

This chapter tells the story of a young boy named Taro and the magical waterfall he finds. Taro works hard to fulfill the wishes of his poor parent's and he is rewarded in the end.

Taro lived with his old parent's in a hut on the hillside. He was poor but a hardworking woodcutter. One cold evening, Taro's father expressed his wishes to have some sake in order to feel warm. But the family was too poor to afford this expensive drink. Taro felt sad and in order to earn more, he started working more harder.

The next day Taro woke up earlier than usual and was determined to work harder than before, after an exhausting day of labour, he felt thirsty. A sound of flowing water reached his ears and he looked around for the source of sound. He was amazed to find a waterfall.

As he began to drink from the waterfalls, he found that the liquid was not plain water, but sake.

Elated at his discovery of the magical waterfalls, he took a pitcher full of wine to his father. The old man relished the drink. He even offered it to a visitors who then spread the story of the waterfall in the entire village. As Taro reached the waterfall the next morning, he found the villagers gathered around it. He watched them complain about being cheated as the liquid was only plain water. After the villagers left, Taro tested the liquid again and found it to be a same fine sake.

On hearing about this miracle, the Emperor of Japan was impressed by the boy's dedication and rewarded him with 20 pieces of gold. This brought happiness and fulfillment in Taro's life.