per annum, and the sub-renter is stated to have under-rented it for no less than Rs.33,000. The amount of the sub-rent is corroborated by the Tahsildar's report, and as the rented shops (102 out of 116 open) realize according to the sub-renter, Rs.18,069, it is probable that the fourteen which he keeps in his own hands, and which are the most profitable in the taluk, bring him in sufficient at any rate to raise his receipts to say Rs.28,000. As toddy sells at 5as. per gallon, 4as. may be viewed as net receipts, which, at the above figure, would give an annual consumption of 92,000 gallons, or ·394 of a gallon per head of population.

11. The Caroor taluk is said to have been sub-rented for Rs.6,000, and the Tahsildar puts the figure at Rs.5,800. The sub-renter, however, reports that he only succeeded in realizing Rs.3,512 for 1875-76, but for the next two years he has agreed with under-renters for 29 shops at an annual payment of Rs.6,483, and has retained in his own hands three shops in Caroor town, and three others, so that his receipts may well be estimated at Rs.8,000. As toddy is sold on the average for 3 $\frac{1}{2}$ as. per gallon, and 1a. may be estimated for costs and charges, the balance 2 $\frac{1}{2}$ as. would give a consumption of 51,000 gallons in the taluk, or ·289 of a gallon per head.

12. The Dharapuram taluk was said to be sub-rented for Rs.6,300, and this is fully corroborated by the Tahsildar. So far as is known the sub-renters have let 46 shops for an annual rent of Rs.3,773, and supposing the remaining 70 shops to be disposed of at similar rates, their receipts would reach about Rs.9,000 per annum, representing an annual consumption of 54,000 gallons, (or ·248 of a gallon per head) as toddy is sold at an average of 4as. per gallon, of which 3as. may be viewed as net receipts.

13. In the Bhowani Taluk the contract does not appear to have been sub-rented. The Tahsildar states that the renter has disposed of all the shops of the Taluk to the shopkeepers, for a gross payment of Rs.2,971, but has retained two shops in Bhowani Town under his own management. Supposing him to derive from them Rs.529, his gross receipts would be Rs.3,500 or about Rs.430 beyond his rent, and would represent a consumption of 50,000 gallons, or ·512 a gallon per head as toddy is sold at 2as., per gallon, of which 1a. must be deducted for expenses.

14. The Pulladam renter has sub-rented 50 shops at Rs.7,031 per annum, and retains six in his own hands. In these six shops he sold about 17,000 gallons in 1875-76, at a net profit of 2as. per gallon, so that his receipts must have been Rs.9,156, against a rent to Government of Rs.5,700, leaving him a net profit of Rs.3,456 per annum. The consumption of the taluk may be roughly estimated from these figures at 80,000 gallons per annum, or ·333 per head. In the Pollachy Taluk the renter has sub-rented 26 shops for Rs.4,080 per annum, and retains 27 in his own hands, so that his total receipts may well be estimated at Rs.8,000, against a rental of Rs.3,000 per annum. As toddy appears to be sold in this Taluk at four annas per gallon, three annas will be net receipts, which divided into, say, Rs.9,000 (allowing Rs.1,000 for sub-renters' profits), would give a consumption of 48,000 gallons, or ·285 per head per annum.

15. The sub-rents of the Sattiamangalam taluk are said to amount to Rs.18,000, against a rent of Rs.14,000, and the sub-renters are reported to realize Rs.23,000, which would represent a consumption, at a net profit of two annas a gallon, of 29,999 gallons, or only ·176 per head. In the Oodumulpettah taluk, it is reported that Rs.3,500 have been realized on a rent of Rs.320, but this is not corroborated by the Tahsildar. No information has been received in regard to the Collegal taluk.

## APPENDIX B.

### SALEM DISTRICT.

#### ARRACK REVENUE.

1. The Salem district was selected by the Board of Revenue as a suitable one for the introduction of the improved excise system, as it was known that under the old farming system most of the taluks had been managed on a somewhat similar plan by former renters, inasmuch as they had manufactured nearly all the spirits required for each taluk at a central distillery, under their own superintendence, and had supplied them to the vendors on the dowlé system, *i.e.*, the vendor who undertook to sell the largest quantity of liquor per mensem, was given the license for any particular locality, and he paid for the liquor to the renter, as soon as he received it, recouping himself as he sold it to his customers. Tenders for the monopoly of the sale of arrack for three years on the new system were invited early in 1875, and the duty on spirits was fixed at Rs.1-12-0 per gallon for 30°*u.p.*, and Re.1-0-0 per gallon for 60°*u.p.*, and the maximum and minimum prices were to be Rs.3-12-0 and Rs.2-12-0 per gallon for the former spirit, and Rs.2-4-0 and Rs.1-8-0, per gallon for the latter. Seven tenders were received, ranging from Rs.2,80,000 to Rs.3,01,500 per annum, and an eighth from Messrs. Wilson and Co., for Rs.3,41,000, which was accepted.

2. This firm thereupon made an offer to take the toddy rents of the district at the upset annual price of Rs.64,000, but their offer was declined, and these farms afterwards fetched at auction an annual rent of nearly Rs.1,40,000, though owing to the failure of the purchaser of the Salem taluk farm this sum has now been reduced to Rs.1,27,730. The contractors then requested that they might be permitted to sell all spirits at 20°*u.p.* instead of 30°*u.p.*, and to pay the duty of Rs.2-8-0 per gallon, as they feared that they would be unable to make up the guarantee at a duty of Rs.1-12-0 on spirits 30°*u.p.*, as they anticipated that the consumption of the district would be considerably below the estimate, and that the competition of the toddy sellers, who had paid such high prices for their farms, would still further reduce the sales. The Board consented to their proposal, and fixed the minimum and maximum prices to be charged for spirits of 20°*u.p.* at Rs.3-8-0 and Rs.5-0-0.

3. Messrs. Wilson & Co. entered upon their undertaking at the beginning of July 1875, and early in August they complained of the large increase in the number of toddy shops, which had taken place since they made their tender. It appeared on enquiry, however, that the number had been increased in two taluks only, and that even there they were only sufficient to meet the requirements of the public, so that Messrs. Wilson & Co.'s request that the number of shops might be reduced was eventually rejected. In order to fulfil their guarantee, it was necessary that Messrs. Wilson and Co. should sell upwards of 11,000 gallons of spirits per mensem, and when, at the expiration of the tenth month, they found that their sales had averaged considerably less than 9,000 gallons per mensem, they again petitioned the Collector upon the subject of the toddy traffic, to competition with which they ascribed their reduced sales.

4. On reference to the Board of Revenue, they observed that the question had been already disposed of, and that moreover although 1,593 toddy shops had been sanctioned, only 760 had been opened, a number not in excess of those in existence in previous years. The Board nevertheless submitted the case to Government, as special relief had already been given to the arrack contractors for the Coimbatore district, who held that farm on conditions similar to those of Messrs. Wilson and Co. The Government, under all the circumstances of the case, resolved to accord to Messrs. Wilson and Co. the same terms as those which had been accepted by the contractors of the Coimbatore district, so that they are now required to pay duty on their actual issues only for the first eighteen months of their contract, *i.e.*, up to 31st December 1876, but are bound to pay up the full annual sum guaranteed in their tender for the remaining eighteen months. As Messrs. Wilson and Co., deducting wastage, are only liable for the duty on 100,025 gallons during the revenue year ending 30th June, 1876, their payments will amount to Rs.2,50,062 only, instead of Rs.3,40,000 the sum guaranteed by them, so that the Government will be a loser by about Rs.90,000.

5. The marginal statements show the monthly issues for the whole district during 1875-76,

and the annual sales in each taluk of the district, with the consumption, per head, compared with that arrived at after my detailed enquiries in the district in 1872. There are forty-five depots in the district, and every taluk is fully supplied with spirits. It will be observed that Messrs. Wilson and Co. have been specially unsuccessful in Trichengode and Namcul, but this was to be expected as the sub-renting system had been in force in those taluks under the old contract, and every shop-keeper had distilled his own liquor. Though the consumption given in my former report was

| <i>Sales in each Month.</i> |         |        |          |        |        |
|-----------------------------|---------|--------|----------|--------|--------|
| July.                       | August. | Sept.  | October. | Nov.   | Dec.   |
| 16,116.                     | 8,334.  | 9,016. | 9,053.   | 7,033. | 9,379. |
| Jany.                       | Feby.   | March. | April.   | May.   | June.  |
| 8,663.                      | 8,741.  | 6,630. | 7,391.   | 6,747. | 8,211. |



| Taluks.          | Sales at<br>20° u.p.<br>for<br>1875-76. | Con-<br>sumption<br>per head. | Estimated<br>sales in<br>1872-73<br>reduced to<br>20° u.p. |
|------------------|---|-------------------------------|--|
| Salem ...        | 34,293                                  | ·084                          | 37,125   |
| Trichengode ...  | 5,725                                   | ·023                          | 16,500   |
| Namkul ...       | 7,318                                   | ·026                          | 14,300   |
| Kistnagherry ... | 7,979                                   | ·047                          | 12,187½  |
| Oossoor ...      | 7,446                                   | ·038                          | 19,000   |
| Tripatur ...     | 9,300                                   | ·048                          | 15,750   |
| Utangherry ...   | 8,090                                   | ·053                          | 6,562½   |
| Ahtoor ...       | 8,591                                   | ·052                          | 8,125  |
| Darampoory ...   | 9,802                                   | ·052                          | 12,325   |
| Total ..         | 98,544                                  | ...                           | 1,41,875   |

46,000 gallons were sold at Rs.4 per gallon, and only 3,400 gallons at Rs.3-12. On half the entire quantity sold a commission of two annas per gallon was allowed to the shopkeepers, and only one anna per gallon on two-thirds of the remainder, but in some places three annas, four annas, and six annas was allowed on small quantities, so that the average commission on the whole is raised to two annas per gallon.

6. So far as can be gathered from the figures supplied to me by Messrs. Wilson

|  |       |      |
|--|-------|------|
| Cost of production ...   | Rs.12 | 1    |
| Establishment, interest on capital,<br>wear and tear, etc. ... | 5     | 3    |
| Taluk establishment, and cost of<br>distribution (average) ... | 2     | 8    |
|  | Rs.1  | 4 0  |
| Shopkeepers' commission ...                                    | 0     | 2 0  |
| Government duty ...  | 2     | 8 0  |
|  | Rs.3  | 14 0 |

|   |           |      |
|---|-----------|------|
| 46,715 gallons at ... Rs.1-2            | Rs.54,804 | 6 0  |
| 46,428 „ „ „ As.2                       | 5,803     | 8 0  |
|   | 60,607    | 14 0 |
| Deduct 3,400 gallons at<br>2 annas... „ | 425       | 0 0  |
| Net Profits...                          | 60,182    | 14 0 |

and Co.'s Agent at Salem, their costs and charges per gallon amount to the sum shown in the margin. The sales were 48,715 gallons at Rs.5, 46,428 gallons at Rs.4, and 3,400 gallons at Rs.3-12, so that Messrs. Wilson and Co.'s profits have been Rs.1-2 per gallon on the first-named quality, two annas per gallon on the second, and they have lost two annas per gallon on the third, as noted in the margin, leaving their net profit on the year at Rs.60,182-14. In their return of Receipts and Disbursements for the year, submitted to the Collector, Messrs. Wilson and Co. have put their net profits at only Rs.36,929, but in their statement of disbursements several items are entered which cannot be admitted,—for instance, two sums of Rs.14,090 and Rs.11,684, amounting together to about four annas per gallon on their issues, are charged for depreciation of buildings and stores, and as interest on capital employed. A sum of Rs.2,50,062 is also entered as duty paid to Government, and no corresponding entry is shown on the credit side for the balance of some 5,000 and odd gallons, the duty on which is included in this sum, but which have not yet been sold to the public, and for which Messrs. Wilson and Co. will receive from

Rs.20,000 to Rs.25,000 without incurring any further charge, except two annas for commission to shopkeepers. I should suppose too that a capital of Rs.20,000 was ample to work a business of this kind with such rapid returns, and that 15 per cent. would be sufficient to allow for depreciation of buildings and stores, so that about Rs.7,000 per annum should cover both charges, or one anna per gallon instead of four annas. On the whole, I consider that my estimate of Rs.60,000 as the contractors' profits during the past year is decidedly within the mark.

7. In order to have paid their guarantee, Messrs. Wilson and Co. should have sold 136,000 gallons, giving a consumption of ·069 per head, instead of 98,544 gallons, which gives a consumption of only ·049 per head. In my detailed report on this district, I estimated the consumption at 187,000 gallons of the inferior liquor which I then found in use, or at 141,875 gallons of liquor 20° u.p., as shown in the statement attached to para. 5 above. In the early part of their contract, Messrs. Wilson & Co. succeeded in securing agreements from the shopkeepers in about two-thirds of the district, guaranteeing a sale of 111,125 gallons in the year, which would have brought up the total sales of the district to the figure just named, but unfortunately every one of the dowladars failed in their undertaking, and the actual sales made by them amounted to only 63,095 gallons. I see no reason whatever to doubt that the main reason why the full quantity was not sold during the present contract was the considerable increase of price which has everywhere taken place, though no doubt, as in Coimbatore, the bad season and the development of the toddy traffic have also affected consumption to some extent. If, however, the contractors had been satisfied with a profit of two annas per gallon, which they could have obtained by fixing the price at Rs.4 throughout the district, there is every reason to suppose that the consumption would have retained very nearly its former proportions, and that the Government revenue as guaranteed by Messrs. Wilson and Co. would have been fully paid, but under such circumstances their own profits would have been reduced from about Rs.5,000 to about Rs.1,500 per mensem, but this item might have been considerably improved by more economical management, and even with the present expensive establishment the rate of cost per gallon when divided among 140,000 gallons instead of 98,000 gallons would, of course, be considerably diminished, and the net profits proportionately increased.

## TODDY REVENUE.

8. The Toddy revenue of the district is derived from the several toddy farms noted

| Taluk.              | Rental.  | Consumption in gallons as reported. | Per head per annum. |
|---------------------|----------|-------------------------------------|---------------------|
|                     | Rs.      |                                     |                     |
| Salem ... ..        | 40,000   | ...                                 | ...                 |
| Trichengode ... ..  | 10,100   | ...                                 | ...                 |
| Namkul ... ..       | 3,500    | 48,784                              | 161                 |
| Kistnagherry ... .. | 4,450    | 28,555                              | 164                 |
| Oosoor... ..        | 49,350   | ...                                 | ...                 |
| Tripatur ... ..     | 8,000    | 54,000                              | 284                 |
| Utangherry ... ..   | 3,100    | ...                                 | ...                 |
| Ahtoor... ..        | 7,300    | ...                                 | ...                 |
| Darampoory ... ..   | 1,930    | 20,654                              | 107                 |
| Total...            | 1,27,730 | ...                                 | ...                 |

in the margin, and column 2 of the statement exhibits the consumption in four taluks as reported by the renters. It will be seen that the rate of consumption, per head, varies from something over a quarter to one-tenth of a gallon per annum. If the consumption of the whole district be calculated at the former rate, it will reach about 500,000 gallons, so that in order to pay the rent and allow a minimum profit to the renters, the liquor must realize at least  $4\frac{1}{2}$  annas per gallon net profit. Though toddy is reported to be sold at from three to eight annas per gallon, and to realize a net profit of from two to six annas, I am disposed to think that the consumption is a good deal beyond 500,000 gallons, and that the average net profit is not in excess of three annas and four pice per

gallon. Even at this rate the renters of the taluks, for which particulars of consumption have been given, must realize very handsome profits, as shown in the margin. The renter of

Tripatur was the only one who furnished detailed accounts when I visited the district. He stated that 54,000 gallons had been sold at an average rate of six annas per gallon, of which two annas and eight pice were absorbed for supply, vend, and management, leaving three annas and four pice as his net receipts on each gallon. According, however, to his detailed cash account which had been only made up for nine months of the year 1875-76, he had expended Rs.7,522-15-4, and had collected Rs.15,349-15-7. Deducting three-fourths of the rent Rs.6,000, this left him a net profit on the nine months of Rs.1,876.

|              |           |
|--------------|-----------|
| Namkul       | Rs. 5,255 |
| Kistnagherry | " 1,261   |
| Tripatur     | " 2,800   |
| Darampoory   | " 2,201   |

APPENDIX C.

TANJORE DISTRICT.

ARRACK REVENUE.

1. The Tanjore District was not included by the Board of Revenue among those to which it was proposed to extend the improved excise system of Abkari management, as they hesitated to incur the risk in a district where toddy and not arrack was the chief source of excise revenue. In accordance, however, with the desire of Government, tenders for the district for three years, on the new system, were called for after the toddy farms had been disposed of by auction. The excise duty was fixed at Rs.2 per gallon for spirits 30° *u.p.*, and at Rs.1-2 per gallon for spirits 60° *u.p.*, and the minima and maxima prices were fixed at Rs.3 and Rs.4, and at Rs.1-12 and Rs.2-4 respectively. Three tenders were received, the lowest being Rs.1,10,000, and the highest (which was accepted) Rs.1,80,000, representing a consumption of 90,000 gallons of spirits 30° *u.p.* The old estimate of consumption had been 70,000 gallons, but the tender seems to have been fixed with reference to the old total rental of the district, compared with the sum for which the toddy farms for the present contract had sold. These farms had realized Rs.3,20,000, and the old gross rental for both arrack and toddy had been Rs.4,90,000, so the present arrack contractors thought they were safe in bidding Rs.1,80,000 for arrack alone.

2. They entered upon their contract in July 1875, and during the first year they have only succeeded in disposing of 38,786 gallons of 30° *u.p.*, and 23,775 of 60° *u.p.*, representing in all 52,375 gallons of the former strength, instead of 90,000 gallons. The quantity consumed each month reduced to 30° *u.p.*, and in each taluk, are shown in the statements given in the margin. It will be seen that the consumption was moderate only in the Tanjore, Negapatam, and Combaconum taluks, and that it was unusually small everywhere else, but this is not surprising in a district where toddy is the stimulant generally in use among all classes.

| Sales in each month. |           |             |          |            |           |
|----------------------|-----------|-------------|----------|------------|-----------|
| July.                | August.   | Septem-ber. | October. | Novem-ber. | December. |
| 4,579.               | 4,633.    | 4,084.      | 5,155.   | 4,265.     | 4,101.    |
| January.             | February. | March.      | April.   | May.       | June.     |
| 4,996.               | 4,606.    | 4,841.      | 3,486.   | 3,638.     | 3,984.    |

| Taluq.              | Gallons reduced to 30° <i>u.p.</i> | Consump-tion per Head. |
|---------------------|------------------------------------|------------------------|
| Tanjore - - - -     | 16,586                             | ·048                   |
| Manargudi - - - -   | 3,373                              | ·020                   |
| Negapatam - - - -   | 8,658                              | ·043                   |
| Mayaveram - - - -   | 4,256                              | ·019                   |
| Combaconum - - - -  | 13,554                             | ·039                   |
| Tritrapundi - - - - | 852                                | ·005                   |
| Sheali - - - -      | 1,560                              | ·014                   |
| Puttacotta - - - -  | 2,171                              | ·009                   |
| Nanillum - - - -    | 1,365                              | ·006                   |
| TOTAL...            | 52,375                             | ...                    |

3. As the Government have decided upon treating the contractor in the same liberal manner as those of Coimbatore and Salem, there will be a sacrifice of revenue during the first year of the contract, amounting to nearly Rs.80,000. According to the contractor's statement, his realizations have amounted to about Rs.1,82,000, which on 52,375 gallons, gives an average retail price of Rs.3-7-6 per gallon, but the actual rates were Rs.3-3-1 on the average for 30° *u.p.* spirits, and Rs.2 for 60° *u.p.*, which was consequently the dearer liquor of the two. The renter fixed his cost of manufacture at about Rs.40,000, and his charges for establishment, distribution, and commission, at about Rs.20,000, which represents a sum of Rs.1-2-4 on every gallon of 30° *u.p.*

4. As on present terms the contractor will only pay the actual duty of Rs.2 per gallon to Government, he will make an average profit of 5*a.* 2*p.* per gallon,\* or in all Rs.16,912-12-2, according to his statements. He himself ascribes the small consumption to smuggling from the French territory, and from the Poodocottah State, which he cannot repress, and also to the competition of the toddy renters.

|                        | Rs. | a. | p. |
|------------------------|-----|----|----|
| * Cost and charges ... | ... | 1  | 2  |
| Duty ...               | ... | 2  | 0  |
|                        |     | 3  | 2  |
| Average price ...      | ... | 3  | 7  |
|                        |     | 3  | 4  |
| Profit...              | ... | 5  | 2  |

5. There are 29 depôts from which shops are supplied, and every endeavour seems to have been made to meet any demand. The retail price of spirits has not been materially raised during the contract, and I am therefore disposed to think that the reasons given by the contractor for the depressed consumption are correct. The late arrack and toddy renter of the district, a person of great influence, has secured the toddy rents of most of the taluks, and no doubt he has very largely developed the consumption of that liquor. I think, too, that he has succeeded in obtaining the farms at a lower figure than their true value, as will be shown hereafter.



TODDY REVENUE.

6. The toddy farms of the district were sold separately for three years in April 1875, and realized a sum of Rs.3,23,000. Thavasamutu Nadan, who has been the abkarry renter of the district for a series of years, secured all the farms, except those of Tritrapundy and Sheali. According to the figures supplied by him, the consumption and profits are shown in the marginal statement.

| Taluks.        | Gallons of<br>toddy sold<br>per annum. | Retail price to<br>the public. |    |    |    | Cost of toddy,<br>cooly-hire,<br>&c. |    | Renter's<br>profit<br>per<br>gallon. |    | Total<br>profit. | Consump-<br>tion per<br>head. |     |
|----------------|--|--------------------------------|----|----|----|--------------------------------------|----|--------------------------------------|----|------------------|-------------------------------|-----|
|                |  | a.                             | p. | a. | p. | a.                                   | p. | a.                                   | p. | Rs.              |                               |     |
| Tanjore ...    | 148,363                                | 6                              | 6  | to | 10 | 0                                    | 2  | 0                                    | 5  | 6                | 51,000                        | 431 |
| Combaconum ... | 248,320                                | 7                              | 3  | to | 8  | 6                                    | 2  | 0                                    | 5  | 0                | 77,600                        | 731 |
| Mayaveram ...  | 210,863                                | 6                              | 9  | to | 7  | 6                                    | 2  | 0                                    | 4  | 9                | 62,600                        | 949 |
| Nanillum ...   | 188,000                                | 6                              | 3  | to | 7  | 0                                    | 2  | 0                                    | 4  | 0                | 47,000                        | 912 |
| Negapatam ...  | 134,000                                | 6                              | 6  | to | 9  | 3                                    | 2  | 0                                    | 5  | 6                | 42,200                        | 669 |
| Manargudi ...  | 96,711                                 | 7                              |    |    |    |                                      | 2  | 0                                    | 4  | 6                | 27,200                        | 597 |
| Puttacotta ... | 126,080                                | 5                              |    |    |    |                                      | 2  | 0                                    | 3  | 0                | 23,640                        | 529 |
| Total ..       | 1,152,337                              | ....                           |    |    |    | 2 0                                  |    | ..                                   |    | 3,31,240         | ...                           |     |

gallon, and are said to have amounted to Rs.3,31,240 in the year 1875-76, his profit, per gallon, hardly seems to be in due accordance with the prices charged. For instance, though in Combaconum toddy is sold at rates varying from seven annas and three pice to eight annas and six pice per gallon, and though two annas is invariably the cost and charges, the profit is put down at only five annas; whereas, even if all was sold at the lowest rate, it must have been five annas and three pice. Again, in Mayaveram, though the prices range from six annas and nine pice to seven annas and six pice, and two annas is the invariable rate for cost and charges, the renter's profit is put down at four annas and nine pice only, as though all had been sold at the lower rate. The uniform rate of two annas per gallon, too, for renter's and vendor's costs and charges, is just double what is estimated on this account in some districts. On the whole, I should be disposed to put the renter's average receipts at certainly not less than five annas per gallon, which would raise his gross receipts to Rs.4,60,000. He states that his expenses for establishment amount to Rs.45,000 per annum, and his rental for the seven taluks is Rs.2,71,100, so that his clear profit would be Rs.1,44,000 though, according to his own figures, it is only Rs.15,140.

8. The renter of the Sheali taluk though summoned did not appear, but for Tritrapundi the marginal figures were produced. Besides this consumption of 211,537 gallons, or 1.36 gallons per head, 1,925 gallons were received by the shopkeepers, and not sold. According to the renter's statements, the costs and charges amount to five-eighths of the gross receipts, and his net receipts would therefore be only about Rs.20,000 per annum, from which he would have to pay Rs.19,000 as rent. In his dowles

|                                   |                  |     |              |
|-----------------------------------|------------------|-----|--------------|
| <i>Sales of Toddy in 1875-76.</i> |                  |     |              |
| 16,969                            | gallons, at 5as. | Rs. | 5,302 15 6   |
| 193,863                           | do. at 4 ,,      | ,,  | 48,465 10 9  |
| 705                               | do. at 3 ,,      | ,,  | 132 0 7      |
| 211,537                           |                  | ,,  | 53,900 10 10 |

with the shopkeepers, with whom he enters into a regular agreement that they will sell a certain quantity, and from whom he receives security, it is stated that three-fourths of the proceeds are to be paid over to him, and this would agree more nearly with the allowance of one anna per gallon for costs and charges, which is adopted in some other places. But allowing two annas for this purpose, as has been done in regard to the other taluk farms of the district above referred to, the gross charges would amount to Rs.26,442, leaving the renter a sum of Rs.27,458, or a profit of Rs.8,458 after paying his rent.

APPENDIX D.

TRICHINOPOLY DISTRICT.

ARRACK REVENUE.

1. This was one of the districts selected for a trial of the new system. The duty was fixed at Rs.1-12 on liquor 30° *u.p.*, and the maximum and minimum price at Rs.2-12 and Rs.3-12.

| Taluk.              | Sales.          | Consumption per Head. |
|---------------------|-----------------|-----------------------|
|                     | <i>Gallons.</i> |                       |
| Trichinopoly .....  | 35,105          | ·114                  |
| Museri .....        | 7,686           | ·030                  |
| Kulitalai .....     | 3,636           | ·015                  |
| Perambalur .....    | 3,754           | ·021                  |
| Oodiarpollium ..... | 6,158           | ·025                  |
| TOTAL...            | 56,339          |                       |

Six tenders were received ranging from Rs.85,000, representing a consumption of 51,000 gallons, to Rs.1,10,000, representing a consumption of 66,166 gallons. The highest tender, that of Messrs. Parry and Co., was accepted, and they entered upon their contract in July 1875. They have established twenty-one depôts for the issue of liquor in the district, and have passed out a gross quantity of spirit exactly sufficient to pay their guarantee, but according to their accounts, they have only sold 56,339 gallons of spirits during the year 1875-76, as shown in the margin. It will be noticed that the consumption is high only in the Trichinopoly taluk, which is owing to the large quantity consumed in the town, upwards of 30,000 gallons, or ·396 of a gallon per head. In none of the taluks is the consumption at all equal to the average of other districts, and it is impossible to suppose that smuggling or illicit distillation does not take place.

2. The liquor is sold to shopkeepers at Rs.3-6 per gallon, and they retail it to the public everywhere at the maximum price of Rs.3-12 per gallon. No complaints have been made of the increased price, but the *licit* consumption is said to be considerably diminished, owing to the facility for smuggling which is afforded by the close vicinity of the Poodocottah territory. Putting Messrs. Parry and Co.'s expenses at Rs.1-2 per gallon, the rate at which they worked the South Arcot contract in previous years, it will be seen that they have realized a profit of eight annas per gallon, or Rs.28,168-8 on the liquor sold, but that they have manufactured and paid duty upon nearly 10,000 gallons which has not yet been sold.

TODDY REVENUE.

3. The toddy rental of the district amounts to Rs.39,790, as shown in the margin. In the town and taluk of Trichinopoly, the renter agrees with the shopkeepers to sell a certain specified quantity, and receives from them so much per measure. In the town 146,000 gallons were said to have been sold by retail in the year 1875-76 for about six annas per gallon, giving a consumption of nearly two gallons per head, and 68,890 gallons in the taluk at five annas per gallon, giving only quarter of a gallon per head as the consumption. As the renter certainly receives at least four annas in the town, and three annas in the taluk, as his net receipts on each gallon, he collects at least Rs.49,400, from which to pay his rent of Rs.35,050.

4. In the Museri taluk 28,698 gallons were sold, giving a consumption of one-sixth of a gallon per head, at about five-and-a-half annas per gallon. Taking the net profit at four annas, this would give receipts amounting to Rs.7,174-8, from which to pay a rent of Rs.1,650.

5. Similarly in the Kulitalai taluk 22,910 gallons were sold during the year at 4¾ annas per gallon, being less than one-tenth of a gallon per head. If 3½ annas per gallon be taken as profit, the renter must have collected Rs.5,011 to pay a rental of Rs.2,030.

6. No details have been obtained of the consumption in the Perambalur and Oodiarpollium taluks, but if it was at all equal to that in Kulitalai, the profits of the renters must have been equally large.

# APPENDIX E.

## MADURA DISTRICT.

### ARRACK REVENUE.

1. This district is managed on the improved farming system, *i.e.*, the renters of taluks are required as far as possible to distil all their spirits at one distillery, in each farm, under Government inspection, and to keep full details of their manufacture and sale for the information of Government. The old rental of the district was Rs.1,85,050, and of this it was estimated that Rs.23,334 was the toddy revenue. On a separation of the farms last year, however, the arrack farms realized Rs.1,98,250, and the toddy farms Rs.82,450, being an increase of nearly a lac of rupees on the annual rent, and demonstrating clearly that the relative value of the arrack and toddy had been incorrectly estimated. It would now appear that the value of the latter farm is equal to something under one-half that of the former, instead of one-seventh. The revenue for the past year ending 30th June has been punctually paid with the exception of that for the toddy farm of Dindigul. The renter of this taluk failed in his engagement, and the farm was re-sold at an annual loss of Rs.11,000 per annum, thus reducing the annual revenue from toddy for the whole district from Rs.82,450 to Rs.71,450.

2. The Collector had not at the period of my visit to the district, succeeded in obtaining the arrack renters' accounts of their transactions for the whole year 1875-76. I, however, visited the distillery of the renter of the Madura taluk, and ascertained from his accounts that he sold an average of 1,500 gallons in the town, and 550 gallons in the taluk during the month, or, say 24,500 gallons per annum. His expenses are noted in the margin, though he assured me that he had other charges (which he could not explain however) which quite precluded his making any profit out of the

·36 and ·036 of a gallon per head per annum.

|                     |   |   |             |
|---------------------|---|---|-------------|
| Cost of manufacture | - | - | Per gallon. |
| Establishment       | - | - | 10 annas.   |
| Shopkeeper          | - | - | 2 "         |
|                     |   |   | 2 "         |
|                     |   |   | 14 annas.   |

farm. As the retail price is Rs.3 per gallon, he would apparently make a small profit on these figures, as his receipts would be Rs.73,500 against expenses, at fourteen annas per gallon, Rs.21,437-8, and rent Rs.51,500, leaving a margin of Rs.562-8. On my enquiring why, if he made no profits, he did not raise the price of spirits in the town to Rs.3-4 per gallon, and so realize a further sum of Rs.4,500, he at once replied that the result of such a step would probably be a check to consumption to such an extent as would more than swallow up any such profit.

3. From the returns which had been obtained from the renters of other taluks for the first-half of the year, it

| Taluk.       | Rental. | Estimated consumption for 1875-76 on actuals of 1st six months. | Price per gallon | Realizations less one rupee per gallon. | Profit or Loss. | Consumption per head. |
|--------------|---------|---|------------------|---|-----------------|-----------------------|
| Dindigul     | 29,200  | 18,000  | 3 0 0            | 36,000                                  | +6,800          | ·056                  |
| Tirumangalam | 12,000  | 8,400   | 2 4 0            | 10,500                                  | -1,500          | ·034                  |
| Malur        | 16,600  | 8,600   | 2 8 0            | 12,900                                  | -3,700          | ·066                  |
| Periacolam   | 16,050  | 7,500   | 3 0 0            | 15,000                                  | -1,050          | ·034                  |
| Palni        | 21,000  | 13,500  | 3 0 0            | 27,000                                  | +6,000          | ·073                  |
| Ramnad       | 27,500  | 15,500  | 2 12 0           | 27,125                                  | -325            | 030                   |
| Shevagunga   | 23,200  | 17,500  | 2 8 0            | 26,200                                  | +3,050          | ·040                  |

other districts does not appear to be under-stated, and as it is unlikely that so many renters would carry on their undertakings at a loss, I am disposed to think that the costs and charges are in reality considerably below one rupee per gallon, and if so, it would be possible for all the renters to make a profit even on these figures.

### TODDY REVENUE.

4. The Toddy renter of the Madura taluk made out by his accounts that his annual sales in the town and taluk amounted to about 80,000 gallons of toddy, or about one-third of a gallon per head, on which he obtained a net profit of 4as. per gallon, or Rs.20,000, against a rent of Rs.20,500. The draught of toddy is usually equal to about one ordinary bottle, and is sold by retail in the town at 1a. 2p. or 7as. per gallon, and in villages at 10p. or 5as. per gallon. As 1a. per gallon would probably cover the cost of supply and sale, the renter's receipts are considerably more than 4as. per gallon in the town, and the rent is thus considerably more than realized. I did not succeed in obtaining particulars regarding the toddy consumption of the other taluks of the district, but judging from the rents paid and the rates charged, it would appear to vary from half a gallon per head in the Shevagunga Zemindary, to one-fourteenth gallon per head in the Palni taluk.



## APPENDIX F.

## NORTH ARCOT.

## ARRACK REVENUE.

1. This District was managed on the excise system for the three years ending 30th June 1875, and the consumption of spirits in each year is shown in the margin. The average retail price was then Rs.3-14-10 giving the contractors a profit of 8as. Sp. per gallon as noted below :—

| Year.     | Gallons. |          |     |     |     |     |     |     | Rs. a. p. |
|-----------|----------|----------|-----|-----|-----|-----|-----|-----|-----------|
| 1872-73   | ...      | 1,30,963 | ... | ... | ... | ... | ... | ... | 1 3 0     |
| 1873-74   | ...      | 1,16,621 | ... | ... | ... | ... | ... | ... | 4 0       |
| 1874-75   | ...      | 1,13,756 | ... | ... | ... | ... | ... | ... | 1 15 2    |
|           |          |          |     |     |     |     |     |     | 3 6 2     |
| Profit... |          |          |     |     |     |     |     |     | 8 8       |

Rupees... 3 14 10

The Board of Revenue, however, estimate that a capital of Rs.50,000 would be ample to work the business as the returns are received at once, and they allow one-sixth of this amount for depreciation and interest, which would reduce the net annual profits during the late contract to 7½as. per gallon, or to Rs.56,000 per annum, in addition to the toddy receipts which were considerable.

2. The contractors were allowed a further contract for three years from the first of July 1875, on the improved system, under which the toddy was altogether separated from the arrack. The duty was fixed at Rs.2-10 instead of Rs.2 per gallon, of 20° u.p., the maximum and minimum price was fixed at Rs.4-12, and Rs.4, and a minimum revenue of Rs.2,42,000 was guaranteed by the contractors. Owing, apparently to a slight increase of price, and probably also to the development of the toddy traffic (though the contractor is not of opinion that this affects his sales) the consumption of the past revenue year has fallen to 109,835 gallons. This, however, gave a revenue of Rs.2,88,374, or upwards of Rs.46,000 beyond the guarantee. The spirits were sold at a strength of 20° u.p., at retail prices ranging from Rs.4 to Rs.4-12 according to locality, and were supplied from 52 depots, situated throughout the district. Supposing that the liquor has been sold at an average price of Rs.4-6 per gallon, and that the costs and charges of the past year were the same as in the previous one, the contractor's profits would have amounted to 9as. per gallon, or to upwards of Rs. 60,000 during the year.

## TODDY REVENUE.

3. The separation of the toddy farms from the arrack resulted in a large increase of

| Taluks.         | Rent.    | Consumption in gallons. | Estimated consumption per head. |
|-----------------|----------|-------------------------|---------------------------------|
| Chittoor -      | 11,220   | 89,760                  | 427                             |
| Chendergherry - | 4,710    | 37,680                  | 377                             |
| Palmanair -     | 9,435    | 59,480                  | 982                             |
| Gudiattum -     | 20,110   | 1,60,880                | 993                             |
| Vellore -       | 15,910   | 1,27,280                | 713                             |
| Polur -         | 4,510    | 36,080                  | 331                             |
| Wandewash -     | 3,110    | 24,880                  | 163                             |
| Arcot -         | 10,990   | 87,920                  | 566                             |
| Wallajah -      | 14,500   | 1,16,000                | 541                             |
| Kavretnugger -  | 8,720    | 24,200                  | 085                             |
| Kalastri -      | 3,025    | 24,160                  | 184                             |
| Kangundy -      | 52,70    | 42,160                  | 812                             |
| Poonganoor -    | 2,920    | 23,360                  | 213                             |
| Arni -          | 6,150    | 49,200                  | 635                             |
| Total           | 1,20,580 | ...                     | ...                             |

revenue. During the three years of the previous contract, they had realized only Rs.64,000 per annum, but when sold by taluks for three years from 1st July 1875, they realized an annual rent of no less than Rs.120,580. This sum is made up of the taluk rents, shown in the margin, and supposing that the rents represent two annas upon every gallon sold, the consumption would run as shown in the statement, but as it appears that a renter's own net receipts, when shops are retained in his own hands, are rarely more than 2as. per gallon, the consumption is probably a good deal in excess of this estimate, as the profits derived in many of the farms are very considerable.

4. The following particulars regarding some of the taluk farms, were supplied to me when I visited the District. The Gudiattum and Vellore taluks are rented by the same party. In the former all shops, except 12 important ones, in large towns are sub-rented at an annual rent of Rs.16,108. In the 12 shops 7,208 gallons, are said to be sold, at 4½as. per gallon, and 20,050 gallons, at 3 annas per gallon, giving a consumption of upwards of a

gallon per head, in the five towns in which these shops are situated. On these sales, the renter is said to obtain net receipts amounting to three annas and two annas per gallon, or Rs.1,351 and Rs.2,506, so that his gross receipts would be only Rs.19,965, against a rent of Rs.20,110. In the Vellore taluk, he has sub-rented a portion for Rs.6,608. In the town of Vellore and Venugapuram, where he has 15 shops, 21,735 gallons are sold at  $4\frac{1}{2}$  annas, and 39,863 gallons at three annas, giving a total consumption of upwards of a gallon and a half per head. On these sales the renter's net receipts at three annas and two annas per gallon are Rs.4,180, and Rs.9,933, bringing up his total receipts for the taluk to Rs.20,921, against a rent of Rs.15,910, but he states that, for the two taluks, he keeps up an establishment at a cost of Rs.1,000 per annum, so that his net profit would be under Rs.4,000.

5. The taluks of Wallajah, Arcot, Wandewash, Polur, and Arni, are rented by another party. In the town of Wallajabad two gallons per head are consumed, on which the renter realizes a net profit of Rs.3,045 at two annas per gallon, and in Ranipett  $4\frac{1}{2}$  gallons per head are said to be consumed, on which he realizes Rs.1,470, at the same rate. The remainder of the taluk is sub-rented for Rs.15,300, bringing up the renter's total receipts to Rs.19,815, against a rent of Rs.14,500, which leaves him a profit of Rs.5,315. In the town of Arcot he sells three gallons per head, and at two annas per gallon, realizes a net profit of Rs.4,131, and the remainder of the taluk is sub-rented for Rs.11,524, making his gross receipts Rs.15,665, or a profit of Rs.4,665 on the rent of Rs.10,990. In Wandewash and Polur his net receipts are Rs.9,504 and Rs.4,852, against rents of Rs.3,110 and Rs.4,510, so that his profits in these two taluks are Rs.6,494 and Rs.342. In the Arnee farm, however, he is said to have lost Rs.686, so that his profits in all five farms will be reduced to about Rs.16,000.

6. The renter of Palmanair asserts that he has lost Rs.2,111 by his farm, and it is undoubtedly very highly let, as is also that of Guddiattum, on which there is said to have been a loss as shown above. The renters of the other district farms did not appear when I visited the district.