# REPORT

OF THE

# INDIAN EXCISE COMMITTEE,

## 1905-06.

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MADRAS:
PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1907.

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# REPORT

OF THE

# INDIAN EXCISE COMMITTEE.

## CHAPTER I.—INTRODUCTORY.

Instructions received.

The orders under which the Committee were appointed are contained in the Resolution of the Government of India in the Finance Department No. 5001 Exc., dated 7th September 1905, which, after summarising the policy of the Government of India in excise matters, desires the Committee to examine the excise administration of each Province, to consider how far it is calculated to give the fullest practical effect to the general policy which has been laid down, and to suggest, in consultation with the Local Governments, such alterations as may seem desirable in view of local conditions and in the light of what has been found successful elsewhere.

Course of procedure.

2. The procedure adopted by the Committee was briefly as follows. They first met and examined the practice of the Governments as disclosed by reports and other documents and drew up for each Province a memorandum detailing the respects in which reform or enquiry appeared to be desirable. These memoranda were sent in advance to the Local Governments or Administrations and the answers received greatly facilitated the local investigations. They next proceeded on tour through the Provinces, selecting as halting places stations at which typical systems could conveniently be studied or marked peculiarities enquired into. At these they inspected places for the manufacture and sale of liquors and heard the evidence of officers controlling excise, other officers of special knowledge and any other persons or local bodies who desired to give evidence. On the conclusion of these investigations in each Province they discussed the results, first with the officer responsible for the administration of the Excise Department, and next with the controlling revenue authority, if there was one. On the results of these discussions, they prepared a note embodying their provisional conclusions, which was presented to and discussed with the Local Government.

Course of tour.

3. The following table shows the Provinces inspected and the places at which the Committee halted in each. The places against the Provinces are named in the order in which they were visited, but from Bihar the Committee travelled to Gauhati and Jorhat, and took Darjeeling on their way back from the Assam Valley to Dacca. Eastern Bengal and Assam was accordingly dealt with before the inspection of Bengal was concluded. The North-West Frontier Province was entered from Rawalpindi, and Multan was visited on the way from Peshawar to Quetta :—

| | |
|---|---|
| Madras ... ... | Nellikuppam, Tinnevelly, Calicut, Coimbatore, Ootacamund and Madras. |
| Bombay ... . | Belgaum, Poona, Dhulia, Surat, Bombay. |
| Central Provinces | Jubbulpore. |
| Bengal ... ... | Bankipur, Bihar, Darjeeling, Cuttack, Raniganj, Burdwan and Calcutta. |
| Eastern Bengal and Assam | Gauhati, Jorhat and Dacca. |
| United Provinces. | Gorakhpur, Cawnpore, Lucknow, Shahjahanpur, Allahabad and Saharanpur. |
| Punjab ... ... | Karnal, Sujanpur, Amritsar, Lahore, Rawalpindi and Multan. |
| North-West Frontier Province. | Peshawar. |
| Baluchistan ... | Quetta. |
| Sind ... | Kotri and Karachi. |

In addition, the Committee made a halt of three days at Bangalore, a cantonment which yields a very considerable excise revenue. They were unable for want of time to visit Coorg or Ajmer-Merwara, but in the course of their other enquiries took the evidence of officers acquainted with the administration of these Provinces.

Inspections made.

4. The Committee inspected 20 Government central distilleries, 11 private distilleries, 7 outstills, 11 breweries and 50 liquor shops of different kinds and examined tree-tapping and marking in different Provinces. They also visited the excise laboratory at the office of the Board of Revenue, Madras, and spent two days at Kasauli, where Major Bedford, I.M.S., is conducting a special investigation of the chemistry of liquors, their physiological effects and allied questions.

Witnesses examined.

5. The officials and others from whom reports were received or evidence was taken comprised 131 officers connected with the administration of excise, 144 officers connected with the general administration, 68 medical officers or practitioners, 17 representatives of temperance associations or independent advocates of temperance, 66 persons connected with the liquor trade, 56 employers of labour, 10 magistrates and police officers, 9 missionaries, 4 schoolmasters and 10 others. Of these, 349 gave their evidence or representations in writing and 238 orally, the latter figure including 72 who were examined with reference to their written statements. The Committee also consulted most of the Chambers of Commerce and some Trades Associations.

Discussions with Local Governments.

6. The present report embodies the outcome of the Committee's enquiries and inspections and gives full consideration to the result of the discussions with the Local Governments. The conclusions arrived at in these discussions were provisional, until the whole field could be reviewed, and in arriving at them the Committee had anxious regard to local peculiarities and objections. In their final conclusions the Committee have endeavoured to meet these as far as possible. They accordingly believe, with some assurance, that no suggestions for improvement are put forward in the following chapters which may not reasonably find acceptance, if not in the near future, at any rate in the course of a few years. In conformity with the instructions of the Government of India, the reforms already contemplated by the several Governments have been taken as the starting point of the Committee's consideration; and the Provinces are dealt with throughout, as far as possible, in the order in which they appear in Mr. Meyer's Memorandum on Excise Administration in India.

## CHAPTER II.—ARRANGEMENTS OUTSIDE THE SCOP EXCISE SYSTEMS.

Exemptions from taxation are of two kinds.

7. Before proceeding to the examination of the systems of taxation of different kinds of intoxicating liquors, it will be convenient to clear the ground by considering certain arrangements under which exemptions from taxation of some or all intoxicating liquors are granted in particular areas or to particular classes. These exemptions fall under two heads, personal privileges and concessions to backward tribes.

Personal privileges.

8. The exemptions to others than backward tribes are few and unimportant. In the United Provinces certain *ubaridars* in Bundelkhand, and in the Central Provinces certain zamindars, retain control of the administration of excise in their *ubaris* and zamindaris. In the former case the privilege will cease with the lives of the present holders; in the latter, which is a survival from the time when the central Government was unable to control efficiently all branches of the administration in outlying areas, the exemption is already being withdrawn, and with the introduction of more settled administration will soon disappear altogether. The *tazimi istimrardars* in Ajmer-Merwara have the privilege of free distillation for their own consumption. This concession stands on a somewhat different footing from the other two, and while sentimental grounds have been urged for its retention, it has been shown that the grant of the privilege leads to the demoralisation of the younger men of the privileged families. It appears to the Committee, that it would be well if this concession, like that granted in the United Provinces, were to cease with the lives of the present concession holders.

Concessions to backward tribes.

9. The area of concessions to backward tribes stretches, with intervals, along the whole length of the Himalayas and embraces the greater part of Eastern Bengal and Assam, a considerable portion of Bengal, and the mountainous country from Orissa to the Gódávari. Some minor concessions are granted in the Gujarat districts of the Bombay Presidency and in the South Canara district of Madras. The nature of the concessions granted varies with different Governments and different local conditions.

(1) Spirits.

The privilege of free distillation of spirits is limited to areas which are under only partial control, as for instance the Khasi and Jaintia Hills in Assam and Lahaul and Spiti in the Punjab, or to tribes which are practically inaccessible, such as the nomad Bhutias of Kumaun and the inhabitants of the Jaunsar-Bawar pargana of Dehra Dún in the United Provinces, and the Khonds and Savaras in Ganjám and part of the Gunupur taluk of Vizagapatam in Madras. A similar privilege, but subject to a nominal fee, is granted to the Tharus of Gonda and Bahraich and the Koyas and Reddis in parts of Gódávari, the fee in the first case being Re. 1 per family distilling and in the second two annas per head for every male over 14 years of age.

(2) *Tari.*

The privilege of free drawing of toddy is granted to all classes in the Panch Mahals district of Bombay and generally throughout the non-regulation areas of Madras, a limitation being placed on the number of trees allowed to be tapped by the Koyas above referred to. A similar privilege is granted to certain of the Malakudiyas in South Canara (Madras) and to the Maria Gonds of the district of Chanda (Central Provinces). A concession of the right to tap a limited number of trees on payment of less than half the fee levied from others is granted to all the Kaliparaj or backward classes in the northern districts of Bombay and is made use of largely in Surat.

(3) Free brewing.

The concessions granted in respect of spirits and *tari* are insignificant in comparison with those granted in respect of making country-brewed beer of a kind similar to the *saké* of the Japanese, which is a common article of diet of the Mongoloid races in the North, and seems to have spread over a great part of Bengal and along the Eastern Ghats almost to the West Coast. The brewing of different kinds of this beer free of all restrictions,

except one as to quantity possessed which is not generally enforced, is allowed throughout Assam, the Jaunsar-Bawar pargana of Dehra Dún, the Bhutia parganas of Kumaun, parts of the Kangra district in the Punjab and the whole of the non-regulation tracts of Madras. In Bengal, it is permitted to all inhabitants of the Sonthal Parganas, to aborigines at all times in the districts of Darjeeling, Ranchi, Palamau, Singhbhum, Manbhum, and Hazaribagh, and the sub-division of Banka in the district of Bhagalpur, and to Sonthals at the time of the *bandhana* festival only in Burdwan, Bankura, Birbhum, Midnapur and Murshidabad. In the Eastern Bengal districts, the aborigines of Jalpaiguri have the full privilege and the Sonthals of Dinajpur that of manufacture at the *bandhana* festival. Similar manufacture subject to a nominal fee is permitted to aborigines in the districts of Bengal and Eastern Bengal and Assam which are noted in the margin, as well as in parts of the Kangra district in the Punjab. A peculiarity of the arrangements in the last-named Province is that of two similar beers one called *sur* is free of the fee except in one sub-division, while the manufacture of another named *lugri* is subject to it. In Darjeeling and Jalpaiguri the payment of a fee of Rs. 2 per household is allowed as an alternative to a limit of possession and in the latter district a system has been recently introduced, but so far made little use of, under which tea planters are allowed to take out licenses for supply of their coolies on payment of two annas per acre of land under ta.

| Bengal— | Eastern Bengal and Assam— |
|---|---|
| Bankura. | Rangpur. |
| 24-Parganas. | Dinajpur. |
| Calcutta. | Malda. |
| Nadia. | Rajshahi. |
| Jessore. | Pabna. |
| Khulna. | Bogra. |
| Champaran. | Mymensingh. |
| Bhagalpur. | Dacca. |
| Purnea. | Tippera. |
| Balasore. | |

10. The circumstances which are held to necessitate the grant of these exemptions are partly political, partly social and partly administrative. The political difficulties in respect of the introduction of excise regulations into most of the tracts in question include, in addition to those attending the initiation of all forms of regular administration, the special difficulty that the tribes concerned regard the privilege of making their own liquor as a long-established right, that they believe rightly or wrongly that in these tracts, which are generally feverish, liquors are necessary to their health, and that in many places, they hold it essential that liquors poured as libations to their gods should be made by their own hands. Interference by a contractor with certain of these privileges was one of the causes of the rising known as the Rampa rebellion in the Gódávari district in 1879-80. In the case of some of the tracts similar interference is deprecated by officers of experience on the ground that grave discontent would be provoked, even if there were not apprehension of active resistance. Another danger which is peculiar to the case of nomadic tribes, such as the Tharus of Gonda and Bahraich, is that the imposition of taxation puts a check on their settlement and is liable to drive them to leave British territory altogether.

These exemptions are justified by political, social and administrative reasons —the political reasons.

11. The social and administrative difficulties of taxation may be considered together. Though drunkenness in many of the privileged areas is undoubtedly prevalent to a lamentable extent, it is generally speaking limited by the opportunities and habits of the aborigines to the season when there is abundance of *tari* or *mahua* for distillation, or of rice or other grain for the making of beer. At the same time there is evidence that the fermented liquors in general use do less harm to their consumers than distilled spirits, and some at any rate of the tribes are notable for their fine physique in spite of their considerable consumption of country-brewed beer. In most of the areas concerned, it would be easy to introduce the licensed seller of liquor and, while deriving considerable revenue from his operations, to replace home-made by shop-made liquor. But the experience of actual attempts that have been made in this direction shows that the inevitable tendency of such sellers is to foster drunkenness for their own ends, and to acquire the lands and other properties of the aboriginal tribes whom they reduce to a state of serfdom. It therefore appears to the Committee to be contrary to the principles of sound excise administration to introduce the liquor seller, unless he can be controlled. In many

The social and administrative reasons.

instances such control is impossible. Some of the privileged areas are such that people from the plains cannot live in them; others it is a physical feat to visit at all. In others again, notably in Assam, there seems reason to believe that it would be impossible to put down home-brewing without the employment of a staff so large as to be a worse evil than any drunkenness that at present exists.

Nominal fees for the exercise of privileges.

12. The imposition of the various nominal fees on the exercise of these privileges is defended on the ground that they constitute a first step towards regular control and accustom the people to the principle of taxation of alcoholic drink. It is objected on the ther hand that they impose no check on consumption, that, except in the single nstance of the district of Darjeeling, the revenue derived is inconsiderable, and that its collection involves much trouble to the people and at times subjects them to extortion, while costing occasionally as much as the revenue itself.

The question of restriction is mainly political. Advances possible in different Provinces.

13. The question of the withdrawal of these concessions is one which turns rather on political considerations and the gradual development of regular administration than on any principle of excise management, and the Committee's general recommendation must be confined to a suggestion that progressive restriction of the area of privilege should be kept steadily in view. The discussions with the Local Governments indicate that considerable progress in this direction will be possible in the near future.

Bengal.

In Bengal the suppression of home-brewing should begin with the withdrawal of the privilege from the isolated aboriginal settlements in which a system of house-tax is now in force and should gradually extend to other areas as the country is opened up and regular administration established.

Eastern Bengal and Assam.

The Government of Eastern Bengal and Assam has already in hand a scheme for withdrawing the privilege of free distillation in the Khasi and Jaintia Hills, and by working through the agency of the Siems substituting concentrated distillation coupled with a simple system of still-head duty. It does not consider it possible or desirable to put down home-brewing in Assam—an opinion which the Committee accept; but they think that the question of the suppression of home-brewing in the Eastern Bengal districts should be taken up on lines similar to those suggested in the case of Bengal.

United Provinces and Punjab.

The areas of concession in the United Provinces and the Punjab consist mainly of practically inaccessible country, and the concessions are so limited both in extent and effect as to be negligible. In any case no present advance seems possible.

Madras.

In Madras it appears practicable at present to bring under more regular excise administration considerable areas within the privileged tracts, especially along the banks of the Gódávari and Sabari rivers, and in the near future to apply a similar policy to the country to be opened up by the Vizianagram-Raipur railway. At the same time the Committee would strongly recommend that the whole area should be brought under Act I of 1886 and that the Commissioner of Abkári should investigate and advise as an expert, without obtrusively interfering with the authority of the Agents to the Governor. In making this suggestion they do not propose that the operations of the department should be extended to these areas. But from the measures which they recommend they anticipate that there would result the advantages of a clear definition of privileges at present vague or undefined, uniformity of system, an annual examination of the possibilities of further control, and a check on the tendency to regard as a good thing in itself an increase in excise revenue in these areas.

Bombay.

In Bombay the Commissioner of Abkári is considering the introduction of a light tree-tax into the Panch Mahals. With regard to the concession to the Kaliparaj, the Committee observe that the Government desired its withdrawal some years ago and that the Commissioner put forward a scheme for carrying this into effect by a series of yearly increments. This scheme was pursued for a time, but abandoned apparently on the advent of the years

of scarcity. The Committee would recommend a revival of the policy, but only as an accompaniment of development and improvement in the condition of the people concerned.

Central Provinces.

In the Central Provinces it is proposed to abandon the prohibition of location of shops in or near what is known as the Baiga reserve. The Committee would deprecate such a policy unless it is shown that, in the absence of licensed shops, unlicensed sales are responsible for a large amount of drunkenness and that the licensed shops proposed to be opened can be properly controlled.

The policy of the nominal fee.

14. Like the Governments, the Committee are not of one mind as to the wisdom of the policy that imposes a nominal fee for the enjoyment of these privileges. They are, however, agreed that there is room for improvement in the details of administration of the tax. This is the case more especially in Bengal where the fees vary from district to district and are collected by sub-inspectors, assisted in some cases by their peons. The Committee would suggest that the fees should be made more uniform and the method of collection put under better control. In Eastern Bengal and Assam the Government is considering the total abolition of the fees. In the United Provinces the amount of the tax is of little importance. In the Punjab it seems necessary that, wherever the fee is levied, arrangements should be made for the grant of licenses with as little trouble to the people as possible. It is to be noticed in this connection that except in one sub-division the fee levied for home-brewing of *sur* has already been abolished on the score of the trouble to the people and the smallness of the revenue involved. In Gódávari it is suggested that the poll-tax on Koyas and Reddis may be discontinued together with the privileges granted to them, which are not enjoyed by similar classes in the Central Provinces taluks lately transferred to the Presidency.

The limit of possession.

15. A minor point which requires notice is the limit of possession which has been imposed throughout Bengal and Eastern Bengal and Assam. Such a limit is admittedly difficult to enforce by reason both of the circumstances of the brewing and the nature of the brew. There is evidence that, in the absence of effective control of the establishment, it is sometimes made the means of extortion by excise subordinates. At the same time its imposition has a useful effect in checking the possession by individuals of unduly large quantities and in diminishing illicit sales. In these circumstances the Committee do not recommend its withdrawal where already imposed, or suggest that it should not be imposed in other cases where it appears likely to be serviceable. But in either case it is certainly necessary that the establishment entrusted with the working of the orders imposing the limit should be effectively supervised and controlled.

Conclusion.

16. On the general question of the administration of excise in backward areas and among aboriginal tribes the Committee are of opinion that although undoubtedly there is in the absence of a settled excise system a considerable amount of drunkenness in such areas and among such people, it is nevertheless contrary to good policy to introduce prematurely the shops and establishments which are necessary under other conditions. While therefore advocating continual watchfulness with a view to the reduction of the area of concession and the gradual introduction of a control that will tend to the diminution of intemperance, the Committee would deprecate any attempt to introduce a system of excise which the Government concerned has not the means of fully controlling through trustworthy agents.

## CHAPTER III.—OUTSTILLS.

Instructions received.

17. In the Resolution appointing the Committee one of the matters referred to as specially requiring reform is the large area still supplied by outstills, and the Committee are instructed to enquire to what extent the outstill system can be replaced by an efficient distillery system and to consider how far the evils to which it is subject can be minimised in the areas in which it is necessary to retain it for the present by measures of the following character, *viz.* :—

(1) bringing the quantity of the outturn under stricter control;
(2) making the incidence of taxation bear a more definite proportion to the outturn;
(3) improving the quality and regulating the strength of the liquor;
(4) preventing the smuggling of outstill liquor into distillery areas;
(5) prohibiting the sale of liquor to children or to drunken persons;
(6) checking the occurrence of drunkenness in the neighbourhood of shops or stills;
(7) securing a reasonable degree of conformity with local public opinion as to the location of shops.

Definition of the outstill system.

18. The outstill system may be taken to include all systems prior in order of development to the imposition of a still-head duty. The stages of the development may be briefly stated as first, farms of large tracts, second, farms of smaller areas, third, sale of the right to distil and sell at particular places, no exclusive privilege over a definite area being conferred, and fourth, sale of a similar right subject to control of means and times for distilling and the like.

Variations of system in force.

19. The pure farming system is in force in some outlying portions of the United Provinces, in five small and specially situated tracts in Madras and throughout British Baluchistan. A similar system, but with the farms greatly restricted in area, is in force in the Central Provinces where conditions limiting the capicity of vats and stills have recently been introduced. In Assam, parts of the United Provinces, the non-regulation tracts of Madras, and Berar, single stills are leased without any exclusive privilege of sale within a defined area on the one hand, and without any practical restrictions on output on the other, though some of the license forms contain conditions authorising the limitation of the capacity of the stills. Restrictions are placed on output under a similar arrangement in the large outstill area of Bengal and in a small tract in Bombay; and in the three outstill areas which exist in the Punjab an attempt is made to graduate the taxation with reference to the output.

Area and population under outstills in the various Provinces.

20. The statement below shows for each Province the number of districts in which the outstill system is maintained, the area and population involved, and the number of shops to area and population in the tracts concerned:—

| Province. | Number of districts in which the outstill system is maintained. | Area involved in square miles. | Population of the area involved. | Number of country spirit shops. | Average area in square miles per outstill shop. | Average population per outstill shop. |
|---|---|---|---|---|---|---|
| Bengal ... ... ... | 18 | 64,234 | 23,858,247 | 1,859 | 34 | 12,833 |
| Eastern Bengal and Assam ... | 17 | 53,211 | 18,461,570 | 532 | 100 | 34,702 |
| United Provinces ... ... | 23 | 39,214 | 8,414,989 | 1,344 | 29 | 6,288 |
| Punjab ... ... ... | 2 | 7,305 | 400,000 | 17 | 430 | 23,529 |
| Madras ... ... ... | 4 | 19,506 | 1,519,000 | 1,363 | 14 | 1,114 |
| Bombay ... ... ... | 2 | 976 | 20,597 | 7 | 139 | 2,942 |
| Central Provinces ... ... | 19 | 71,028 | 7,377,226 | 5,466 | 13 | 1,349 |
| Baluchistan ... ... | 6 | 37,149 | 343,000 | 121 | 307 | 2,835 |

21. As observed by the Government of India, certain of the Local Governments had already before the appointment of the Committee made proposals for large reductions of their outstill areas. In the course of the Committee's enquiries some of these have been modified, while a number of new ones have been made. It is desirable therefore to state how the matter now stands in each Province before giving reasons for the retention under the system of areas to be left under it.

The Governments' proposals for restriction of this area.

In Bengal a policy of complete abolition has been adopted. It has already been carried into effect in the Presidency and Burdwan divisions, in the greater part of the Orissa division, in the principal urban areas in Bihar and in portions of the Hazaribagh and Manbhum districts of the Chota Nagpur division, and is being extended to Darjeeling from 1st April 1906. Its extension to the rest of the Province must naturally be slow, more particularly in the case of the Chota Nagpur division and the district of Angul and Khondmals, and it may ultimately be found that there are tracts of country where abolition is not possible.

Bengal.

The result of the discussion between the Government of Eastern Bengal and Assam and the Committee was an agreement to pursue a similar policy. The Sadar Distillery system is in force in the Dacca division, and the Contract Supply system has been introduced into the Sibsagar district. It is proposed to extend the latter gradually throughout the tea-garden districts. This will be easier than was at one time apprehended if the fact is kept in view that the great majority of the spirit shops (of which the total number is comparatively very small) are in accessible places in the neighbourhood of tea gardens or at river ghats, admitting in the latter case of supply by water transport. The process of extension will necessarily be gradual, and the last areas to be taken up will be the northern parts of the Lakhimpur and Goalpara districts. An exception will be made in the case of the Naga, Lushai and Garo Hills, where physical and other difficulties retard the introduction of regular administration.

Eastern Bengal and Assam.

The outstill area of the United Provinces consists of two sharply defined tracts, namely a strip of submontane country running along the north of the Province, extending in Kumaun into the mountainous part of that division, and another strip along the south comprising the uplands of Mirzapur and the tract which lies between the Jumna river and the Native States adjoining British territory. Some of the areas border on Native States and constitute a protective belt against the smuggling of very cheap liquor into the distillery tract, and others are so sparsely populated or so difficult of access, that no system of still-head duty has hitherto been considered possible.

United Provinces.

Despite these difficulties a vigorous programme of restriction is in hand, and portions of Agra, Pilibhit, Gorakhpur, Muttra, Mirzapur and Ballia, which were formerly under outstills, have already been brought under a distillery system. The Excise Commissioner is hopeful of making further advances in the near future, in the case of the submontane and other tracts of difficult country, by taking advantage of improved communications and making arrangements for storing liquor, if necessary, during the period when communications are closed, and in the case of areas bordering on Native States, by pressing necessary administrative reforms on the Durbars, and issuing liquor at a low rate of duty meanwhile. The adoption of these measures may make it practicable in course of time to confine the outstill area to the hilly portions of Garhwal and Almora and isolated parts of Pilibhit, Kheri, Gonda, Bahraich, Agra, Etawah, Jhansi, and Mirzapur.

In the Punjab, the area under outstills is comparatively small. It is confined to two tahsils of the hill district of Kangra and one tahsil of the Gurgaon district bordering on the Bharatpur and Alwar States. A policy of complete abolition is accepted subject to the adjustment of matters of detail.

Punjab.

The most important areas under outstills in Madras, comprising nearly 20,000 square miles of country, are the non-regulation tracts of the Ganjám, Vizagapatam and Gódávari districts. The possibility

Madras.

of restriction in these areas depends on the general development of the country. It seems likely that it may be found practicable to introduce a distillery system at no very distant date into considerable areas along the eastern border of the tract concerned, as well as into others bordering or in easy reach of the Gódávari and Sabari rivers. Later the Vizianagram-Raipur railway will open up further areas to improvement. In the rest of the tract, the backwardness of the inhabitants and the extremely feverish climate render progress impossible. The Committee have found considerable difficulty in ascertaining the details of excise administration in the Agency tracts and recommend that in future full information be placed on record in the annual Excise reports and the statements which accompany them. From the evidence before them, it would appear that there is room for a material reduction in the number of stills and shops.

The area next in importance is the Chavakkat Deputy Tahsildar's division of Malabar. This is a very narrow strip of country lying between Native Cochin and the sea in which the manufacture and vend of both toddy and spirit has been farmed to the contractors for the manufacture of toddy spirit. This course has been adopted, because it is impossible to prevent smuggling into the area from Cochin, and in order to avoid in the rest of the district the difficulties that arise when tapping for distillation and tapping for toddy go on side by side. It does not seem possible to terminate this arrangement so long as toddy spirit is regarded as a necessity of the supply of the West Coast and until the abkári administration of the Cochin State is assimilated to that of the adjacent Madras districts. The administration of the area is however capable of considerable improvement and the Commissioner has already taken the matter in hand. A noticeable defect in the late contract was the absence of any restriction on the number of shops.

The remaining areas are unimportant. One of them, the Attapadi valley, is an extremely feverish and remote tract, where a single still is allowed. The others are isolated villages or patches of land sorrounded by Travancore or Cochin territory. No change can be made in these, until the excise administration of the State is put upon a proper footing.

Bombay.

The operation of the system in Bombay is limited to two small tracts. The first is an extremely rugged, inaccessible and thinly populated area known as the Akrani in the Khandesh district, into which the outstill system has recently been reintroduced, because it was found impossible to repress illicit distillation under a distillery system. The size of the one still allowed is limited, a maximum price for sale of spirit is fixed and a staff is maintained on the spot. The second area consists of a cantonment, Deesa, in Native State territory, eighty miles from the British border. It can be supplied without difficulty from Ahmedabad, and it is recommended that this should be done.

Central Provinces.

The outstill system, formerly in force over the greater part of the Central Provinces, has already been reduced in its area of operation to the central range of the Satpuras and the hilly and backward country in the south of the Chhattisgarh division; and the Local Government has a scheme in hand which will involve its ultimate limitation to the zamindaris of Raipur, Bilaspur and Chanda and the eastern portions of the Mandla district. In population and physical features, these areas are not unlike the non-regulation areas of Madras and the extension of a distillery system to them is not at present practicable. The Committee would however recommend, as in the case of Madras, a considerable reduction in the number of shops allowed to be opened.

Baluchistan.

The circumstances of Baluchistan are peculiar, inasmuch as Muhammadan non-consumers form the bulk of the population and the shops for the sale of liquor are practically confined to centres of trade, cantonments or places along the railway line. The prices charged by the farmers are high, there is no local distilling base and no great danger of smuggling. In these circumstances, the Committee recommend the application of a distillery system to the districts of Quetta-Pishin and Sibi and to places on the railway lines. If this recommendation is accepted, outstills will remain only at a few outlying stations such as Fort Sandeman and Loralai.

Cantonments in Native States.*

The cantonments of Mhow, Neemuch, Nowgong and Sehore and the Residency limits of Indore are areas where a check on drunkenness is very necessary and by no means difficult of application, The abolition of the outstill systems in these areas has already been accepted by the Honourable the Agent to the Governor-General.

Systems which, where they are not actually outstill systems, are little in advance of that form of administration are in force in Aurangabad, Secunderabad including Bolaram and the Hyderabad Residency Bazars. The Committee would suggest that their replacement by a still-head duty system should be considered at an early date.

Summary.

United Provinces—
Outlying portions of Garhwal, Almora, Pilibhit, Kheri, Gonda, Bahraich, Agra, Etawah, Jhansi and Mirzapur.
Madras—
The Chavakkat Deputy Tahsildar's division, the Attappadi valley, British Cochin and the settlements of Anjengo and Tangasseri in Travancore.
Bombay—
The Akrani.
Baluchistan—
The Loralai, Zhob and Kalat districts and part of Chagai.

If all these proposals are carried into effect, there will remain under the operation of the outstill system one large block of feverish and inaccessible country lying between Chota Nagpur and the Gódávari and the small or isolated areas detailed in the margin which for special reasons cannot be brought under any more advanced arrangements.

The control of the outstills that remain.

22. The introduction of measures for regulating the quality, strength or outturn of outstill liquor and so making the incidence of taxation bear a definite proportion to the outturn is impracticable unless there exist facilities for control. Local Governments generally are of opinion that, where such facilities exist, it is desirable to introduce a still-head duty as early as possible. The measures in question have been given an elaborate trial in Bengal and the Committee are at one with the Local Government in considering the results attained in that Province as of small value. On these grounds they do not recommend any further experiment.

It is clearly desirable that measures should be taken to prevent smuggling, to prohibit the sale of liquor to children or drunken persons, to check the occurrence of drunkenness in the neighbourhood of shops and stills and to secure a reasonable degree of conformity with local public opinion as to the location of shops; and the Committee recommend that attention should be paid to these points wherever they are at present neglected. They will be dealt with more fully in subsequent portions of this report. Here it is sufficient to remark that for the prevention of smuggling it is of great advantage to prohibit the establishment of any shop or still within a fixed limit of the outer border of the outstill area, and that for the attainment of the other three objects specified, the most effective measure is the appointment, as in Assam, of a responsible staff whose main duty would be the control of shops and who would only secondarily have to deal with the prevention of excise offences. The appointment of such a staff, consisting of superior officers only, would also serve to prepare the way for the introduction of a distillery system.

A few minor points that have been brought to notice during the enquiry may be mentioned. Sale at weekly markets, which has wrought much evil, should be prohibited. So also should hawking of liquor. Lastly, it would be well in the most backward areas, if liquor sellers were prohibited from lending money or acquiring land.

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* NOTE.—Here as elsewhere the Committee have been unable to deal with the excise of cantonments in Rajputana as the report thereon was received only on the 12th July.

## CHAPTER IV.—DISTILLERY SYSTEMS.

Instructions received.

23. The Government of India have noted, as a second instance of the matters in which reform is required, the crude and unsatisfactory nature of some of the local distillery systems, and have directed that the systems adopted in the various Provinces should be carefully compared with a view to effecting improvements in those which are more backward. The objects to be kept in view are to concentrate manufacture as much as possible, to improve the process of distillation, to regulate the strength of the liquor and if possible to impose definite standards of purity.

The Committee's attention is further invited to Finance Department Resolution No. 1975 Exc. of the 6th April 1905, in which the Government of India have advised that in Provinces in which plain spirit manufactured by European processes has not yet been admitted to the country spirit market this should now be done, thus affording a starting point for the provision of country spirit by large and well equipped distilleries, and, with reference to these considerations, the Committee are instructed to report as to the possibility of introducing improved distillery arrangements, and to deal with the questions which naturally arise under a system of manufacture concentrated in a few centres, *e.g.*, the provision to be made for distribution of liquor by means of bonded warehouses and for the export in bond of liquor from one Province to another.

The Committee are finally desired to consider the fiscal system to be adopted with reference to the improved distillery arrangements contemplated, the four typical systems in force being described as follows :—

(*a*) The system of central distilleries which are mere collections of native potstills in Government enclosures.

(*b*) The Contract Distillery system of Madras, as worked there since 1901, which has now been adopted as a model in Bengal and the Central Provinces. Under this system the monopoly of supply in a district or other selected area is given out on contract, the contractor issuing his liquor at the rate of excise duty in force and supplying vendors at a fixed rate determined by tender over and above this duty, while the right of vend is generally disposed of by auction for each shop sanctioned.

(*c*) The Punjab system, where the vendor can procure his liquor from any one of a limited number of licensed distilleries. Here too the shops are as a rule separately sold by auction.

(*d*) The District Monopoly system of Bombay. Here the monopoly granted extends to vend as well as to supply ; the contracts are given not by competition but by selection ; the rates of duty are low, and subject to payment of a minimum guarantee which is ordinarily covered by the amount of duty paid on issues, the contractor pays nothing for the privilege of retail vend.

Some preliminary considerations.

24. The Committee desire to preface their examination of this part of the subject with the following considerations :—

The conclusions suggested by Major Bedford's enquiries as far as they have gone are that with certain improvements in processes and apparatus there is no reason why spirit should not be produced from potstills which will satisfy the necessary standard of purity. The Local Governments have all accepted the advice of the Government of India in regard to the treatment as country spirit of plain spirit manufactured by European processes. They are generally disposed to agree to inter-provincial imports and exports of spirit being facilitated, provided satisfactory arrangements can be made for credit of the duty, though naturally preferring that the Province of each should as far as possible supply itself. The policy of concentration of manufacture, of regulation of strength and of separation of manufacture and vend is generally accepted ; as also is that of the introduction of improved arrangements for control of manufacture and levy of duty on the lines followed in England, as soon as a staff of officers qualified to carry it into effect is available. Thus the problem for solution resolves itself into the discovery

for each area of the system which is best adapted to secure the regular supply of pure spirit at a few centres at a fair price.

The distillery systems may be considered in order of development.

25. The typical systems referred to may be considered roughly in the order of their development.

The first step towards the levy of a still-head duty has been on one side of India a concentration of native potstills in a Government enclosure, on the other the grant of the privilege of supply and sale over a large area to a single monopolist. With the admission to the country spirit market of spirit made after European methods, these intermediate systems have developed into the systems of competitive supply on the one hand and contract supply on the other. A convenient order of consideration will therefore be (1) the Sadar Distillery system, under which may be included all systems which involve the collection of a number of distillers into a single enclosure, (2) the District Monopoly system, (3) the Punjab system, and (4) the Contract Supply system.

The Sadar Distillery system in its original form is dead.

26. The Sadar Distillery system in its original form was provided for by Bengal Regulation X of 1813 and the Acts derived therefrom. This form has served its time as an intermediate arrangement and long survived its proper use. With the orders for its abolition in Bengal and the Central Provinces it has already received its death-blow. So far as Bengal, Eastern Bengal and the Central Provinces are concerned the Committee propose to take as the starting point of their consideration of the subject the orders already passed sanctioning its gradual discontinuance. They would only remark that the Bengal distilleries, as at present existing, show a very great advance on the original conception, and that the inadequacy of the system to the needs of an advanced Province is demonstrated by the poor results which have attended the great care bestowed upon its improvement.

The only other area in which the system still survives in its original form comprises the Dera Ismail Khan and Bannu districts of the North-West Frontier Province, where it is maintained owing to the difficulties of supplying these outlying tracts under the system obtaining in the rest of the Province. The Honourable the Chief Commissioner has now decided to close the Dera Ismail Khan distillery and to work that at Bannu under a more advanced system.

But there are developments of the system to be considered.

27. But under the definition of sadar distillery are included distilleries of a type widely different from the original collection of native potstills in Government enclosures for the supply of a limited and defined area. The majority of these are found in the United Provinces, where the policy adopted has aimed at developing a satisfactory means of supply by improving the processes of the small local distillers and allowing them to compete all over the Province, their competition being aided by the establishment of bonded warehouses. A perhaps even more notable instance is the distillery at Kotri, which supplies the greater part of the Province of Sind. Under the same head must also be ranked the group of distilleries at Uran, which is still in essence nothing but a sadar distillery, though some of them produce liquor enough to supply considerable contracts, and those at Dadar and in the Southern Coast districts of Bombay which are sadar distilleries for the production of a particular kind of spirit.

The arguments for and against groups of small distilleries in Government enclosures.

28. There is much to be said in favour of the attempt to develop a satisfactory source of spirit supply out of the men and materials immediately and locally available. It continues employment to the hereditary distillers and supplies a liquor such as the people are used to; and in its early stages it entails on Government a minimum of expenditure. When the competition among distillers covers a whole Province prices generally are kept down to a fair level; but elsewhere this merit cannot be claimed for the system, as distillers usually form a ring and keep prices up. The indisputable disadvantages of the system are that it renders improvement in processes and in storage extremely difficult, that the cost of production is unquestionably higher than when manufacture is concentrated under competent

direction, and above all that effective control of the distillers' operations is practically impossible. It may be added that the spirit at present produced in the toddy spirit distilleries is generally very impure.

The Committee's conclusions.

29. On these grounds the Committee concur with the Governments concerned in the opinion that the number both of distillers and of distilleries should be reduced. They approve of the policy of development that is already in progress, but would take measures to expedite it. They would reduce the twenty-one distilleries at present open in the United Provinces to not more than fifteen. In those that remain they would reduce the number of distillers to a select few by insisting on the separation of manufacture and vend, on the introduction and maintenance of proper plant and on a stricter system of control. It is believed, that distillers could be selected who would satisfactorily undertake supply under whatever fiscal system might be adopted in the future.

Sadar distilleries maintained for the manufacture of special classes of spirits.

30. In the above recommendation distilleries mainly for the manufacture of plain spirit are referred to. In respect of those at Kotri in Sind and at Dadar and in the Southern Coast districts of Bombay a new problem arises, namely that of taste, which it will be convenient to deal with here. The bulk of the spirit distilled at Kotri is flavoured with a great variety of ingredients, while that made at Dadar, and in the Southern Coast districts is made from toddy and has the peculiar flavour which distillation from that base imparts. The Kotri flavourings are too various to admit of the manufacture on a large scale of any one kind of flavoured spirit, and the toddy trees are too scattered to allow concentration of manufacture. The question therefore arises whether, with a view to the improvement of the fiscal system, it is justifiable to force on the people spirit of a flavour different from that to which they are accustomed. *A priori* undoubtedly it is not, but experience does not support this conclusion, as radical changes have repeatedly been made, sometimes by contractors without reference to Government at all and without any objection being taken by the consumers.

The Committee's recommendation in this regard.

31. The Committee therefore think that a change in the character of the spirit supplied does not create any insuperable difficulty. They do not however suggest that any such change should be made suddenly and without consideration. In their opinion the first step should be to remove all regulations which artificially enhance the selling price of the more cheaply produced plain spirit as compared with that of the more costly flavoured or toddy spirit, and to allow the two classes of spirit to compete with one another on the basis of their cost of production alone. They anticipate that the result will be that the poorer classes of consumers will speedily abandon the fancy spirit because of its higher price. When this has taken place, the taxation on it should be increased gradually up to the tariff rate and as soon as that is reached it should be declared to be foreign spirit, to which it will properly be allied both as being a luxury of the richer classes and as being liable to obscuration which renders it impossible to treat it as ordinary country spirit. Under such an arrangement, it would in time be possible to abolish the Southern Coast distilleries of Bombay, which it may be remarked are described as little better than cow-sheds, to limit toddy distillation to one distillery in each of the Presidencies of Madras and Bombay, the former at Chavakkat, the latter in the neighbourhood of Dadar, and to make special provision for production at Uran and Kotri of the flavoured spirit the consumption of which is now practically confined to Bombay and Sind.

District Monopoly system.

32. The merits and demerits of the District Monopoly system have been very clearly set forth in the Despatch to the Secretary of State on the Excise Administration of India, No. 29, dated 4th February 1890, and the Committee do not propose to repeat them here in detail or to reproduce the many arguments for and against it which have been urged in subsequent controversies. It is to be understood that, except when remissions are granted to which reference is made further on, the contractor under this system has to pay in any case the whole amount of his guarantee, and if he sells spirit beyond the quantity covered by the guarantee, he pays in addition the amount of still-head duty chargeable on such excess at the prescribed rate. With this

explanation the Committee confine themselves to a consideration of the practical working of the system as it appeared to them in the course of their enquiry.

Its advantages.

33. In critically examining this system, it should be borne in mind that the Bombay Presidency, to which it specially belongs, presents a diversity of conditions such as the Committee have not found in any other part of India and undoubtedly requiring peculiar treatment. Briefly stated, the advantages of the system are that it is easy of administration, that it keeps the business in respectable hands, that it removes the speculative element from the taxation of liquor, and that at the same time by enlisting the supplier on the side of the law, it forms an excellent instrument for preventing illicit practices on the part of vendors of liquor. It is admitted on all hands to have been an immense advance on the system which preceded it and to have achieved a great initial success in replacing the outstill and farming systems.

The practical difficulties of working it.

34. For the effective working of the system, it is essential that the minimum guarantee should represent closely the natural consumption of the contract area ; for, if it fails in this, it fails also in applying to the contractor the requisite stimulus to attend to the interests of Government as earnestly as to his own ; and a main drawback of the system is the very great extent to which the excise administration depends on the contractor. Owing to the difficulty of fixing accurately the guarantee, the latter cannot be confidently accepted as representing the natural consumption, and there is a tendency for contractors, who have normally no difficulty in covering their guarantee and are moreover allowed to make up the deficiency of a bad year in the course of their contract by large issues towards its close for consumption in the following year, to become nothing, but monopolists of manufacture and vend subject to the payment of still-head duty.

Under this system the monopoly of vend is bound up with that of manufacture and supply, while under most others these privileges are more or less completely separated. It is therefore necessary to consider not only the method of manufacture and supply, but also the management of the retail shops. The Committee recognise that, under the stress of scarcity and famine prolonged through a number of years, it has been hardly possible for so much attention as was desirable to be given to the details of excise administration or to measures directed towards their improvement ; but with every allowance made for this difficulty, there are still some points in which they think that the management of the monopolies has not been maintained at the highest attainable standard. The conditions of the license granted to the monopolist make adequate provision for the proper working of the contract ; but the evidence received by the Committee leaves room for doubt whether sufficient care has been taken to exact a full compliance with those conditions. It is stated that in some instances contractors have sublet their shops, taking minimum guarantees themselves from their shopkeepers ; in many, that they have exceeded the maximum price prescribed ; in others, that they have omitted to employ preventive establishments, or if they have nominally employed them, have used them as a mere collecting agency, and that in consequence, they have failed to check illicit distillation. Apart from the special and unfavourable circumstances of the Presidency in recent years, the inadequate enforcement of the conditions of the license which bind the contractor in these respects seems to the Committee to be largely the result of the too great reliance placed on the monopolist and of the reduced interest and authority of the Collector in the working of the contract.

It appears to have been the practice to fix the guarantee without any consultation with the Collector and not to have required that officer to satisfy himself as to the strength or the manner of employment of the farmer's establishment, as to the terms on which the contractor engaged his shopkeepers, or generally as to the monopolist's management of the farm. The consequence has been that only too frequently the approval by the Collector of the men selected by the farmer to keep his shops has become a mere matter of form ; that the Collector's excise subordinates have through fear or favour winked at malpractices on the part of the contractor and his establishments, and that the latter, when working on detective duty, have not been in full and proper touch with the Government staff. The

decrease in licit consumption which has been observed in some districts cannot in the Committee's opinion be accounted for entirely by unfavourable seasons and consequent decline in the spending power of the people; and while the Commissioner of Abkári admits that in Kaira for example it is probable that illicit practices are rife, the introduction of an improved system in Khandesh has shown that in that district Government has been losing revenue heavily for many years.

In the latter district, owing to mistakes made in the introduction of the system and in the measures taken for working it, there is no year in which large abatements from the minimum guarantee have not been allowed; and in this and other districts, in periods of depression due to famine or scarcity or plague, such abatements have been granted on a scale much exceeding the remissions which are sanctioned rarely, if at all, in Provinces under other systems, and in some instances have been extended so far as to excuse the contractor from all payments in excess of the still-head duty on actual sales. It is probable that a contractor who had sublet his shops in breach of his contract would make a double profit by enforcing the guarantees of his sub-lessees while receiving remissions on his own account from Government, and there is reason to believe that this risk has not always been guarded against.

The Government's recent orders.

35. The Bombay Government have accepted the position that no system of supply into which the element of competition fails to enter can be a satisfactory basis for the adjustment of taxation and have given orders for the gradual and cautious replacement of the District Monopoly system by some other in which the competitive element has a place as soon as efficient establishments are available and subject to the results of reform elsewhere, and the Commissioner of Abkári has submitted proposals for its replacement in all districts except those in Gujarat and Thana and Kolaba.

The Committee's conclusions.

36. It is unnecessary therefore for the Committee to pass judgment on the system except as an intermediate measure in places where the repression of crime is difficult during the period of transition from outstills to more advanced management. The Committee's opinion of the system in this aspect is entirely favourable. But they think it necessary to add one or two warnings as to its practical working. An essential point is that the complete control of the Collector should be maintained. He should be fully consulted in reference to the selection of the contractor and the fixing of the guarantee. His supervision of the contractor's shopkeepers and other establishments should be real and not nominal, and he should have some means of knowing on what terms the former hold their shops and how and where the latter are employed. In addition, a satisfactory Government staff should be employed to control the contractor and his subordinates, with a view to eventually replacing them as soon as it is itself ready to undertake the prevention of offences against the excise law. With these safeguards the Committee think that the system may continue to do useful service in backward areas; nor would they in such a case object to the admission of competition in fixing the guarantee, since it would be the first condition of the employment of the system that the area concerned was one in which a competent contractor without increasing the total consumption would reduce the illicit and advance the guarantee accordingly.

The Punjab system—an explanation of its terms.

37. Before proceeding to a consideration of the Punjab system a brief explanation is necessary. The excise arrangements in force in the United Kingdom allow that, under certain safeguards and restrictions, any person may manufacture spirit and sell it to any licensed dealer throughout the country. In the reform of the Madras excise arrangements of 1884, an attempt was made to introduce a system of this sort under the name of the Private Distillery, or as it was sometimes called the Free Supply system, alongside of the system of Contract Supply. The attempt continued with gradual extensions till 1900, when it was abandoned on the ground that in the existing economic conditions of the Presidency experience shewed that it was liable to result in ruinous competition between two or three wealthy distillers, or in a coalition among them, enabling them in the latter case practically to dictate their own terms. When the Punjab authorities introduced their system there existed no important distilling interests outside the sadar distilleries. These the Government

(which was opposed to the creation of spheres of vend) decided to abolish and to replace by large and modern distilleries. In the process of replacement the measures which were taken to prevent ruinous competition included the limitation of the distilling licenses to the small number required to meet the volume of demand, the fixing of the sites of the new distilleries at suitable distances from each other, and the restriction of the still-power in each. At a later stage it was sought to meet the danger of coalition by requiring acceptance by the distillers of a condition in their license providing for regulation of the price to be charged for spirit issued. The Punjab system is thus not to be confused with the Madras system of Private Distillery Supply. It is one of competition for supply, but the competition is restricted by the situation of the distilleries, by the limitation of their number and still-power and by other terms of their licenses or distribution arrangements.

Its advantages.

38. In favour of this system, it may be accorded that it had as great a success in replacing crude sadar distilleries, at one time numbering as many as 118 in the Province, as the District Monopoly system has attained in replacing outstills, and that it recognised the principle, at the time accepted nowhere else but in Madras, which admits to the country spirit market plain spirit made by any improved process. As compared with other systems which also accept this principle, it has the advantages that, at any rate within the limits of the Province, it frees the trade from artificial restrictions and gives the shopkeeper, and through him the consumer, choice in respect of the spirit which it suits him to buy. The system also obviously stimulates each distiller to try to make the best and most popular liquor, since he cannot, as in the case of the Contract Supply system, rely upon a fairly ascertainable volume of demand.

Its dangers.

39. The dangers which the Committee see in it lie partly in the inadequacy of the safeguards to prevent an enhancement of price by the distillers and partly in the absence of provision for satisfactory supply of outlying tracts of country.

Undue increase of distillery price.

The price charged by the producer is one of the factors which influence the amount of taxation that can be levied, and it is the business of Government to see that it is not raised above what will yield a fair profit. The rates in force in the Punjab have gradually been increased (apart from the effects of a scarcity in *gur* at present prevailing) to about 25 per cent. more than the price, one rupee per proof gallon, which was expected to rule under the new system and which the Committee consider to be a fair one in the circumstances. Meanwhile a single distillery has acquired the control of two-thirds of the market, and one at least of the leading capitalists engaged has interests spread over a majority of the competing firms. The Committee have discussed with the local authorities the safeguards against undue enhancement and have been unable to satisfy themselves as to their adequacy. The Local Government have agreed, as soon as the present *gur* famine is over, to try to arrive at an understanding with the distillers in the matter.

Absence of supply of outlying areas.

The question of the provision for outlying areas will be further referred to in discussing the subject of wholesale supply. For the present it is sufficient to say that, under any system of supply that depends on competition between private firms, it is inevitable that the prices should be lowest where the supply is easy and demand great and highest, where the opposite conditions prevail, and probable that there will be areas where the demand is so small that no one will undertake to meet it. This state of affairs is neither convenient nor satisfactory in an excise system under which it is desirable that liquor should be cheaper in the outlying areas than in the towns. Moreover it is incumbent upon Government to provide that all areas which have a fair demand shall have adequate means of supply, and this can be secured only by the imposition of the artificial restrictions which it is a chief merit of the Punjab system to avoid.

The Committee's conclusions.

40. The Committee's conclusions in regard to this system must be dictated by what they consider the present necessities of the situation, rather than by any partiality for a system which follows European models in interfering as little as possible with the liberties of the distiller, the vendor and the consumer. Such a policy of non-interference would commend itself if impossibility of combination between distillers

ensured a true competitive price, but the Committee doubt whether such a situation would be arrived at, even if the door were opened for the freest inter-provincial export and import. They think that the conditions under which capital is invested in this country would more probably lead to combinations or to practical monopolies, and they therefore cannot recommend the adoption of the system by Provinces now making a choice.

The system must therefore be regarded on its merits with reference to the Punjab and the North-West Frontier Province alone; and looking to the facts that the authorities have already had to take steps to prevent too aggressive a rivalry between firms, and that meanwhile the reduction of price which might theoretically be expected from free competition has not been brought about, the Committee must doubt the wisdom of the continuance of the system in these two Provinces.

The Contract Supply system—its objects and advantages.

41. The Contract Supply system is designed to avoid the dangers of unregulated competition among distillers for the custom of retailers (such as have been dwelt on in criticising the Punjab system) by substituting a regulated competition in the form of tenders for the privilege of supply at a fixed price per gallon within specified areas for stated periods. It is claimed for it that it ensures more than any other the supply of liquor at a low and constant price for a specified period, with the result in favour of Government that accurate and profitable taxation is facilitated; in favour of the distiller that, secure of his contract, he can lay in stocks of material and make his calculations on a definite basis; and in favour of the retailer that, knowing he will get a certain article at a certain price during a certain period, he can properly calculate the figure of fee which he can afford to pay for his license.

Some variations in detail—the question of Government or private buildings.

42. Before considering the objections to the system, it is necessary to examine more closely certain details of its working in respect of which there is considerable variety of practice. The most important of these relates to the provision of distillery buildings. On its first introduction in Madras, the Contract Supply system was brought into operation alongside, and not in supersession, of the Private Distillery Supply system, into which it was intended that it should be developed as soon as competition became effective. But the Private Distillery Supply system proved a failure, and was converted into that of Contract Supply. The latter therefore, as the general system of the Presidency, started handicapped by the defects of that which it replaced. These were the predominance of a single manufacturing firm and the fact that the existing distilleries were not placed with any regard to convenience of distribution. It may be added that there are no Government distillery buildings and that the firm above referred to had a great advantage in the matter of cost price owing to the fact that it combined distilling with sugar refining. The authorities therefore made such terms with the owners of existing distilleries, for the supply of areas not necessarily adjacent to them, as they thought best calculated to keep competition alive. As was almost inevitable, there has since been a slight but steady tendency to push prices up. This can be checked when the time comes by the admission of fresh competitors, but it indicates an undoubted defect in the Madras form of the system. In Bombay, on the other hand, the Government arrived at the system as a development of that of district monopolies, under which it possessed, generally at every district head-quarters, a fully equipped distillery building in which the district monopolist had his plant. On the introduction of the Contract Supply system, it was made a term of the contract for each area that the contractor should take over the Government building and put down his own plant, which should be bought from him at a valuation at the close of his contract. This seems to have resulted in widening the field of competition and in a much more favourable rate of contract than in Madras. The same policy has been followed with the same result in Berar and the State of Mysore; and in Assam a Government building has been erected for the same purpose, though in this instance by reason of the absence of any local distilling material, it might have been more profitable to import spirit. In Bengal and the Central Provinces a middle course has been followed, competition by the owners of private premises being invited, with the condition in the one case that new buildings erected for purposes of supply may be taken over by

the Government at a valuation at the close of the contract, and in the other that the existing sadar distillery buildings will be made available for the use of contractors, if desired. The prices under the initial contracts in both Provinces were very favourable, but there has since been a tendency in each instance to raise them higher than appears to be necessary.

The Committee's conclusion on this point is that, while it is desirable to admit to competition the owners of private premises, it is very necessary to see that no one firm is allowed to obtain a preponderating share of the business of supply; and the best means of preventing this is for Government to maintain a proportion of the distillery buildings which exist in Provinces contemplating the introduction of the system, with a view to leasing them to contractors when desirable.

Distribution of the contracts.

43. In the second place, some remarks as to the manner of distributing contracts are needed. In the case of Bombay, where definite areas are attached to particular distilleries, a simple call for tenders and a grant to the tenderer who, other things being equal, offers to supply good liquor at the lowest rate is perhaps all that is required. But the matter is not so simple when competition comes into play between users of Government and of private buildings and between manufacturers of widely different classes. It is not claimed for the system that the call for tenders provides an automatic safeguard against the risk of combination or cut-throat competition in prices, and to accept the lowest tender would probably often result in a single big firm securing one contract for a whole Province, at a price which would barely cover the cost of manufacture and which would be largely increased as soon as its rivals had closed their doors. In order to avoid these risks, it is desirable to break up the contracts into small units, of which a contractor may hold one or more as may be found suitable, and to extend the call for tenders to as many persons as possible, including in the case of Bengal, Eastern Bengal and Assam, and the United Provinces the best of the present sadar distillery licensees and others who own no premises, but are willing to set up plant in Government buildings. It is further desirable not to pass over any holder of a contract using his own premises and otherwise worthy of consideration, whatever he tenders, until he has been given an offer to continue at a fair price; and to strike a bargain on the tenders not necessarily in terms of the original offers, in such a way as to secure the carrying on towards the next lease of as effective a body of contractors as possible. It may be added that it is always advisable to make the term of the contract sufficiently long to eliminate the usual trading risks—say three or five years—and to advertise the new contracts six months or a year prior to the expiry of the old, so as to give ample time for Government to make arrangements in case any combination should arise.

Distribution of the cost of carriage.

44. Another feature of the system, which belongs more properly to the question of wholesale supply, may be briefly touched upon. The Madras system inherited from the Private Distillery Supply system a network of arrangements for the distribution of duty-paid liquor, the maintenance of which was made a term of the contract. In Mysore a separate distributing contractor is employed. In Bengal and the Central Provinces a liberal number of Government bonded warehouses have been opened for the distribution of liquor that has not paid duty. Various arrangements have been tried for adjusting the cost of carriage to the wholesale shops that are required to be maintained. The general conclusion is that it is most satisfactory to distribute it over the whole of the issues, in other words, to invite tenders for laying down liquor at stated well-considered centres at a fixed price, thus further facilitating the adjustment of taxation to urban and rural areas.

Objections to the system—that it engenders either a monopoly or a subsidizing of the poorer distillers.

45. The foregoing explanation accounts for, if it does not dispose of, several of the objections that have been taken to the system. The most serious of these is that it engenders a monopoly of supply, or in the alternative, necessitates a subsidizing of the smaller distillers. This has been true in a measure in Madras, where a single firm has the means of manufacturing much more cheaply than any other. In such circumstances under any system that allows free competition,

whether Contract or Private Distillery Supply, a potential monopoly is inevitable, and if it threatens to become incapable of control it is an evil which by all means in reason is to be avoided. The grant to the smaller distillers of a slightly higher contract rate, not as additional profit, but to cover the absolute expenses of manufacture, seems therefore in this instance to be justified and is a remedy that can easily be applied only under a contract system. In the other Provinces, it is hoped that the early adoption of the measures suggested above will suffice to prevent any one firm securing a preponderance.

That a distiller has no security for his capital.

46. The expedients which are adopted to prevent a monopoly operate to meet another objection that has been taken to the system, namely, that a distiller who has invested capital may be ousted at any time by a richer competitor and so has no security for his investment. It has been stated above, that a distiller who owns his distillery buildings and plant should always be given the option of taking a contract at a fair price, if his continued employment is desirable in the public interests. If he is working in Government premises, he is certain to receive a fair valuation for his plant.

That the system involves an unnecessary connection of Government with the trade.

47. Other objections which have come under the notice of the Committee are that the system associates Government too closely with the liquor trade, and that in the absence of any competitive supply within each area of contract there is no incentive to supply good liquor. To the former objection, the Committee attach little weight, as they consider that the extent of State control and supervision must be governed by the necessities which circumstances create. As to the latter objection, it is true during the currency of the contract, that there is no competitive incentive to supply good liquor, but this is met by the prescription of a standard of quality and purity which may even result in the supply of an article better than would be produced otherwise.

The Committee's conclusion.

48. The Committee's conclusion on the whole matter is that the system, while far from being perfect, is the best working system of supply that has yet been devised. It has been in force over twenty-two years in a considerable portion of the Madras Presidency, and has been subjected to enquiry and report in recent years by the Governments of Bengal, Assam and the Central Provinces. In the opinion of the Committee, it has successfully stood the test of time, of comparison and of criticism.

Summary of conclusions as to systems.

49. To sum up, the Committee's reply to the Government reference on this head is that they approve of the abolition of the Sadar Distillery system in its original form; that the best of the distilleries which exist under the improved form of that system in Bengal, Eastern Bengal and the United Provinces should be developed into sources of supply under a more advanced system; that the District Monopoly system is useful as an intermediate system in areas of difficult country, especially, when the minimum guarantee is fixed by competition, but is not suitable as a final fiscal arrangement; that the Punjab system has disadvantages which outweigh its advantages; and that the Contract Supply system is the most advantageous of any at present in force.

Their application to Provinces.

50. These conclusions may be briefly applied to the Provinces in order.

In Bengal and Eastern Bengal and Assam, the Contract Supply system has already been adopted as the system of the future, and the chief problem to be considered is the evolution of a satisfactory method of supply that will utilise local resources and avoid the creation of objectionable monopolies.

The policy of the United Provinces is not finally settled, but the Committee have advised, and His Honour the Lieutenant-Governor has undertaken to consider, the gradual introduction of the same system, two kinds of sources of supply being already available in the large distilleries attached to the sugar works at Rosa and Cawnpore on the one hand and in the better of the existing sadar distilleries on the other.

In the Punjab and the North-West Frontier Province, it is proposed to continue the present system after arriving at an understanding with the distillers on the subject of prices, and after making due provision for the supply of outlying areas, the system of Contract Supply being held in reserve as an alternative. In the latter Province, the same system or a system of District Monopoly, as circumstances may dictate, will be introduced at once into the small and outlying area at present supplied by the Bannu distillery.

In Madras, no large changes are contemplated. As parts of the non-regulation districts are brought under better control, the Contract Supply system will doubtless be extended to them.

In Bombay, the replacement of the District Monopoly system should steadily proceed in the Presidency proper and in Sind, the introduction of Contract Supply should be kept in view.

In the Central Provinces, the extension of the same system will continue.

It is already in orce in Coorg.

In Ajmer-Merwara it should take the place of the District Monopoly system, supply being by local distilleries or by import according as may be indicated by an examination of railway rates on materials and on the finished product, and by a calculation of the cost of local production as against import.

In Baluchistan it is proposed as the system for ultimate adoption in the districts of Quetta-Pishin and Sibi and the areas bordering the railway line. In this instance also, the question of supply by import will have to be considered, the facilities for local production being even less than in Ajmer. As an intermediate arrangement the local authorities propose to farm the joint right of manufacture and vend subject to the payment of still-head duty, but without the element of a minimum guarantee.

In Bangalore, the Contract Supply system is already in force. Its introduction into similar cantonment areas in Central India has been approved by the Honourable the Agent to the Governor General. The Committee would recommend the consideration of a similar policy in the case of the cantonments in Rajputana and the cantonments and Residency limits under the control of the Resident in Hyderabad.

Arrangements for distillery control—the English system.

51. The above conclusions, coupled with the general acceptance of proposals for the introduction of stricter distillery control, dispose in a great measure of the Government of India's instructions to report as to the possibility of introducing improved distillery arrangements. The matter will be further dealt with on its technical side by Major Bedford, I.M.S., to whom the Committee propose to leave all questions concerned with the technology of distillation. It may be useful, however, to add a few details regarding the arrangements necessary for control. The essentials of the English system are the approval of plant set up, the regulation of vats and stills in due proportion to one another, the passing of all spirit into secure storage rooms through closed pipes which are visible throughout their whole length, the securing of all pipes and vats, the keeping of accurate accounts both of wash set up and of spirit produced (the duty being levied either on the attenuation of the wash or on the spirit manufactured whichever gives the result most favourable to Government), the constant presence of an officer, and control through inspections by a superior officer at irregular and unexpected intervals.

The systems in the various Provinces.

52. These various precautions have been adopted in a great measure in Madras. The extent to which they have been applied in the other Provinces depends not so much on the system of supply as on local ideas and possibilities. An initial precaution which is always taken in India, but not in England, is the surrounding of the premises by a wall or other enclosure. In the Southern Coast distilleries of Bombay, this is no more than a bamboo fence. In some others, as at Karnal in the Punjab, it is a mud wall easily surmounatble. At Sujanpur in the same Province, it surrounds only the store room enclosure and not the distillery, and at Kotri in Sind it covers only three sides of the enclosure. Other distilleries, notably in the United Provinces, have high and secure walls, and additional precautions are taken by way of prohibiting the placing of anything near them which would facilitate people getting over or passing liquor out. None of the walls however are absolutely secure, and in most

of them there are openings, as for instance at the spent wash outlet, which would admit of liquor being passed out.

In addition to the wall there is always a guard. The practice varies in respect of the men employed. In Bengal, Eastern Bengal and Assam, the Punjab, the North-West Frontier Province, and Madras they are peons of the Excise Department; in the United Provinces, Bombay, Sind, and the Central Provinces they are generally police officers; at Uran the guard consists of 94 salt peons. In the Punjab and Madras they are admitted inside the distillery; elsewhere they are as a rule kept strictly outside; while in some of the United Provinces distilleries a tell-tale clock is added for check of the hour of inspections by the officer in charge. It is generally thought desirable to change the guard frequently. In the Central Provinces this is ordered to be done once a day, or in places once a week, in the United Provinces not less than once a month, while elsewhere once a month or once a quarter is the rule.

Inside the distillery there arises the question of locks and accounts. The most primitive system is that at Uran and Dadar, where no control is exercised until the liquor is brought in one case to the wharf for payment of duty, and in the other to the distillery gate. Next in order of development may perhaps be taken the United Provinces, where the distiller, who may distil as often as five or six times in a day, is not required to produce his spirit before an officer until its close. Here, as elsewhere, *e.g.*, in Bombay, the liquor manufactured is not brought to account until it has been redistilled, if necessary, reduced to a fixed strength and taken to store, sometimes after a considerable period; and though in many of the larger distilleries locks are placed on the receivers, the liquor commonly passes into the open air before entering them, a practice which tends to the loss of spirit vapour, while giving great facilities for abstraction. These facilities are recognised in the Bombay rule which allows to all the workmen on the premises a dram of liquor at the end of the day so as to reduce the temptation to abstraction from the worm end. In Bengal locked receivers have been adopted, but there are no pipes connecting them with the store room; and the liquor having run into a locked receiver is afterwards transferred in an unlocked vessel to the store. The same is the case in some of the distilleries in the Punjab, but in others a regular system of pipe transfers is in vogue. Pipe connections have been established in some of the Bombay distilleries also, but without provision for security against extracting liquor from them.

In the store rooms casks are the rule in Bengal and in the smaller distilleries of the United Provinces. In the larger distilleries of the latter Province and in Bombay and the Punjab gauged vats have been adopted. Those in which the gauging has been performed according to the English method and the cocks and manholes are locked are very exceptional; and practically all the vats have unprotected bungs underneath or other defects incompatible with strict English methods of control.

It has been observed above that as a rule no account is kept of transactions prior to the bringing of the liquor to the store. The most important safeguard subsequent to this stage is the periodical stock-taking and writing off of wastages by a superior officer. As to this it may be said generally that, though the accounts are everywhere balanced from time to time, there is outside Madras no satisfactory provision regarding wastages, and several instances were noted of suspicious losses. Wastages due to shrinkage on reduction with water or mixture of spirits of different strengths are not noted at all.

The officers in charge are muharrirs on Rs. 25 to Rs. 60 in the Punjab, Inspectors on Rs. 75 to Rs. 100 with muharrirs attached in the United Provinces, Superintendents or Deputy Inspectors on from Rs. 50 to Rs. 200 in Bengal, and Inspectors on from Rs. 60 to Rs. 250 in Bombay. The strongest staff at any distillery is at Kotri in Sind, where an Inspector on Rs. 300—350 with two assistants on Rs. 150 and Rs. 100 and two clerks are employed. Provision is made in Bengal, Eastern Bengal and Assam, and Bombay for the Inspectors to live on the premises. Elsewhere the officers in charge do not live on the spot, and are sometimes allowed, as for example in the United Provinces, to quit their distilleries for considerable periods to take their meals while distillation is in progress.

The system in Madras.

53. In Madras alone the majority of the precautions that form part of the English system are strictly observed. Approval is required of all vessels and apparatus set up and these are kept in due proportion to one another; a strict account is maintained of the materials used and of the attenuation of the wash; all rooms in the distillery and all stills and vessels or pipes into or through which spirits may pass are kept under lock and key; spirit passes from stills to store room and from store room to issue room in pipes which are painted with a particular colour and so placed as to be visible throughout their whole length and in which all joints are sealed with a revenue seal; an elaborate system of lock tickets, which are torn by the opening of the locks, is in force; and on the accounts kept a strict check is made of materials used against spirit produced and of loss through any cause within the distillery. The operations under these rules are conducted or controlled by a thoroughly trained staff of distillery officers, generally of the grade of Assistant Inspectors on Rs. 125 to Rs. 175, living at or near the distilleries, who again are subject to check at irregular and unexpected intervals by the Inspectors of Distillery Circles, the whole being under the control of the Abkari Deputy Commissioner, an expert officer obtained from England.

The essential difference between the Madras and English systems is that under the former the duty is levied solely on the spirit and the levy is postponed until the time of issue. This is inevitable in the present state of development of the distilling industry and in the absence of standards of outturn for the different bases in use in India. As noticed above, however, a strict account of materials used and of the attenuation of the wash is maintained, and it is hoped that this may, some day, form the basis of further development. A first necessity of this difference of system is the maintenance of a secure wall round the distillery buildings and a comparatively strong guard. These men, as well as the distillery officer, are required to make regular surveys both by day and night. Another feature of the postponement of the levy of duty until issue of spirits from the distillery or warehouse is the necessity of allowing for wastages in blending operations. An elaborate table of these has been prepared and is applied, but it is doubtful whether it is strictly accurate, and its amendment is under consideration. Meanwhile the check of these operations has been greatly facilitated by the separation of the storage and issue rooms and the provision of separate vats in which all blending is required to take place.

The system recommended.

54. The Committee recommend that in all distilleries at which a still-head duty is levied the system of control should follow in all essential points that in force in Madras. The introduction of such a system will involve some structural alterations, though these will not generally be of a serious character where a single distiller is involved. In the case of the United Provinces distilleries, however, so long as it is proposed to maintain several distillers working in the same compound, some difficulties will arise, but the Committee believe that they will not be insuperable. The sytsem will also involve the employment of a thoroughly competent and trained staff, for which purpose schools will have to be instituted, as will be recommended in a later chapter. Pending completion of these preliminaries the main essentials may be adopted, leaving the more elaborate details such as wash tests, lock tickets, and the like for later development.

The exemption of the Shahjahanpur distillery from control.

55. It is necessary to mention one special case of exemption from control, that of the distillery belonging to the Rosa Sugar Works at Shahjahanpur in the United Provinces. This distillery has hitherto been exempted from all supervision, partly as a matter of grace, partly no doubt as a matter of convenience. The Committee have examined the records relating to the grant of this concession and find no obligation or logical reason for its continuance. They have recommended to the Government of the Province that control should be introduced as soon as an efficient officer is available for the purpose, and this recommendation has been accepted.

## CHAPTER V.—COUNTRY SPIRITS—WHOLESALE VEND.

The connection between systems of wholesale vend and systems of supply.

56. The methods of wholesale vend are intimately connected with the distillery systems. Under the old Sadar Distillery system the distiller was generally the shopkeeper; in other words, the possession of a still in the Government enclosure was a necessary concomitant of his purchase of a shop in auction. The improvement of that system admitting of competition all over the Province has not put an end to this practice, but the permission to sell in other districts, coupled with the provision of bonded warehouses and the grant of free allowances on large issues, has tended to the creation of a class of distillers who concern themselves solely or chiefly with wholesale supply. A further modification of the system is found in Sind, where there are no bonded warehouses, but wholesale licenses for sale of duty-paid liquor are granted free of charge to distillers and others.

Under the District Monopoly system distributing agencies are necessary to only a small extent, and the monopolist, having the control of all retail shops, is apt to make the larger of them do the work of wholesale supply.

The need for such agencies does not appear to have arisen generally under the Contract Supply system as worked in Bombay, even though the shops are now held in different interests. In comparison with some other Provinces the number of retail shops is small and the transactions at each shop are considerable. Spirit is always removed in casks from the distilleries in quantities of not less than 50 gallons at a time. Bonded warehouses are, however, established in the case of contracts covering large areas.

Under the Private Distillery Supply system of Madras acute competition between distillers induced the taking out of a very large number of licenses for distribution of duty-paid liquor, and the maintenance of a majority of these has been made a condition of the present contracts.

In the Punjab, before the modern distilleries were instituted, a system of granting free allowances on large removals from distilleries such as are granted in the United Provinces, had created a class of wholesale vendors who in many cases became the agents for distillers under private agreement as to trade allowances. The distillers themselves do not ordinarily establish distributing agencies under their own management.

Under the new development of the Contract Supply system in Bengal it has been thought advisable to maintain a suitable number of bonded warehouses such as existed under the Sadar Distillery system; and in the Central Provinces, on the introduction of the system, provision has been made for the establishment of similar warehouses at tahsil head-quarters.

The systems in force.

57. There are thus four main systems for consideration :—(1) the grant free of charge or at a nominal fee of wholesale licenses for the sale of duty-paid liquor, (2) the grant of similar licenses along with the concession of free allowances on large removals, (3) the maintenance by the distiller under the requisition of Government of the necessary distributing agencies, and (4) the provision by Government of a sufficient number of bonded warehouses.

The grant of wholesale licenses at a nominal fee.

58. The first system would undoubtedly be the most desirable if it were practicable, but experience shows that the wholesale trade in itself does nos afford sufficient inducement to take out a license. In consequence, when this system has been adopted, the licenses have either been very few in number or have been taken by people who had other ends to serve besides a simple wholesale business, and who seldom, if ever, supplied outlying areas. For the securing of an adequate supply and proper distribution therefore it is necessary to look to the systems that afford some element of inducement or compulsion.

Free allowances.

59. The advantages claimed for the first of these are its simplicity and the freedom it gives to the trade to take its own course. The disadvantages the Committee find in it as worked up to date are that, while it involves a considerable loss of revenue to Government, it fails to provide an effecting distributing agency. Neither in the United Provinces nor in the Punjab has there hitherto been any condition in the license binding the wholesale vendor to sell to all comers. This is a defect which can be remedied; but there are no means of ensuring that distributing agents shall take out licenses in places where such agencies are required; and consequently there is a tendency for shops to be opened only in the larger towns where they are least wanted, and for the outlying areas to be neglected. The bulk of the allowances moreover go to retail dealers who do no wholesale business at all. The system even operates in some cases to divert trade from its proper channels, as for instance in the case of the districts of Amritsar and Gurdaspur, which supply one another instead of each supplying itself, in order that the shopkeepers may enjoy the advantage of the higher allowance granted for the removal of liquor out of the district of manufacture, or again in the case of Lucknow, where it was found when a rate of 4 per cent was allowed that liquor was taken out of the district to secure the benefit of the allowance and brought back again to supply the city shops. It may be added that the wholesale vendors under this system as at present worked are under no proper control either as to strength or price, and that the grant of the allowances operates to give an unfair advantage to the capitalist shopkeeper as compared with the man of small means who can afford to remove only a few gallons at a time.

Requiring the contractor to distribute.

60. The Madras system has the advantage of ensuring a supply which is necessary in a Presidency possessing such a large number of small shops. On the other hand, it is inconvenient to contractors and therefore expensive to Government inasmuch as it increases the contract price, and would be difficult of introduction in any Province in which the contractors were not used to it.

Bonded warehouses.

61. The system of bonded warehouses is almost a necessity in the case of supply of one Province by another and is simple and convenient in any case. It may also be made use of to relieve revenue officers of onerous duties in connection with the supply of opium and hemp drugs. Objections to it are that it is expensive and troublesome. These have been taken for the most part in Provinces in which there is as yet no organised excise staff. The Committee believe that, as soon as proper establishments are entertained, the force of these objections will be found to be greatly diminished. Where issues are very large, a full-time officer will be required, but in the great majority of cases attendance for a few hours on one or two fixed days in a week will be ample. As the warehouses will be nearly all at large centres of population or at tahsil headquarters, this can be made readily compatible with the performance of his other duties in such centres by the nearest preventive officer and, if the warehouse is established in the office compound, a responsible revenue officer can take charge of the keys for the rest of the week. A little training of the staff will dispose of the trouble at present complained of.

Another objection to which the Committee attach no weight is that the establishment of these warehouses involves an undue connection of Government with the trade. The connection is only by way of control, and there is little to choose between the control of excise operations in official premises or in private ones. On the other hand the transfer of opium transactions from Government treasuries to the bonded warehouses would be a proper extension of the operations of an Excise Department and would remove dealings in intoxicants out of the hands of the department which serves the general public. The opening of bonded warehouses need not conflict with the grant on a nominal fee of wholesale licenses for the sale of duty-paid liquor if there is a genuine demand for such licenses.

Preliminaries to the selection of a system.

62. The arrangements for distribution must take colour and shape from the particular system of spirit supply that is adopted, and in a minor degree from the character and location of the retail shops and the circumstances of their disposal. In Bombay,

for instance, the shops are as a rule so few and the transactions of each so large that the retail vendors can quite well afford to make their own arrangements for supply from the distillery. The same seems to be the case to a great extent in the Punjab and to a less extent in the United Provinces. Elsewhere, *e.g.*, in parts of the Central Provinces, where shops are sold in groups, the purchaser of the group may well be required to make arrangements for supplying all shops under his control. It has been seen that a District Monopoly system requires no distributing agency and that failure to supply outlying areas is one of the defects of the Punjab system for which it is the duty of Government to provide a remedy.

The system suggested under contract supply.

63. Under the Contract Supply system it is practically impossible outside Madras to insist on the maintenance of wholesale shops as in that Presidency, and the only remaining alternative is a system of small bonded warehouses. In the Committee's opinion these may well be established, generally at the head-quarters of tahsils or sub-divisions and other considerable towns, and may be made use of for all classes of exciseable articles. They can as a rule be protected by the treasury guard and need be opened only on fixed days and at fixed hours by a member of the preventive establishment of the Excise Department. No direct payments should be received, but issues should be made against Treasury Officers' receipts acknowledging the payment of duty. Vats may be erected and reduction allowed when a material saving in cost of carriage can be shown; elsewhere simple storage in casks should be permitted. But metal drums may be preferred to either. Wastages in transit should be checked and reported by the officer in charge on receipt of the spirit, and wastages in store written off as the result of a quarterly check by a superior officer.

A few further points may be noted. Supply areas being mapped out, supply should be at the same price at all warehouses in each area; all issues should be at fixed strengths; no issue of less than a gallon should be allowed, and over that quantity no fraction less than half a gallon should be permitted; each shop should be allowed to take its supplies from the warehouse most convenient to it; at least six weeks' normal supply of the shops ordinarily drawing liquor from the warehouse should be maintained in store and as much more as may be necessary in places where the rainy season or imperfect communications make it difficult to get regular supplies. Wastages in transit should also be put under careful regulation; the actual wastage should be allowed subject to a maximum scale fixed according to distance travelled by rail or road; the same scale should be applicable whether the supplying distillery is within or without the Province; allowance for heavy loss by accident should be made only after the loss has been thoroughly substantiated; and tampering with consignments by rail, if it continues, should be brought prominently under the notice of the Railway Board.

A definition of terms.

64. In conclusion the Committee would make one recommendation on a matter of detail. They have found great confusion to be caused by the indiscriminate use of the terms 'warehouse' and 'depot.' Now that the systems of different Provinces are being brought into harmony with one another it would make for a clearer understanding if a definite nomenclature were adopted, and they would propose that 'warehouse' or 'bonded warehouse' be applied to all wholesale agencies for liquor that has not paid duty, and 'wholesale shop' to all agencies for liquor that has, and that the term 'depot' be dropped altogether.

## CHAPTER VI.—CONSUMPTION AND DUTY.

Instructions received.

65. The policy of the Government of India is to minimise temptation to those who do not drink and to discourage excess among those who do, and the most effective method of furthering this policy is stated to be to make the tax upon liquor as high as it is possible to raise it without stimulating illicit production to a degree which would increase instead of diminishing the total consumption, and without driving people to substitute deleterious drugs for alcohol for a more or a less harmful form of liquor. In pursuance of this policy the Committee are instructed to consider the possibility of enhancing the present taxation on country spirit produced in distilleries; their attention is drawn to the fact that the average provincial rate of taxation is considerably below the general average for India in Bombay and the United Provinces, the two Provinces in which consumption is largest; and in the case of Bombay they are directed to consider what explanation can be afforded of the high rate of consumption, whether it is connected with the operation of the District Monopoly system and whether it can be remedied by appropriate modifications of the same.

The causes affecting consumption of spirits—climate.

66. The causes affecting the consumption of spirits in different parts of India are many and various. Taking the influence of climate in the first place and treating India as a whole, it is to be observed that a large consumption of fermented and weak distilled liquors generally prevails in areas of heavy rainfall, and that these liquors are commonly declared, sometimes by persons in authority, to be a necessary of life to dwellers in malarious tracts. In the drier climates, where greater extremes of heat and cold prevail, strong spirits or drugs are more commonly in use.

Race.

67. The question of race is a very important factor. To quote the majority conclusion of the Research Committee appointed by the Society for the Study of Inebriety:—"Races that have long been exposed to the action of alcohol have grown more and more temperate. For example, Greeks, Italians, South Frenchmen and Germans, Spaniards, Portuguese, and Jews, who have been most exposed to the action of alcohol, are very temperate. The nations of Northern Europe, on the other hand, who have been less exposed to the action of alcohol—for example, the British, Scandinavian, and Russian—are more drunken; whereas most savages, Esquimaux, Red Indians, Pacific Islanders, Tierra del Fuegians, Australians, and others who have had little or no racial experience of alcohol are excessively drunken. West Africans form an exception to the drunkenness of savages; they are comparatively temperate, but they have been long weeded out by alcohol in the shape of abundant supplies of palm wine." Whether this induction is correct or not, the fact is certainly patent to every one acquainted with Indian conditions that drinking and drunkenness are much more prevalent among the aboriginal races, when they have the opportunity, than among those that are more civilised.

Religion and caste.

68. Religion and cast rules have their particular influences. Liquor is prohibited to Musalmans and among Hindus to Jains and Vaishnavites; and while the prohibition is strictly observed by the two last-named, drinking is uncommon except in moderation and in imitation of European customs among Musalmans and most of the higher castes of Hindus. In the Tantric sect of Saktas, on the other hand, drinking is not only considered permissible, but is even enjoined both for personal use and for worship. Similar practices prevail among many of the more backward castes, notably on the West Coast of Madras and in the block of jungly country between Chota Nagpur and the Godavari. Evidence was given before the Committee of a custom which obtains among dhobis of the Punjab of requiring an offender as a caste punishment to provide drink for the *panchayat* of the caste. This is a custom which extends to other castes also.

69. Closely connected with religious and caste questions are the social and temperance movements which have arisen from time to time. Apart from those fostered under European influence the Committee find evidence of several indigenous movements of this sort. Sir Frederick Lely mentions one among the Ghanchis of Surat, and the Excise administration reports refer to others in Thana and Kolaba in 1886 and in Salem in 1899. These would appear to have died out, but one among the Satnami Chamars in the Chhattisgarh division of the Central Provinces seems to have been more permanent, and this caste is still notable for its abstinence. The Kayasth Conference is said to have had its origin in a similar movement, and the Arya Samaj to have done considerable work in the same direction. At the present time an effort is being made in some districts of the Bombay Presidency to put a stop to drinking in certain classes by means of caste fines and other stringent measures.

Social and temperance movements.

70. Causes which influence consumption even more than those connected with caste or religion are referable to occupation. A departure from the pursuit of agriculture has commonly the effect of weakening traditional restrictions on indulgence, an effect which is enhanced by the impossibility of maintaining the old customs under the complexities of town life. The conditions of employment in Indian manufactories make operatives feel the need of a stimulant, which high cash wages enable them to gratify. The case of the mill-hands in Calcutta and Bombay is particularly in point. These causes mainly account for the facts that ten or a dozen large cities consume a quarter of all the spirit recorded as drunk in India and that the *per capita* consumption of the Provinces varies to a great extent directly with their percentage of urban to total population.

Occupation.

The presence of troops and the number of camp followers which that entails always lead to heavy consumption. Out of 55 cities of a population of 50,000 and over in British India for which statistics are available, 34 which are cantonments drink 25 per cent. more country spirits per head of their population than the 21 which are not.

71. All circumstances which affect the general prosperity of the people have a direct influence on the consumption of liquor. Consumption rises in good years and falls in bad as invariable effect from cause; in famine it reaches a minimum. A partial exception to the rule however occurs in the case of plague, the appearance of which has sometimes been accompanied by large increases in consumption owing to the people taking liquor, partly in the belief that it is a prophylactic, partly to keep off the fear of the disease.

Famine and plague.

72. When use of spirits is under consideration, it is necessary to have regard to the comparative consumption of other forms of intoxicant. The table given in the margin enbodies an attempt to compare the consumption per head per annum in each Province of spirits, country fermented liquors, opium, *ganja* and *charas*, and gives some idea of the extent to which the popularity of different intoxicants varies in different places. It also varies in the same Province from time to time according to the adjustment of taxation. Thus people are reported to have taken to toddy instead of spirit in South Canara and to spirit instead of toddy in Surat and the Konkan. A more

Consumption of other intoxicants.

*Consumption per head of spirits, country fermented liquors, opium, ganja and charas.*

| — | Spirit (L.P.) in drams (in distillery areas only). | Country fermented liquors in gallons.* | Opium in tolas. | *Ganja* in tolas. | *Charas* in tolas. |
|---|---|---|---|---|---|
| Bengal | 1·4 | Considerable. | 0·12 | 0·29 | 0·002 |
| Eastern Bengal and Assam | 0·1 | Do. | 0·18 | 0·26 | ... |
| United Provinces | 1·8 | Moderate; in parts of the Province only. | 0·10 | 0·02 | 0·12 |
| Punjab | 0·7 | ... | 0·23 | ... | 0·15 |
| North-West Frontier Province. | 0·4 | ... | 0·12 | ... | 0·13 |
| Madras | 1·7 | 2·9 | 0·09 | 0·08 | ... |
| Bombay | 7·4 | 0·64 | 0·19 | 0·20 | 0·01 |
| Sind | 2·7 | | 0·23 | 0·01 | 0·27 |
| Central Provinces | 5·4 | Large; in parts of the Province only. | 0·32 | 0·30 | ... |

* The yield of *tari* is estimated at 40 gallons per tree tapped. In Bengal, Eastern Bengal and Assam, the United Provinces, and the Central Provinces no accurate figures of trees tapped are available. These Provinces have 15,553, 1,638, 4,390 and 1,414 shops respectively for sale of country fermented liquor.

remarkable instance of a change of stimulants following an increase of taxation is the present resort to beer by the native population in Madras and elsewhere where the taxation on spirit has been raised to a high level.

Extent of excise control—liquor systems.

73. The system of outstills has been responsible for a great tendency to increase of drinking. The question whether the District Monopoly system has had a similar influence will be discussed later. Under systems that separate the privileges of manufacture and vend the method of retail vend rather than the other features of the system is chiefly in question. This is a matter that will be dealt with in a subsequent chapter. It remains to be remarked here that the extent of the application of any system of still-head duty must have a very disturbing influence on comparisons that may be made of consumption in different Provinces, since if consumption per head is considered, a Province that applies a still-head duty system to town areas only is judged on the basis of its hardest-drinking population, while, if total consumption is considered, the Province which has made most advance in abolishing outstills is liable to be regarded as being the largest consumer.

Efficiency of preventive action.

74. The efficiency of preventive action is a matter which has a very important bearing on statistics of consumption. A single instance is sufficient to illustrate this. It is estimated, and the Committee believe on good grounds, that the licit consumption in parts of the Punjab is not more than 50 per cent. of the whole.

Number of shops.

75. Since opportunity to drink or the lack of it is one of the principal factors in inducing or checking drinking among those prone to it, the policy of the various Governments in the matter of the provision of shops is important and far-reaching in its effects. The variations in policy are remarkable, some Governments regarding it as their duty to provide a supply when only a small number of moderate consumers require it, while the action of others evinces no great desire to consider the probable needs of large sections of the people. The table in the margin illustrates to some extent the results of these differences of policy. The figures of area and population entered therein are the averages for each Province, and, if they were worked out for smaller areas, the variations would be still more striking. The important question of the provision of shops will be dealt with in detail in a later chapter.

| Province. | Number of country spirit retail shops for 1904-05. | Area per shop in square miles. | Population per shop. | Population per shop excluding Muhammadans. |
|---|---|---|---|---|
| Central Provinces | 7,763 | 13 | 1,600 | 1,535 |
| Sind | 291 | 162 | 11,034 | 2,627 |
| Ajmer-Merwara | 145 | 19 | 3,289 | 2,792 |
| North-West Frontier Province. | 53 | 311 | 38,518 | 2,940 |
| Madras | 11,580 | 12 | 3,298 | 3,087 |
| Coorg | 45 | 35 | 4,013 | 3,710 |
| Bombay | 2,521 | 30 | 6,078 | 5,570 |
| United Provinces | 5,993 | 18 | 7,955 | 6,844 |
| Punjab | 1,269 | 77 | 16,002 | 7,490 |
| Bengal | 2,822 | 38 | 17,747 | 14,549 |
| Eastern Bengal and Assam | 800 | 122 | 37,870 | 15,611 |

Taxation per gallon.

76. The variations in policy in respect of taxation per gallon are scarcely less remarkable. Where one Government considers a uniform rate of still-head duty for the whole Province sufficient, another has as many as 38 rates graduated to suit the conditions of different areas. Again, on the figures for whole Provinces the proportion of license fees, (where levied) to still-head duty varies from 4 to 114 per cent. and the total taxation per proof gallon from Rs. 2-10-5 to Rs. 8-8-11. It will presently appear that the *per capita* consumption of country spirit is almost invariably highest where the taxation on it is least.

These causes have been considered generally. Their consideration by Provinces.

77. Since the above causes and many others, which the Committee have no space to examine, vary in their operation not only from Province to Province, but also from district to district, it is obviously out of the question to enquire in detail into the effects of each one of them. Their general influence has been considered and illustrated in the speech of the Hon'ble the Finance Member in the

Budget Debate of 1905. The Committee propose now to confine themselves to a brief review of their operation in the several Provinces.

Bengal.

78. Bengal has a remarkably small urban population, specially towards the west, a fair percentage (18) of Muhammadans, chiefly in the east and a large industrial population extending from Calcutta to the north-west along the line of railways and coal fields. The Excise Commission of 1884, which made a very careful examination of the consumption of different areas, recorded its conclusion that country spirit was mainly consumed in three distinct tracts—one comprising Calcutta and the country in its neighbourhood; a second taking in only the districts of Darjeeling; and the third and most important composed of the greater part of the Patna division, two districts of the Bhagalpur division and two districts of the Chota Nagpur division. It added that this third and last tract formed part of a compact and well-defined spirit-consuming area, which in addition to the Bengal districts above referred to comprised the adjoining Benares division (in which the present Gorakhpur division was then included), part of the Allahabad division and almost the whole of Oudh. The explanation of the high prevalence of spirit consumption in the first two tracts was chiefly a matter of occupation, in the third it was largely ethnological. The Commission further explained that other intoxicants took the place of country spirits in the remaining districts. The state of affairs found in 1884 has continued with little change to the present day, except that the development of the coal fields has extended the area of high consumption to Manbhum. The highest rate of annual consumption (27·8 drams of proof spirit per head) of the sadar distillery areas of 1904-05 was in Monghyr where the people have a racial tendency to drink and where high cash wages are paid at the railway workshops at Jamalpur. The districts of Patna, Gaya, Saran and Shahabad followed with a consumption of 15·9, 15·6, 13·1 and 11·5 drams respectively, the head-quarter towns of the first two taking 24 and 25·9 drams, or more than any in British India except Bombay, Surat, Poona, Bangalore and Hyderabad (Sind); a fringe of districts round them, namely, Champaran, Muzaffarpur, Darbhanga, Bhagalpur and Hazaribagh had a consumption of between 4·5 and 2 drams; and the Sonthal Parganas and Calcutta (10·6 drams), were the only others of those under a distillery system that took more than 1 dram of proof spirit per head of their population.

The figures of incidence of taxation per gallon are confused in a few districts owing to the manner in which the auctions have been held and licenses for other intoxicants combined with those for country spirits. Taking them as they are, they show the taxation to be highest where consumption is least and *vice versâ*. In Jessore, Nadia and Khulna, which consume ·1 of a dram or less per head of their population, the total taxation amounts to Rs. 10 per gallon or over; in Hooghly, Howrah and the 24-Parganas, it ranges between Rs. 10 and Rs. 7-8-0; in Calcutta it is almost exactly equal to the latter figure; it ranges between Rs. 7-8-0 and Rs. 5 in Midnapore, Murshidabad, Birbhum, Puri and Burdwan; and is less than Rs. 4 in all the districts described above as having a consumption of 2 drams a head and upwards. The rates of still-head duty vary similarly and amount to Rs. 5 throughout the greater part of the Presidency division, range from Rs. 5 to Rs. 2 in the Burdwan division and are fixed at the latter figure in the divisions of Patna, Bhagalpur and Orissa.

Eastern Bengal and Assam.

79. The only figures of consumption available in Eastern Bengal and Assam are those for the Dacca division, of which the Muhammadan population is as much as 67 per cent. It is more agricultural on the whole than the sadar distillery areas of Bengal, and the highest recorded consumption per head of the whole population is ·22 of a dram in the Dacca district. This is probably due to the consumption of the city, which, however, is lower than that of any other city in British India of 50,000 inhabitants and over. The same division consumes a moderate quantity of *tari*, but not much *pachwai*. The confusion of figures is exaggerated in this instance and shows an incidence of taxation on country liquor of Rs. 7-6-7 in Dacca, rising as high as Rs. 9-5-6 in Faridpur, Rs. 9-6-3 in Mymensingh and Rs. 9-15-3 in Backergunge. Though this

is higher than the actual incidence, there is no doubt that the latter is much too high and has led to a considerable consumption of cheap imported spirits. The average consumption per head for the division is ·1 of a dram. The still-head duty is Rs. 4 per proof gallon.

United Provinces.

80. In the United Provinces the Muhammadan population is 14·0 per cent. and the urban population, according to the census report, 11·1 per cent. of the whole. But the dwellers in cities are much more numerous in comparison with other Provinces than would appear from the census figures, which in some cases include in the urban population inhabitants of villages of 5,000 and upwards. The consumption of opium is higher than appears from the table above and the taxation on it is comparatively low owing to the difficulty of preventing illicit practices by cultivators. Illicit distillation is common in the Allahabad district and the neighbourhood. The area of greatest consumption of spirit adjoins Bihar and stretches up between the Gogra and Jumna rivers as far north as Lucknow. The district consumption of this area varies generally from 2 to 4·5 drams per head of the population, the bulk of it being confined to the large cities and cantonments, of which seven in the Province, *viz.*, Allahabad, Bareilly, Cawnpore, Gorakhpur, Mirzapur, Lucknow, and Fyzabad, show a consumption of 15 drams and upwards. In the district of Lucknow, where there is a good deal of drinking in the rural areas as well as in the city, the average rises to nearly 8 drams. The only other districts in which it exceeds 2 drams per head are Agra (2·2), Bareilly (2·8), and Dehra Dun, which has the highest consumption in the Province, *viz.*, 13·3 drams, due largely to drinking by the servant classes in the hill stations of Dehra and Mussoorie.

The incidence of taxation per gallon shows less variety than in most other Provinces. The only rate above Rs. 5 per proof gallon is in Cawnpore (Rs. 5-3-9) and the only one below Rs. 3 is in Bijnor (Rs. 2-9-2). Thirteen districts show a rate of between Rs. 4 and Rs. 5, and twenty-six range between Rs. 3 and Rs. 4. The last group includes the majority of those in the area of high consumption. The common rates of still-head duty are Rs. 2-8-0 in rural areas and Rs. 3 in the towns. The latter is increased to Rs. 3-8-0 in the five towns of Dehra, Bareilly, Cawnpore, Lucknow and Fyzabad. The same rate is being applied from 1st April 1906 in Allahabad and Rajpur.

Punjab.

81. According to the census figures the Punjab has almost the same proportion of urban population as the United Provinces, and 53 per cent. of the whole is Muhammadan. Here again heavy drinking is confined to a definite tract consisting mainly of the central districts, largely populated by Sikhs, such as Lahore, Amritsar, Ferozepore, Jullundur and Ludhiana, to which may be added the cities or cantonments of Simla, Ambala and Rawalpindi. In the Muhammadan districts to the north and west and the Hindu districts to the south and east drinking is comparatively little indulged in. The conditions of the area of high consumption are remarkable. Sadar distilleries were condemned and spirit produced after European processes was admitted as country spirit from 1898-99, and a uniform still-head duty of Rs. 4 per proof gallon was imposed in the same year. Since then, though the consumption of licit liquor in the Province has increased through plague and other causes by47 per cent. it is nevertheless estimated that in some of the central districts named above the consumption of illicit liquor is at least equal to that of licit. It was therefore deemed desirable in 1905-06 to make the experiment of giving rural licenses on a nominal fee in the districts of Amritsar, Ferozepore, Jullundur and Ludhiana with a view to securing a price of 12 annas a bottle of spirit 25° U.P. The authorities are thus confronted with the double problem of an increase in the drinking habit among the people, and of so great a prevalence of illicit distillation in certain areas as to make it necessary to lower the price of liquor in order to cope with it.

North-West Frontier Province.

82. In the North-West Frontier Province Muhammadans form 92 per cent. of the population and have a strong religious feeling against the use of liquors. The population is for the most part rural and the shops are confined to a few large centres. Illicit

distillation is said to be unknown. The chief drinking class are the dhobis. The rest of the drinking occurs amongst other low castes, and a few of the middle classes in the towns. Some of these are also taking to beer drinking. The taxation per gallon varies from Rs. 5-15-0 in the Dera Ismail Khan district to Rs. 8-0-8 in Kohat. The still-head duty is uniform at Rs. 4. In Peshawar all the shops have been granted to a single monopolist, who has raised prices to Rs. 1-10-0 per bottle of proof strength. The Committee have recommended that this monopoly should be broken up. In spite of the high price, the consumption of the Province shows a distinct tendency to increase in comparison with the figures of twenty or thirty years ago.

Madras.

83. In Madras, the proportion of Musalmans to the whole population is only 6·4 per cent. Brahmans number 3 per cent. There is no other large class or caste of professed total abstainers. The great bulk of the population is agricultural, and there is a very large consumption of toddy. Shops are very numerous as compared with most other Provinces. There is no illicit distillation sufficient to affect consumption. The consumption per head amounst to 1·7 drams as compared with 2·1 for British India, and is generally speaking much more equally distributed than in other Provinces. In the Nilgiris, as in Simla and other hill stations, the presence for a part of the year of a large floating population of the servant class results in an abnormally high consumption per head of the census population. The figure for this district is 15 drams. For Madras city, it is 6·7. The Bellary city and cantonment show the highest consumption, *viz.* 19·68 drams, or more than twice as much as any other city in the Province of 50,000 people and over, and this brings up the consumption of the district to nearly 2·5 drams. The only other districts that show two or more drams are Ganjam, Vizagapatam and South Arcot, which are the districts in which low rates of duty prevail—in the two former because of their comparatively backward nature and in the latter as a check on smuggling from French territory. South Canara, which is also a low duty area, comes next with 1·9 drams.

The total taxation per proof gallon is very low, *viz.* Rs. 1-6-2, in two small and isolated areas surrounded by Hyderabad territory. In ordinary districts, the lowest rate is Rs. 3-3-7 in South Canara; Ganjam, Vizagapatam, the greater part of Malabar and part of South Arcot adjacent to Pondicherry also show rates between Rs. 3 and Rs. 4. Elsewhere, the lowest rate of still-head duty is Rs. 4-6-0 and the lowest total incidence of taxation Rs. 5-12-4. Ten districts show an incidence of between Rs. 6 and Rs. 7 and four of Rs. 7 and upwards. The rates of still-head duty amount to Re. 0-11-5 and Rs. 1-14-0 per proof gallon in two small and specially situated parts of the Kistna and South Arcot districts respectively, and to Rs. 2-9-9 in the greater part of the two districts of the West Coast. For the Presidency generally, there are four rates, Rs .3-2-0, Rs. 4-6-0, Rs. 5 and Rs. 5-10-0, applied according to the relative prosperity and drink consumption of the districts. The first is in force in the Northern Circars, the second in the rest of the Telugu districts, the third in the Tamil districts and the fourth in Madras, the Nilgiris and the Wynaad. The rate in the nine Tamil districts has been increased since the Committee's consultation with the Local Government.

Bombay.

84. The Government of India have desired the Committee to make an enquiry into the reasons for the high consumption in the Bombay Presidency. The Province consumes more than one-third of the distillery liquor that is drunk in India, and has a consumption per head five times as great as that in the area with which comparison can be made. It may be observed that the total recorded consumption reaches a higher figure than would appear, if the Local Government had not replaced outstills by distillery systems throughout its territories including the scheduled districts such as the Dangs and the Mewas estates; the sole exceptions being the small tract of the Akrani and the isolated cantonment of Deesa. As has already been intimated more than once, the conditions of the Province are so various, that it is impossible to deal with it as a whole. The Committee have therefore considered it by sections and have been

assisted in so doing by tables which have been prepared for the purpose by the Commissioner of Abkári. The area of highest consumption is limited to the city of Bombay and the adjoining districts of Thana and Kolaba together with those of Surat, Broach and Khandesh, the whole forming a continuous tract, though one of very varying character. These six areas consumed in 1904-05 no less than 1,736,924 proof gallons or 18·2 drams of proof liquor per head of their population of 4,567,800, the highest consumption (35·8 drams) being in the Bombay Town and Island. These figures are based on the census population of 1901, which in the case of Bombay city is two lakhs less than the present population; if this increase is allowed for, the figures are 17·5 and 28·5. Surat and Thana consumed 21·9 and 18·6 drams and Broach, Khandesh and Kolaba 15·1, 11·3 and 9·1 drams respectively. Next may be considered the cities of Ahmedabad, Nasik, Ahmednagar, Poona, Sholapur, Satara, Belgaum, Dharwar and Hubli, which consumed 228,270 proof gallons, or 16·6 drams per head of their population. The South Coast districts of Kanara and Ratnagiri took 138,379 gallons or 4·0 drams per head. The backward district of the Panch Mahals took 7·6 drams and Kaira 0·8 dram, but the last figure is much below the true consumption owing to the prevalence of illicit practices. The remaining nine districts of the Presidency, the towns excluded, took 190,235 proof gallons or 1·2 dram per head.

The extremely large consumption of the districts of the first group is reported to be due to a variety of causes, chiefly the natural inclination of the people to drink, the large floating population of all races, the damp and unhealthy nature of the climate, the high cash wages earned whether at cotton mills and the like in the cities or as lascars or fishermen on the sea, the general prosperity and the high standard of living (except in famine years), the low rate of taxation which is necessitated by the abundance of material for illicit distillation and of opportunity for smuggling from Native States, and the readiness of the people to resist measures of repression. In Khandesh practically, the whole population except Brahmans, Wanis and Guzar Kunbis indulge in liquor. The district has had several prosperous years, and the abolition of the District Monopoly system, though it has been accompanied by an actual enhancement of taxation per gallon, has been followed by an increased consumption owing to the more efficient measures taken for repression of illicit practices, and a reduction in the price of liquor by the shop-keepers.

The high rate of consumption in the cities and cantonments is attributed in the cities to the facts that the bulk of the labourers come from hard-drinking races and that the nature of their occupation in the opinion of some observers makes the use of stimulants a necessity, and in the cantonments to the camp followers who have been alluded to in a previous paragraph.

In the Southern Coast districts, the high consumption is chiefly due to the damp and unhealthy climate, the inborn inclination of the people to drink and the high cash wages earned by the sea-faring population and by the mill-hands who come and go from Bombay.

That in the Panch Mahals and Kaira is chiefly by bhils and other jungle tribes. Taxation is very low, because the nature of the country makes it impossible to put down illicit practices.

The rest of the Presidency is comparatively abstemious. Such little variation as there is between the rates of consumption of the nine districts concerned, apart from their cities, is due generally to the existence of industries other than agriculture.

The taxation per gallon varies for the whole Presidency from Re. 0-15-6 in the most difficult portions of Gujarat to Rs. 6-9-11 in Poona, the rate in Bombay city being Rs. 5-8-11. The rates of duty range from 15 annas through Rs. 2-5-8 and various intermediate rates up to Rs 3-8-0 in the mainland area of high consumption and Rs. 4 in Bombay city, while in the Deccan and the Karnatak, they reach a maximum of Rs. 5-5-4. Thus, generally speaking, the consumption varies inversely with the rate of still-head duty, and, while in most areas the still-

head duty represents practically the whole of the taxation, vend fees ascertained by auction are added to it in Poona, Belgaum, Satara and Ahmednagar and the Town and Island of Bombay.

The connection of the District Monopoly system with the high rate of consumption.

85. The question whether the high rate of consumption in the Presidency is connected with the operation of the District Monopoly system is one to which it is difficult to give a satisfactory answer. Though fourteen out of the nineteen districts in the Presidency have an average consumption exceeding that for the whole of British India, the high provincial average is due in the main to a very high rate in six districts. One of these is the City of Bombay, in which the system is not in force. It is in force formally or virtually in the districts of Broach, Surat, Thana and Kolaba. In Khandesh it has been replaced by a form of contract supply, retaining a minimum guarantee for individual shops; recorded consumption declined steadily under the old system in spite of largely increasing prosperity, and has nearly doubled under the new. The Committee recognise the causes which have been mentioned as contributing to the high consumption, and are of opinion that the District Monopoly system influences that consumption through its success or failure to overcome the difficulties that lie in the way of enhancing the taxation, and through the taxation the selling price of liquor, rather than in any direct manner. Under a monopoly the contractor may probably in many cases oppose an increase of taxation as contrary to his interests; on the other hand he is apt to raise prices even beyond the limit prescribed; these tendencies act in opposite directions and it is difficult to measure their effect. At the same time the necessity of steps to check excessive consumption is not likely to be obvious to a contractor; and if the grappling with illicit practices is difficult, there is danger of his fulfilling the obligation to check them only so far as it may serve his own interests to do so. The Committee are therefore disposed to think that, had the liquor trade been more directly under the management of Government, more might have been done to reduce the heavy consumption. They have in a previous chapter made their recommendation for the steady replacement of the District Monopoly system; their suggestions regarding enhancement of taxation are contained in a later part of this chapter.

Sind.

86. Seventy-six per cent. of the population of Sind are Muhammadans. The well-to-do Sind is are given to various sorts of spiced liquor, the plain or cheaper spirit being left to the poorer classes. There is a fairly large industrial and drinking population in the Karachi city. Consumption is large in the towns of Karachi, Hyderabad, Kotri, Shikarpur, Sukkur and Rohri, which take 60 per cent. of the whole. The consumption of opium and drugs is comparatively high, and special concessions in the matter of opium are granted in the Thar and Parkar district. The consumption of beer among the native population is becoming considerable. Illicit distillation is said to be unknown and there is no local distilling material. Shops are confined for the most part to the towns. Shop-rents are very small. The consumption per head amounts to 2·7 drams as against 2·1 for India. It is highest in Karachi where an increase over 150 per cent. in the past eleven years is recorded, but this is doubtless exaggerated by reason of the large increase in population since the census of 1901 and the existence of a considerable floating population in the city. The still-head duties are uniform for the Province, but vary with different liquors and cover an unnecessarily wide range of strengths; the general average is Rs. 5-0-2 per gallon proof. The fees for vend do not add more than 4 annas on the average to the taxation per proof gallon.

Central Provinces.

87. The population of the Central Provinces is purely aboriginal in the hilly districts, purely agricultural in the districts to the north and south of the Satpuras, and partly agricultural and partly industrial in the cotton districts round Nagpur and Akola (the conditions of the latter area being somewhat similar to those of East Khandesh), and the consumption varies accordingly. The highest incidence, 12·3 drams, is in Bhandara, a rich district at the foot of the hills. Chanda, Ellichpur and Betul which are largely

inhabited by aborigines follow with 9·0, 8·9 and 8·6 drams, respectively, and seven more districts, almost all in the cotton country, have an incidence of 5 drams and over. The agricultural population of the Nerbudda division shows an average of 2·6 drams and the consumption falls in Raipur and Bilaspur, which are the home of the Satnami Chamars above referred to, to 1·2 drams. The Jubbulpore city and cantonment gives the highest urban consumption, *viz.*, 18·72 drams. The consumption of opium and hemp drugs is high, and the number of country spirit shops is larger than in any other Province. The systems are under reform. The adjustment of the taxation has been hindered by the absence of provision in Act XII of 1896 for punishment of the smuggling which becomes possible under a system of differentiated duties; and still-head duties are low, varying from 15 annas to Rs. 3-2-0 per proof gallon. The total taxation per gallon varies from Rs. 2-0-7 in Narsinghpur to Rs. 5-7-2 in Amraoti.

Coorg.

88. The population of Coorg appears to consist largely of drinking classes, many of whom earn considerable wages. There is some consumption of toddy and drugs, but that of opium is very small. Illicit distillation is rife. The incidence of consumption per head, *viz.*, 7·8 drams, is higher than the general rate for any other Province. The taxation per gallon is uniform and is Rs. 5-5-10, of which Rs. 5-0-6 is duty and 5 annas 4 pies vend fees.

Ajmer-Merwara.

89. The rate of consumption in Ajmer-Merwara is higher than in any Province except Coorg, Bombay and the Central Provinces. This appears to be largely due to the presence of extensive railway workshops and popular places of pilgrimage. The consumption of opium is also high. This Province is worked under the District Monopoly system and the taxation per gallon is low, *viz.*, Rs. 2-10-5.

Baluchistan.

90. For Baluchistan no figures of consumption are available, but it is reported to be confined to Quetta and a few other stations and villages for the most part along the railway lines. The cost of distilling and the retail price are high, the latter being Rs. 1-4-0 per bottle of about 15° U.P., and in the absence of a still-head duty they provide a fairly adequate check on drinking.

Cantonments in Native States.

91. The consumption in cantonments in Native States, as might be expected, is very high, amounting in the two for which figures are available, Bangalore and Nowgong, to 28·1 and 24·9 drams per head respectively. The former consumes considerable quantities of beer besides. This high consumption is due to the presence of a large population of camp followers and low-caste servants with the addition, in the case of Bangalore of a number of poor Eurasians. Taxation in Bangalore amounts to Rs. 7-0-2 per proof gallon and still-head duty to Rs. 5-15-0. Owing generally to the systems employed accurate figures for other cantonments are not available, but in those in Central India the total taxation is well under Rs. 2 per proof gallon.

Rates of duty—Some preliminary points.

92. Before proceeding to examine the alterations suggested in the rates of duty in force it will be well to discuss some preliminary considerations. The policy of the Governments in respect of the levy of duty has greatly changed. Whereas formerly many large and important areas were kept under outstills because they were not suitable for the complete system of control which was regarded as essential to the levy of a still-head duty, the Local Governments are now taking steps to abolish the outstill system wherever change is at all feasible, one Excise Commissioner going so far as to suggest as an intermediate arrangement that liquor made at a central distillery should be issued to outstill areas free of any duty at all. While not prepared to support this proposal, the Committee are fully in accord with the view that, where any control is possible, it is better to introduce a system of still-head duty, backed if necessary by the imposition of a minimum guarantee, than to attempt to impose regulations on the working of outstills.

It follows that they are prepared to recommend the levy of duty in backward areas at a very low rate. What the minimum rate should be cannot be laid down generally for all Provinces, but they think a fair minimum for general adoption would be 15 annas per proof gallon, which is 6 annas for 60° U. P.

Minimum rate.

In increasing the duties above this rate it is well to see as far as possible that the increment added is such as will affect the consumer without giving an opportunity for a disproportionate increase in the retail price. For this purpose the basis of the calculation should in the Committee's opinion be the price of a dram, and the amount sufficient to add one pie to the price of a dram of 60° U. P., that is 10 annas per gallon proof, should ordinarily be the minimum of difference between one rate and the next though in special cases 5 annas might be allowed. A further advantage of working in multiples of 10 annas per proof gallon is a considerable gain in facility of calculation.

Suggested minimum difference between rates.

The extent to which differentiation should be made in different areas is a matter regarding which opinions vary widely and about which it is very difficult to advise. The Punjab Government for instance has adopted a single rate per gallon for the whole Province without distinction of area, while Bombay has in force no less than 38 rates varying from Re. 0–10–5 * to Rs. 5–5–4 per proof gallon. In the Committee's opinion both these policies are extreme. The circumstances in which it appears to them that differentiation is both possible and advisable are (1) where there is a distinct difference in the buying capacity of people of the drinking classes, and (2) where natural conditions or the effectiveness of the preventive force are such as to make it possible to prevent smuggling from areas under one rate to areas under another. The matter must therefore be dealt with upon local considerations. A noticeable case of differentiation is in the United Provinces where there are almost invariably different rates for urban and rural areas. This is a policy which may well be adopted elsewhere, and the Bombay Government are increasing the differentiation which exists in that Province between the city and country rates. But greater precautions are necessary than are at present taken to prevent smuggling. In the opinion of the Committee it is advisable (1) that the extent of differentiation should not be so great as to induce smuggling, 10 annas per proof gallon being taken as the maximum which should ordinarily be adopted; (2) that there should be no shop in the rural area within three miles of the limits of the city; (3) that there should be a close limitation of the quantity that may be possessed or transported without a pass; and (4) that arrangements should be made for the keeping of accounts by the rural shopkeepers, for the effectual verification of the fact that liquor despatched to them actually reaches them, and for the prevention of its being brought back.

Extent to which differentiation should be carried out.

Finally it may be added that as has repeatedly been laid down the maximum rate of duty on country spirits should be the tariff rate on imported spirits. This however can be applied only where the same systems of taxation and of vend are applied to the two classes of liquor. Elsewhere, so long as the vend fees on country spirits exceed those on imported spirits in anything like the present proportion, the maximum fixed taxation on the former should be a rupee or so less per proof gallon than on the latter.

Maximum rate.

93. The proposals for revision of the rates at present in force may now be considered. For this purpose the Provinces will again be taken in order. The following suggestions are based on the assumption that there will be no immediate change in the system of vend such as to alter radically the proportions of vend fees to still-head duty.

Proposals for revision.

94. In Bengal the rates of duty have been subjected to periodical revision, with reference more particularly to changes in the tariff rate and the prevalence of illicit practices, the most important changes being made in 1887-88, 1890-91, 1896-97 and 1899-1900. The tendency of these

Bengal.

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*Note.—This is the lowest rate on toddy spirit, which also pays tree-tax calculated to bring it up to the rate on *mhowra* spirit. The lowest rate on *mhowra* spirit is 15 annas.

revisions has been towards reduction rather than enhancement, and the results have been remarkable, more particularly in the Bihar districts, which have already been noticed as comprising the chief drinking area of the Province. In the seven districts of Gaya, Saran, Champaran, Muzaffarpur, Darbhanga, Monghyr and Bhagalpur the duty was reduced in 1892-93 from Rs. 3 or Rs. 2-8-0 to a uniform rate of Rs. 2 per proof gallon, with the result that the consumption has since increased from 39,423 to 124,421 proof gallons, or by 215 per cent. Another remarkable instance of the results of decrease of duties is in Midnapore where varying rates of Rs. 5, Rs. 2-8-0 and Rs. 1-9-0 were made uniform at Rs. 3-12-0 from 1st April 1893 and reduced to Rs. 3 from 1st April 1900. Here consumption has increased from 6,544 to 11,200 proof gallons or by 71 per cent. and license fees have advanced to 52 per cent. of the whole revenue. The Committee recognise that the large increase in consumption is in a great measure due to the substitution of licit for illicit liquor which was the main object of reducing the duty.

They would recommend another thorough revision of rates, this time in the direction of increase. The most important area to be dealt with is the large spirit consuming tract to the west. Here the abolition of the outstills will remove the chief obstacle to the increase of duty, and a rate of Rs. 2-8-0 ought to be imposed in the districts with an addition of 10 annas in the towns, to be further increased as control over illicit practices is secured. The rates may increase as they do at present as they go east, and the maximum limit of Rs. 5 may safely be raised by 10 or 15 annas. In Midnapore and the Orissa division the necessity for an increase is markedly shown by the high proportion of vend rents to still-head duty, the share of the former in the total taxation in Cuttack and Puri being as high as 55·2 and 63·7 per cent. In these districts it should be safe to advance the rates to at least Rs. 3-2-0.

Eastern Bengal and Assam.

95. In Eastern Bengal and Assam a readjustment of taxation in the Dacca division is necessary, but should be effected rather by putting the system of vend upon a proper basis than by an alteration of the still-head duty. In the planting districts into which still-head duties are proposed to be introduced for the first time cash wages are the rule, and in those in Assam a minimum price of 6 annas a bottle of comparatively weak liquor has been enforced under the outstill system. The price now charged in Sibsagar is 8 annas a bottle of 60° U.P. It will be safe in such areas to start with a still-head duty of Rs. 2-8-0 per proof gallon.

United Provinces.

96. The enhancement of the rates of duty in the United Provinces must await more favourable seasons. When agricultural conditions improve there is room for a considerable advance. In the areas to be newly brought under the distillery system a rate of 8 annas or Re. 1 has been suggested. Possibly a rate of 15 annas, which is convenient for calculation, would be more suitable. In the richer districts, and particularly those in the area of high consumption above defined, an advance to Rs. 3-2-0 or Rs. 3-12-0 will soon be possible. In the towns an advance may be made to Rs. 4-1-0 or even more. The arrangement for differential duties will be maintained, but it is desirable to enforce stricter rules for the prevention of low duty liquor passing back, and it may be necessary in some cases to reduce the differentiation. In one or two districts, *e.g.*, Shahjahanpur, where a high rate of license fee in the rural tracts indicates that differentiation is not really necessary, it may be possible to dispense with it.

Punjab.

97. In the case of the Punjab two opposite suggestions have been considered and rejected, one to raise the duty in the north-west and south-east, the other to lower it in the poorer districts so as to put spirit in easier reach of the people. The first has been objected to on the ground that it is before everything necessary in this Province to put down illicit distillation, the second on the ground that there is generally speaking no poorer class to whom liquor ought to be allowed as a daily indulgence, the bulk of the consumers being either well-to-do landowners in rural areas or wage earners in the cities. It is proposed therefore to continue for the present to levy the uniform rate of Rs. 4, but to lower the price of licit liquor by a reduction in the vend fees when it is necessary to do so in order to compete with the product of the illicit still. As soon

as illicit distillation has been got in hand, an increase in the towns at any rate would appear to be desirable as a check on the rapid growth of the consumption.

North-West Frontier Province.

98. The feeling of the great majority of the people of the North-West Frontier Province is against drinking; those who do drink can afford to pay a high price; license fees have risen to 82 per cent. of the duty, and there is little danger of extensive illicit practices. In this Province an increase of duty may safely be made, and an addition of 11 annas to the present duty of Rs. 4 per proof gallon is recommended.

Madras.

99. In Madras the question of the revision of rates has already been dealt with by the Local Government. The only areas in which it appears to the Committee that there is room for further advance are the two northern districts and the two districts of the West Coast. In the former the comparatively high incidence of consumption indicates that the time has arrived for an increase up to the rate of Rs. 4-6-0 prevailing in the other Telugu districts. In the latter the Committee would suggest an increase to Rs. 3-2-0, and to Rs. 4-6-0 later. This is a proposal which has the concurrence of the local officers and the Commissioner, and the Committee understand has not been given effect to in deference to the opinion of the Government of India who feared that uncontrollable illicit practices might be provoked by any further advance. The high consumption in the Bellary city will also need attention if the garrison is maintained at its present strength. This would appear to be a case in which differentiation of duties might suitably be introduced.

Bombay.

100. The Bombay rates are shown below :—

| No. | Rate of duty per proof gallon. | In the case of toddy spirit rate of tree-tax per | | No. | Rate of duty per proof gallon. | In the case of toddy spirit rate of tree-tax per | |
|---|---|---|---|---|---|---|---|
| | | Cocoanut or brab. | Date or wild palm. | | | Cocoanut or brab. | Date or wild palm. |
| | Rs. A. P. | Rs. | Rs. | | Rs. A. P. | Rs. | Rs. |
| 1 | 5 5 4 | ... | ... | 22 | 2 8 0 | ... | ... |
| 2 | 5 2 8 | ... | ... | 23 | 2 5 4 | ... | ... |
| 3 | 4 13 4 | ... | ... | 24 | 2 4 8 | ... | ... |
| 4 | 4 10 8 | ... | ... | 25 | 2 3 0 | ... | ... |
| 5 | 4 8 0 | ... | ... | | | 12 | 6 |
| 6 | 4 5 4 | ... | ... | | | 10 | 5 |
| 7 | 4 4 4 | ... | ... | 26 | 2 2 8 | 7½ | 3 |
| 8 | 4 0 0 | ... | ... | | | 5 | 2 |
| 9 | 3 10 8 | ... | ... | | | 9 | 3 |
| 10 | 3 8 0 | ... | ... | 27 | 2 0 6 | Same as for item 26. | |
| 11 | 3 7 0 | ... | ... | 28 | 2 0 0 | Do. | |
| 12 | 3 5 4 | ... | ... | 29 | 1 14 0 | Do. | |
| 13 | 3 4 6 | ... | ... | 30 | 1 10 8 | ... | ... |
| 14 | 3 2 8 | ... | ... | 31 | 1 9 0 | ... | ... |
| 15 | 3 2 0 | ... | ... | 32 | 1 5 4 | ... | ... |
| 16 | 3 0 0 | ... | ... | 33 | 1 4 0 | ... | ... |
| 17 | 2 15 6 | ... | ... | 34 | 1 1 6 | ... | ... |
| 18 | 2 13 0 | ... | ... | 35 | 1 0 0 | ... | ... |
| 19 | 2 12 8 | 12 | 6 | 36 | 0 15 0 | ... | ... |
| 20 | 2 12 7 | 12 | 6 | 37 | 0 11 1 | 8 | 3 |
| 21 | 2 10 8 | ... | ... | 38 | 0 10 5 | 8 | 3 |

Speaking generally the higher duties obtained in areas where the difficulties in the way were from the first comparatively small or have been overcome and consequently the consumption is low; and the lower rates are in force where the consumption is high owing to obstacles not having been surmounted. It is not in the opinion of the Committee necessary or desirable to maintain so great a variety of rates; and though they recognise that the policy of gradually enhancing the duty which was cautiously pursued before the famine years, has been impeded by the long series of disastrous seasons through which the Presidency has passed, they consider it regrettable that measures have not ere now been taken to check the excessively high consumption by enhanced taxation. Since the famine period, the Local Government have raised the rates in Khandesh and have sanctioned an increase of 4 annas per gallon of 25° U.P. in Thana (except two talukas) and in Kolaba, and of from 4 to 6 annas in the cities of Bombay, Ahmedabad, Broach, Surat, Sholapur and Hubli. An increase in the Surat district is mentioned as probable,

and a further rise in Khandesh is contemplated in the near future. The Committee regard it as essential that this policy should be steadily pursued and that measures should be taken to accelerate the rate of progress. There must be a strengthening of establishments, as recommended in the chapter on Distillery Systems and as recognised by the Bombay Government, whose proposals it is understood are before the Government of India; there should be a thorough enforcement of such arrangements by way of lease or agreement with the Native States of Gujarat as are working successfully in the Deccan and Karnatak; the recently amended section regulating the traffic in *mhowra* will enable illicit manufacture to be checked in Broach, Surat and Nasik as in Thana and Kolaba; and as these measures take effect they should be accompanied by enhancements of taxation proportioned to the success attending them. The duty in the large towns should be raised to not less than Rs. 3-12-0 per proof gallon, and in the rural areas to not less than Rs. 3-2-0 except in tracts where the facilities for illicit practices necessitate differentiation. In the City of Bombay the very high consumption and the lowness of taxation in comparison with that in force in other Presidency towns indicate the urgent necessity of a material enhancement of taxation. The duty may be raised to Rs. 5 at once and ultimately carried up to the level of that on imported or 'foreign' spirit; this should be accompanied by a careful watch over the consumption of other kinds of intoxicants, in order that if the figures indicate a greater resort to these in consequence of the enhanced price of country spirit the taxation on them also may be raised as required. There seems no reason why the contemplated enhancements in Khandesh and Surat should not be carried out, or why there should not also be an increase in Ratnagiri and Kanara. In the Deccan and Karnatak the rates are already fairly high. It is for the present doubtless necessary to keep them low in Kaira and the Panch Mahals; but a reduction below 15 annas per proof gallon does not seem advisable.

Sind.

101. There are other questions requiring attention in Sind before an enhancement of the rate of duty is considered. The first of these is the increase of the taxation of flavoured spirit to the tariff rate. This may be done gradually, a rate of Rs. 6 being adopted in the first place and one of Rs. 7 after some time. In the second place it is desirable to adopt a single rate for all classes of plain spirits and to levy the duty proportionately to strength. A rate of Rs. 5 for proof is suggested. If this is adopted, it may be possible at a later stage to raise it to Rs. 5-15-0, perhaps simultaneously with the increase in the duty on flavoured spirits to tariff rate.

Central Provinces.

102. As already stated, a policy of consistent advance is in hand in the Central Provinces, and the Committee's advice has been rather in the direction of cautioning the Government against too rapid an increase in the price of liquor, from which the Central Provinces have more than once suffered, than in that of urging it to speedy reforms. Of the districts already brought under the Contract Supply system it is proposed to advance the rate in Jubbulpore and Saugor from Rs. 1-4-0 to Rs. 1-14-0 and in Bassim and Wun from 15 annas, in Buldana from Rs. 1-4-0 and in Wardha from Rs. 1-14-0 to Rs. 3-2-0; and to bring newly under the system Bhandara, Chanda, Balaghat, Seoni, Betul, Raipur and Bilaspur at the 15 anna rate, Narsinghpur at the Rs. 1-14-0 rate and Nagpur and Nimar at the rate of Rs. 3-2-0.

Coorg.

103. The high rate of consumption in Coorg indicates the necessity for an increase in the taxation in spite of the present high rate of duty. It must be remembered that the vend fee amounts to only Re. 0-5-4 a gallon. A rate of Rs. 5-10-0 may be adopted without delay.

Ajmer-Merwara.

104. In Ajmer-Merwara also the large consumption suggests an increase, but the danger of smuggling from adjacent Native States stands in the way of its being effected. The solution that suggests itself is a differentiation between the urban area that is responsible for the high consumption and the rural area that is exposed to smuggling. Rates of Rs. 3-12-0 and Rs. 3-2-0 respectively appear suitable for a commencement

Baluchistan.

105. In the event of the introduction of a still-head duty system into the Quetta-Pishin and Sibi districts of Baluchistan and the areas along the railway line it would be possible, without increasing the price at present charged for spirit, to impose a still-head duty of, say, Rs. 1-4-0 a proof gallon to begin with.

Cantonments in Native States.

106. In Bangalore there has been no increase of duty since 1897, though there has been a considerable improvement in the purchasing power of the drinking classes. The Hon'ble the Resident is quite prepared to increase the duty now. To do so will involve the coöperation of the Mysore Darbar in respect of the duty in the Bangalore city and the acceptance by it of the principle of differentiation between town and rural areas which it has not yet recognised. The excise policy of the Darbar is such as to justify an expectation of agreement on those points.

In the Central India cantonments it will not be so easy to secure protection from smuggling from the congeries of petty jurisdictions by which they are surrounded. The States however have shown themselves ready to coöperate and it is believed that it would not be difficult to arrange for the levy of a moderate duty of, say, Rs. 2-8-0 a proof gallon.

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## CHAPTER VII.—FOREIGN LIQUOR.

Instructions received.

107. With regard to foreign liquor the Committee are instructed to consider the following questions:—

(1) Is there any foundation for the common allegation that this class of intoxicant, or any particular variety of foreign spirit, is more deleterious than country liquor?

(2) Do the rates of taxation on this class of liquor (taking into account the fact that the vend fees charged thereon are as a rule light), or the nature of the regulations under which it is sold, tend to undue stimulation of its sale in preference to that of country spirit, and, if so, to what extent?

(3) Is the consumption of foreign spirit increasing out of proportion to the increase of population, and, if so, is any change of system necessary to bring it under better control?

(4) Are there any classes of the population to whom it offers special attractions, and whose use of it should be discouraged?

The distinction to be drawn between country and foreign liquors.

108. In the excise administration of Provinces governed by Act XII of 1896 considerable difficulty has been caused by the absence of any fixed and uniform definition of the terms 'country liquor' and 'foreign liquor.' A great part of this difficulty will disappear with the adoption of the policy suggested in Finance Department Resolution No. 1975-Exc., dated the 6th April 1905, under which spirit made after European processes will so long as it is plain be admitted to the country spirit market, and if sophisticated will be treated as foreign liquor. The Committee have already proposed to go a step further and to bring under the latter category spirit flavoured after local recipes and spirit made from toddy. They would add now a third suggestion, that foreign liquor should include other spirits made from materials which are not recognised as bases for country spirit, as for instance, the malt whiskey manufactured at Simla and Rawalpindi. If this proposal is accepted, there will be ultimately only two classes of spirit, the first, country spirit, which will be plain spirit made from materials recognised as a country spirit base, will be of a strength readily ascertainable by the hydrometer, and will be sold at country spirit shops subject to the local rate of duty; the second, foreign spirit, which will include all other kinds, that is to say, imported spirits, sophisticated and flavoured spirits, and spirits made from special bases such as malt and toddy. These will be taxed at the tariff rate of duty and sold at foreign liquor shops.

A similar distinction will apply to fermented liquors. Of these the country liquors are *tari*, which includes the juice of any kind of palm tree, and the so-called country beers, which are fermented liquors prepared from rice, millets and the like according to native processes. All others, for instance, wines made in Kashmir and genuine beers manufactured in India, will be foreign liquors.

For convenience of administration the term 'foreign' may be extended to denatured or methylated spirit. This however will be subject to special rules in regard to both manufacture and sale.

The reasons for the distinction and the general policy.

109. The reasons for this sharp distinction need explanation. As has already been noted, the duty on country spirit should not exceed the tariff rate on imported spirit and the latter is generally speaking very much higher than the former. It is not the policy of Government to allow imported liquors to become articles of common consumption among the native population and their sale is limited to places where there is a European, Eurasian, Parsi or other population that uses them. These liquors are not such as can easily be made illicitly in India, and by reason of obscuration it is impossible accurately to ascertain their strength without careful laboratory analysis. In view of these circumstances they have been allowed freedom from many of the restrictions that are imposed on country liquor, that is to say, there is generally speaking no fixed strength or limit of possession for private purposes and no pass is required for transport from place to place. The complete separation of the vend

of country and foreign liquor is also in most Provinces strictly insisted upon, on the ground that without this precaution there is always a danger of the liquor excised at the lower rate of duty being passed off as that paying the higher. These reasons apply with less force to imitation and other flavoured spirits made in the country, but their consumption is already diminishing and is expected shortly to be confined to the richer classes. They are liable to the same objections on the score of obscuration as imported liquors and, as soon as the duty on them is raised to the tariff rate, their sale on the same premises as country spirits will be even more liable to give rise to substitution of the one class for the other than in the case of imported spirits.

Some exceptions to the general policy.

110. The general policy in the matter having been thus indicated, certain departures from it may be next considered.

(1) Rate of duty—(a) special spirits.

A first exception arises in the case of the flavoured and toddy spirits in regard to which it has been recommended that some years should be allowed to elapse before the duty is raised to the full tariff rate. The Punjab Government proposes to pursue a similar course in respect of sophisticated spirits in general and malt whiskey in particular, and this will involve to some extent the coöperation of the Governments of the United Provinces and the North-West Frontier Province. In the case of sophisticated spirits the postponement of increase to the full tariff rate is only for a year. In that of malt whiskey it is intended as a protective measure and designed to last somewhat longer. The expedient is of doubtful efficacy, as it will involve the continued subjection of this spirit to the restrictions imposed on country liquor; and the Committee would recommend that both in this case and in that of the flavoured and toddy spirit a strict time limit should be put on the period of concession.

(b) Kashmir liquors.

A second case which calls for notice is that of the liquors imported from Kashmir into certain Provinces. In the Punjab duty on wines is levied at the tariff rate, but spirit is taxed at Rs. 5 instead of Rs. 7 per proof gallon and cider is subjected to no taxation at all. In the United Provinces spirit is taxed at Rs. 4 only per proof gallon. The Committee's recommendation is that the tariff rate, be now adopted in respect of all imports of foreign liquors from Native States.

(2) Issues to troops.

Issues of rum and beer to troops involve departure from the ordinary rules in more than one respect. Rum is supplied duty free to the Military Department, which imposes, and credits in its own accounts, a duty of Rs. 2 only per proof gallon. In the case of beer a similar procedure is followed in Madras; while elsewhere the duty is paid by the supply contractor before issue, but he is given a free allowance of four to five gallons in every hundred to provide for loss subsequent to issue. The Committee think that there is room for improvement in these arrangements. Having regard to the price at which rum is purchased and retailed, it seems to them that the duty should be increased to Rs. 4. The excise duty on rum everywhere and on beer in Madras should in their opinion be paid by the supply contractor to the ordinary revenue authorities before removal from the distillery or brewery, and the liquor should travel under a pass which should be discharged on receipt. The free allowances should be abolished.

(3) The requirement of passes in Bengal.

A regulation which is in force in Bengal and Eastern Bengal requires foreign liquor in transit from a wholesale to a retail dealer to be covered by a pass. The Committee have examined the working of this regulation and find that its original purpose has long ceased to have force and that it now has no practical value. They have recommended that it should be abrogated.

(4) Sale of country and foreign liquor on the same premises.

As stated above, if foreign and country liquor are allowed to be sold on the same premises, there is great danger of that which pays the lower duty being substituted for that which pays the higher. This conjoint sale is nevertheless allowed in Calcutta and elsewhere in Bengal and Eastern Bengal. While its dangers are admitted, the difficulty of putting a stop to it without increasing the number of shops is urged as

a reason for its continuance. The Committee are not convinced that in a redistribution of shops it will not be possible to effect a separation of the two classes of liquors without making any general increase. In any case they consider it absolutely necessary that the separation should be made. They would recommend a similar separation in other instances, especially in the Punjab, as soon as the duty on 'foreign' liquors made in the country is raised to the tariff rate.

111. These exceptions disposed of, the way is cleared for the detailed consideration of the principles governing transactions in foreign liquors. For this purpose they may be reviewed under three heads according as they are made in British India, imported by land or imported by sea.

Detailed consideration of the general principles governing transactions in foreign liquors.

112. 'Foreign' liquors made in British India will include, if the Committee's recommendations are accepted, sophisticated or flavoured spirits, spirits made from special bases, denatured spirits and beer.

Liquors made in British India—

In connection with potable spirits, the first thing to be ensured is the levy of the tariff rate of duty at a stage of the manufacture before the spirit is so obscured that its strength cannot be ascertained accurately with the aid of a hydrometer. In cases where the flavour is derived from the base itself, such as malt whiskey and toddy spirit, the obscuration will not be large and it will be generally safe to accept the hydrometer reading subject to occasional tests in the laboratory. When the flavouring is added between the first and second distillation, as in the case of the spirit at present made at Kotri, it will be well to levy duty on the first distillate. When the flavourings are added after final distillation, duty should be levied on the plain spirit when passed out for compounding.

(1) Potable spirits—(a) levy of duty.

In the next place it is desirable to secure control over the ingredients used for flavouring, more particularly the essences imported from abroad. Some of these are distinctly poisonous, *e.g.*, benzaldehyde, which is sometimes used as a substitute for a more expensive flavouring essence. The Committee do not think it necessary to go so far as the Bombay authorities who prohibit import of these essences altogether; but they would require that they should all be subjected to analysis and, if approved, should be allowed to be added to spirit only in such proportion as authorised analysts may determine. The nature of some of the ingredients used for colouring indicates that these require to be placed under similar control.

(b) Control of flavouring and colouring.

113. The making of spirit for technical purposes is an industry in which it appears to the Committee that there is room for considerable development and which they think may be legitimately encouraged by Government. To take a single instance of the openings for such manufacture, it would appear that there are imported into Calcutta, chiefly from abroad, over two lakhs of proof gallons of methylated spirit a year, most of which is used for the shellac industry, while the lac itself comes from a country where *mahua*, which is one of the cheapest, if not the cheapest, distilling base known, occurs in abundance adjacent to cheap coal. The use of the same spirit as fuel in lamps and motors seems likely to grow into a matter of considerable importance. Government assistance to this industry can be afforded by the removal of the duty, by the liberal grant of licenses to distil and by the simplification of the law and rules.

(2) Denatured spirits—(a) The possibility of development of this industry.

The duty is 5 per cent. *ad valorem*, the same as is levied under the import tariff. The recommendations of the recent Departmental Committee on Industrial Alcohol in England included the freeing of the importer or manufacturer from all charges connected with the revenue beyond the cost of the denaturing agents and of the mixing of them with the spirit. The Committee would recommend that a similar course should be followed in India.

(b) Removal of duty.

With regard to the liberal grant of licenses to distil it may be said that there has hitherto been no demand for them. This is true, but the Committee believe that the demand is certain to arise when the potentialities of the *mahua* tree and the variety of uses to which a cheap industrial

(c) Free grant of licenses.

spirit can be put in this country are more fully realised, and they think it would be well that Government should be prepared in advance to encourage the erection of such distilleries.

(d) The denaturing process.

The chief question in connection with the simplification of the regulations governing this spirit is the discovery of a cheap and reliable denaturant for general use. This is a matter which is now under investigation by Major Bedford, I.M.S. Meanwhile the Committee are suggesting in a later chapter that the law relating to the subject should be recast and embodied in the general Excise Acts.

(3) Beer—(c) the question of quality.

114. Before beer made in India can be admitted to the privileges of foreign liquor it is necessary to ensure that it is of proper quality. Though this is generally the case, owing to the great bulk of the beer brewed in India being made in accordance with the standards laid down by Army Regulations, it is not always so in Bangalore and the Nilgiris where the low rate of taxation on beer, and the fact that there is little or no country fermented liquor, have resulted in the extensive manufacture of a strong and inferior article for native consumption which has had to be distinguished from beer proper by the title of 'native' beer. This 'native' beer, which was originally nothing but a sugar wash, has been gradually improved and a certain percentage of malt and hops is now insisted upon, but it does not appear to the Committee that a proper standard of quality has yet been reached. Nor is there any sufficient justification for the separate classification and sale at present adopted. It appears to them that no beer should be allowed to be issued from a brewery that will not pass a standard of quality as beer for general consumption. How that standard should be fixed is a matter for expert advice; but the Committee on their present information would suggest that one provision should be the requirement of at least two bushels of malt to every hogshead.

(b) Free interchange between Provinces.

When all beer issued is up to standard, the way will be open to free interchange between Provinces, and beer of proper quality and duly excised may be given all the privileges of imported liquor.

(c) Control of breweries—Present arrangements.

The question of the rate of duty will be dealt with later, but it may be mentioned here that a considerable increase appears to be necessary and that it is desirable therefore to introduce much more efficient arrangements for control.

In the United Provinces and the Punjab, in which a great majority of the breweries at present opened are situated, the system on which the duty is levied is one of confidence in the good faith of the firms. The latter issue beer on their own passes and make payments of duty every quarter on the beer issued. There are certain restrictions as to the writing off of wastages which however are not always fully observed, and the only control exercised consists in an occasional visit of the Collector or officer in charge of Excise. The method of control in Bengal is much the same, except that one small brewery pays duty on manufacture and not on issues. In Bombay a sub-inspector is maintained at the gate, but he is not allowed within the premises. In Bangalore an officer of similar rank makes constant surveys. In Madras these surveys are coupled with a strict system of book-keeping and stock-taking, which enables the inspecting officer to make at any time a complete check of all operations in progress, and duty is levied on manufacture instead of on issues.

(d) The suggested introduction of the English system.

It has recently been proposed to develop the system in force in the Madras Presidency, which already involves a limitation of the initial gravity of the wort and a check on the attenuation of each brew, into one based on the English system, which would allow of the levy of duty on a standard gravity, in other words proportionate to strength. The Committee have carefully considered this proposal, and while recognising that there are grounds for it in that Presidency and that such a course may be ultimately desirable elsewhere should similar conditions arise, are of opinion that the time has not yet come for its acceptance. The chief argument in favour of i

is that it would secure the levy of taxtion in proportion to strength on the 'native' beer above described. The objections are that it could not be applied in a single Province only or to locally made and not to imported beer; and that its general application would not be worth the expense it would involve under present conditions, since the bulk of the beer manufactured in India is made in accordance with standards fixed by Army Regulations and there is nothing to show any large imports of strong beers from abroad. The Committee think therefore that for the present it will be sufficient to provide for periodical tests to be made of the strength and quality of all brands of beer, whether locally made or imported, with a view to securing a standard of quality and to ascertaining that advantage is not taken of the levy of a uniform rate of duty on all strengths to make or import a strong class of intoxicant.

(e) The Committee's recommendations.

The system of control which they would suggest for adoption as soon as a trained establishment is available would be based on that in force in Madras, of which the following is a fuller account :—

The brewer is first required to file an entry giving an exact description of all his rooms and vessels with a declaration of the use to which each is to be put. The names of the rooms and vessels are painted on each and the vessels gauged throughout and the capacity calculated to the nearest gallon for each tenth of an inch. When he commences work, the brewer is required to keep an exact account of all transactions in a prescribed form and to give the officer 24 hours' notice of every brewing, which must mention the hour at which he proposes to mash malt or dissolve sugar and at which the ' grains ' (exhausted malt) will be open to inspection in the mash tun. The officer is thus able to be present at and check any or all of the operations. The duty is raised on the beer manufactured, that is on the quantity measured in the fermenting vats by the brewer and the officer separately, the higher of the measurements being taken in any case of difference. A deduction of 5 per cent. is made from this quantity to cover all wastage in subsequent operations and issue. This is an arbitrary allowance, fixed with reference to the actual results of a series of years. It is less by 1 per cent. than the English allowance, but is found sufficient on the Nilgiris, on the plains perhaps 8 or 10 per cent. may be required. Issues are made by the brewer on his own passes which are periodically checked by the surveying officer. No allowance for shrinkage or dryage is made on issues whether to canteens or otherwise. Beer that is rejected is allowed to be taken back into stock on proof of its identity. Wastage is written off as the result of a stock-taking made once a quarter, but at irregular intervals, by the Distillery Inspector, but no refund of duty is given on wastages in excess of the 5 per cent. referred to. The officer in charge is the sub-inspector who divides his time between three breweries, he is supervised by the Assistant Inspector whose duties however are chiefly preventive; the next authority is the Distillery Inspector who has the control of distilleries, warehouses and breweries in four districts, and the head of this branch of the department is the Abkari Deputy Commissioner who is the technical and scientific adviser of the Board of Revenue.

Liquors imported by land —both country and foreign —suggested arrangements.

115. The question of import of liquors by land is comparatively speaking a minor matter. Import from foreign European settlements is provided for in the Tariff Act. Similar imports from Native States are, in the majority of cases, prohibited. Exceptions are the import of toddy from Mysore, Hyderabad and Native Cochin into Madras, of whiskey from Shaikawat in Rajputana into neighbouring Provinces, of perfumed spirits from Navsari in Baroda into Bombay, and of wines, spirits and cider from Kashmir into different parts of India. These liquors are treated generally as country or foreign according as they would fall under the one or the other classification in the Province of import. They can be taxed either by declaring the State in question to be foreign territory under the Tariff Act or by the imposition of an import duty under the Excise law. When it is desirable to admit country liquors, as in the case of toddy from Mysore and Hyderabad, the latter appears to be the best method. The only imports of consequence of what

may properly be regarded as 'foreign' liquor are those from Kashmir. These are hindered at present by a variety of regulations and the duties levied are not always those prescribed by the Tariff Act. The State already has mutual customs arrangements with the British Government and a British Customs officer is maintained at the capital. The Committee would recommend the notification of the State as foreign territory for the purposes of the Tariff Act and the levy by the British Customs officer of duty at the tariff rate on all consignments intended for British India; the consignments to proceed under passes granted by him which would be verified at the place of destination, and to be admitted thereafter to all the privileges of foreign liquor.

Imports by sea—(1) the question of quality.

116. It remains to consider imports by sea. Here the question of quality is the first matter to be examined and is one in respect of which the gravest misconceptions exist. It is generally supposed that cheap imported spirits are extremely noxious, and on this supposition a variety of proposals have been made for checking their importation. At the instance of the Committee Major Bedford has analysed a variety of samples and has found them all to be of passable quality, thus confirming the results of the analysis of the 'trade-gin' sent to Africa.* The Committee are disposed to believe that a large part of their repute for noxiousness is due to the fact that they have been consumed by classes not habituated to the use of alcohol in any form.

(2) Absence of control over exported spirits in England.

On Major Bedford's report there is no ground for general exclusion or for imposition of tests of quality. At the same time it must not be forgotten that the English Government, while rigidly supervising operations in the warehouse in respect of liquors intended for home consumption, allows any sweetening or colouring matter or any other ingredient to be added to them when they are intended for export,† and it is probable that the regulations of some continental Governments display the same unconcern for the foreign consumer. There is thus danger of appreciable impurity being imparted by the admixture of the cheapest flavouring essences which are often highly impure. Moreover Major Bedford's remark above referred to applies to spirits only. Much of the wine imported, if not absolutely injurious, is spurious, and is commanding an increasing sale among the richer native population on account of supposed tonic properties which it does not possess. It appears therefore to the Committee that, without the prescription of any tests of quality, a periodical examination is necessary of all imported liquors with a view to the exclusion of those that are impure or otherwise undesirable. The prices at which many are at present put upon the market raise a doubt as to their fitness, while the ignorance of the public is a reason for protection.

(3) The need for control over compounding in India.

Another branch of the business in which control over quality is undoubtedly necessary is the compounding of foreign spirits in this country. This is a trade which has grown rapidly of late years. High over-proof spirit, imported at a price at which no local distiller can make it, is broken down to varying strengths, sometimes as low as 70° U.P., and after being mixed with some flavouring essence is bottled as whiskey, gin or brandy. This, when put upon the market, enjoys a sale in competition with country spirit which is rapidly increasing. In the Committee's opinion the trade is by no means to be encouraged, and, if allowed at all, should be kept under control. If the spirit itself is held innocuous, it is absolutely necessary that both the essence used and the proportion of it should be under strict rule and that the process of adding it to the spirit should be duly supervised. The colouring matters employed also need examination. The most satisfactory arrangement would be to require all such operations to be conducted in Customs bonded warehouses at the ports of import; and, if it is thought desirable to allow them in any inland Province, they should be conducted under the supervision and control of a responsible officer. The Committee think it would be well if the propriety of similar arrangements were considered in the case of the manufacture of perfumed spirits in Bombay City.

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* Quoted in Reid's 'Alcoholism,' p. 260.

† *Vide* Regulations governing the deposit of goods in Customs or Excise General Warehouses, paragraph 371.

A further question which arises in this connection is in regard to the imposition of a minimum limit of strength at which foreign spirit may be sold. In Bombay City no rum, whether locally manufactured or imported, is allowed to be sold at a strength of less than 20° U.P. In the rest of the Presidency a limit of 15° U.P. has long been in force in respect of all 'foreign' spirit except that sold at Rs. 2 a bottle or over, which is considered not to come into competition with country spirit. It was introduced as a protection to the monopolist under the District Monopoly system. The same limit of strength is in force in Ajmer-Merwara and in Sind; in the latter case however the alternative price has been raised in connection with a question of exchange to Rs. 2-4-0 a bottle. Elsewhere no such limits are imposed and the consequence has been a largely increasing consumption of cheap foreign liquor, especially in Bengal and Eastern Bengal, where it is frequently sold at lower rates than country spirit. It appears to the Committee that a limit is decidedly necessary, but they think the one in force in Bombay is too high and liable both to exclude some satisfactory brands and to lead to the consumption of a stronger spirit than would otherwise be used. The limits they would recommend are those which are practically enforced in England under the Food and Drugs Act Amendment Act of 1870, *viz.*, 25° U.P. for whiskey and brandy and 35° U.P. for gin. This is a recommendation in which Major Bedford concurs.

(4) The limitation of strength.

117. The taxation of the vend of foreign liquor is a matter in which there is great diversity of practice and which is further complicated by the variety of names adopted for the different forms of licenses.

Taxation of vend of all classes of foreign liquors.

118. Taking first what may be termed wholesale licenses,—that is, licenses with an inferior limit of sale generally of two gallons in full bottles, jars or casks,—it is to be observed that in the City of Bombay, in accordance with a concession embodied in the Bombay Abkári Act, these licenses are altogether dispensed with in the case of liquor sold in its original casks or packages. In other cases a license is required for which the fee is assessed by the Collector subject to a minimum of Rs. 100. In Assam, the United Provinces, Madras, Ajmer, Baluchistan and Bangalore the fee is low, varying from Rs. 25 to Rs. 64. It is Rs. 300 in Calcutta. In the rest of Bengal and Eastern Bengal and in the Punjab it is fixed by the Excise Commissioner at his discretion, subject to a minimum of Rs. 50, and in the last-named Province to a maximum of Rs. 1,000.

Wholesale licenses.

It seems to the Committee that in respect of these licenses, which are practically for the sale of a dozen quarts or more at a time, the proper policy is to impose a fixed fee which should be sufficiently high to keep the business in respectable hands but not so high as to hamper legitimate trade. They think that the concession granted in Bombay should be withdrawn, that the fee levied in Madras should be raised, and that it is unnecessary to adopt a system of assessment as in Bengal, Bombay and the Punjab. A fixed fee of from Rs. 100 to Rs. 300 would probably be satisfactory.

119. They would further allow bottling or compounding or blending by no one but holders of wholesale licenses, on payment of an additional fee of from Rs. 50 to Rs. 100 for bottling, and one of from Rs. 250 to Rs. 500 for compounding or blending, which would be subject to the restrictions already mentioned. One condition of the supplementary licenses would be that all liquor bottled in India should be so labelled.

Additional payments for bottling or compounding.

120. Next fall to be considered what may be called retail 'off' licenses, that is licenses for sale for consumption off the premises with a superior limit of sale of two gallons and an inferior one usually of a pint. These are the licenses commonly granted to ordinary shopkeepers, but they may of course be combined with wholesale licenses in the case of considerable firms. The fees levied for them are very various. In Madras there are two rates according to locality, Rs. 50 and Rs. 100. In Bangalore the fee is Rs. 100 and in Ajmer-Merwara Rs. 192. In the United Provinces the ordinary fee is Rs. 200, but may be reduced in special cases, and no inferior limit of sale is prescribed. In Bengal these licenses are in force only in Calcutta where they bear a fixed fee of Rs. 1,000. Elsewhere in the Province, as well as in Eastern Bengal and Assam

Retail 'off' licenses.

retail licenses, covering both off and 'on' sales are usually sold by auction, often in combination with the country liquor licenses. In Bombay retail 'off' licenses are assessed on the transactions of the previous year at a rate approximating Rs. 1-8-0 per dozen sold and in Sind on past transactions within limits of Rs. 25 and Rs. 500. In the Punjab there is no separate class of 'off' licenses. The fee for an 'off' or an 'on and off' license ranges from Rs. 200 to Rs. 1,000.

In this case again it is necessary rather to see that the business is kept in respectable hands than to extract revenue from it. The shops in question are required to supply the demand of the classes using foreign liquors, which already pay a high duty, and they do little to increase consumption or drunkenness if proper discretion is shown in the grant of licenses. The Committee would recommend grant to respectable persons at a fixed fee which might amount to Rs. 50 to Rs. 100 in small towns, Rs. 250 in larger ones and Rs. 500 to Rs. 1,000 in the case of considerable firms trading at the headquarters of Provinces. They prefer a classification of this kind, coupled with a high tariff rate, to any attempt to assess the fee with reference to transactions, since to be effective the latter arrangement involves the control of the possession and transit of all foreign liquor, which they are not prepared to recommend; but they would not object to a fee being raised on some such basis when the business done was chiefly in single bottles, in other words when it competed with that under 'on' licenses.

There should be a heavy penalty if consumption on the premises occurs under cover of the 'off' license, and the minimum quantity to be sold should be a full pint bottle corked and capsuled. The enforcement of the latter regulation would put a stop to the sale of flasks of one or two drams apiece, which is now becoming a very common practice.

'On' licenses.

121. The licenses of the most important class are those which provide for sale for consumption on the premises. In Bengal and Eastern Bengal these are to a great extent combined and auctioned with the licenses for sale of country liquor. In Calcutta practically all the country spirit sellers hold them on payment of a fee of Rs. 600 apiece, and a few rum shops, which also sell all kinds of foreign liquor, are auctioned separately. Similar licenses are auctioned in Assam, Madras and Bangalore. In one of the cities of the United Provinces a first experiment in auctions is now being made; the usual practice is to allow sale for consumption on the premises by holders of 'off' licenses on payment of an additional Rs. 100. In the Punjab licenses for consumption both on and off the premises are auctioned in cities and bazaars, but in civil stations and cantonments are granted on fees fixed at the discretion of the Excise Commissioner subject to limits of Rs. 300 and Rs. 1,000. This practice, it may be mentioned, has recently been found by that officer to be liable to abuse and to give rise to great variations in the taxation per gallon. The system followed in the North-West Frontier Province is the same as in the Punjab. In Bombay City privileged licenses (*i.e.*, licenses granted for life subject to good behaviour) are liable to a fee revised triennially by the Collector; others (*i.e.*, licenses for shops for which the privileged licenses have expired) are auctioned for three years with renewals for two further terms of three years each on fees assessed by the Collector. No regular 'on' licenses are granted outside the Presidency town, but a clause in the 'off' license gives a practical sanction to such sale. In the Central Provinces these licenses are granted on fees fixed at the discretion of the Collector; in Ajmer-Merwara they are granted on a fixed fee of Rs. 192.

Shops for the consumption of foreign liquor on the premises are not necessary to meet the needs of the bulk of the native drinking population, whose ordinary liquor is country spirit, *tari* or country beer, nor for the most part are they wanted for the European, Eurasian or Parsi communities whose requirements are met by other licenses. To the native middle classes, who are not usually addicted to taking liquor, they afford facilities for acquiring the habit, both by encouraging the tendency to imitate western customs in this respect and by their superior attractions and real or fancied greater respectability as compared with the country spirit shops. At the same time the Committee are disposed to doubt whether the system of auctions, though it undoubtedly brings in the largest revenue, is the most satisfactory means of disposing of these licenses.

Their recommendation is to restrict to as narrow limits as possible licenses for sale of foreign liquors for consumption on the premises. As instances of possible restriction they would suggest the closure of all the rum shops in Calcutta, a reduction in the number of taverns in Madras, the abrogation of the second paragraph of clause 5 of license forms 13 and 13-A in force in Bombay, and the prohibition of 'on' sale under what are known as 'first class' licenses in the Punjab and the North-West Frontier Province. They would continue the grant of such licenses only where there is a proved demand on the part of a class of drinkers accustomed to foreign liquor, and they would restrict their number by a high inferior limit of fee, say Rs. 100 a month, which might be relaxed in special cases such as that of shops for the sale of flavoured spirit which does not imitate imported liquor. In cases where auctions are not retained the shops might ordinarily be disposed of either on fixed fees or on a system of settlement based on past transactions.

Beer licenses.

122. Licenses for the sale of beer only for consumption on the premises should be granted on similar principles, as is now done in the Punjab, Madras, Coorg and Baluchistan, and especial regard should be had to restriction on their numbers in localities where a country fermented liquor is available.

Hotels and refreshment rooms.

123. The fees for hotel licenses for sale to residents, and sometimes also for removal, are fixed at the discretion of the Collector or Excise Commissioner subject to a minimum which amounts to Rs. 400 and Rs. 200 in the Presidency towns of Bombay and Calcutta, respectively, and generally to Rs. 100 in other large towns and Rs. 25 in smaller ones. The Committee have no amendment to suggest, except that, where sale for removal is allowed, the licensee should be required to take out a separate wholesale or retail license or both in respect of it.

Licenses for refreshment rooms are taxed somewhat similarly, except in Madras Town where a fixed fee of Rs. 500 is imposed to prevent competition with licenses sold by auction, the fee for the rest of the Presidency being Rs. 75.

In both these cases bar licenses are as a rule given in addition for a monthly payment which amounts to Rs. 10 in the Central Provinces, Rs. 7-8-0 to Rs. 25 in Madras, and Rs. 50 in Calcutta. In the United Provinces the fee is fixed by the Collector within limits of Rs. 50 and Rs. 200 a year. No such licenses are required to be taken in Bombay, though bars are allowed. The Committee think it very desirable that provision should be made for them where it does not exist.

A license which is peculiar to Calcutta is the late closing license, the fee for which is fixed on the same principles as the bar license, being graduated with reference to the hour to which the premises are allowed to be kept open. This also seems to the Committee to be desirable in places where for special reasons the usual closing time has to be exceeded. At present there is no closing time for hotels in Bombay.

Licenses for railway refreshment rooms, dining cars and steamers are fixed on scales varying according to the circumstances of the Provinces or at the discretion of the Commissioner. Care should be taken to limit the holders of such licenses to their legitimate business. For instance, a railway refreshment room licensee should be prohibited from establishing a bar, as is not infrequently done, for sale to persons other than travellers, or from conducting a wholesale or retail business in his refreshment room premises, except under a license of the class requisite to cover the business done.

Occasional licenses.

124. Occasional licenses, that is licenses for short periods for sale at entertainments and the like, are granted at small daily fees which are sometimes fixed and at others left to the discretion of the Collector. The Committee have no comment to make except that such licenses should not be granted as a matter of course and that transactions under them should be strictly confined to the purposes for which they are granted.

Other licenses.

125. It is not proposed to examine the remainder of the licenses in detail. Auctioneers' licenses, chemists' and druggists' licenses and dak bungalow licenses are all given at more or less nominal fees for strictly limited purposes. Licenses for the sale of denatured spirits are likewise

limited, but the trade is not in all instances kept sufficiently separate from that in potable foreign liquors. In the Punjab and Coorg special licenses are prescribed for proprietary clubs, co-operative stores, and similar institutions. Care should be taken especially in mofussil towns that no institution of this kind sells liquor without a license or in contravention of the terms of its license. Travelling licenses are provided for in the Bengal Excise Act and in Act XII of 1896 and are seldom or never granted. The Committee propose to omit provision for them from the draft Bill.

The rate of duty—the course of imports.

126. The last and most important matter for consideration is the rate of duty. Owing to the absence of accounts it is not possible to estimate the increase or decrease in the consumption of the different Provinces, and the only figures which the Committee have been able to secure are those which compare the increase in imports with that in the population for the last thirty years. Even these are not wholly reliable owing to the incompleteness of the census figures for the year 1872. The comparison may be made under the heads of spirits, wines and fermented liquors.

Spirits.

127. Taking spirits first, there was between 1875–76 and 1904–05 an increase in imports of potable kinds from 701,177 to 1,297,611 gallons, or 85 per cent. The total population increased between 1872 and 1901 by 42·7 per cent. and the European, Eurasian and Parsi population in the Provinces for which reliable figures are available by 25 per cent.

The change in the class of spirits drunk is noticeable. Whiskey has advanced since 1880–81 when its was first separately registered by 303·3 per cent., rum by 32·3 per cent. and 'other sorts of spirits' by 186·3 per cent. The imports of brandy and gin have fallen off in the same period by 21·0 and 33·0 per cent., respectively.

A remarkable change in values will be seen from the following table of averages per gallon for 1880-81 and 1904-05 :—

| —— | Whiskey | Rum. | Brandy | Gin | Other sorts of spirits. |
|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1880—81 ... ... ... | 8·0 | 3·3 | 9·1 | 5·0 | 4·3 |
| 1903—04 ... ... ... | 6·5 | 1·8 | 7·7 | 4·0 | 2·3 |

The case of rum is perhaps the most striking. The imports in 1876-77 were 33,539 gallons valued at Rs. 2,06,870. Those in 1904-05 were 70,609 gallons valued at Rs. 1,27,283.

The proportions in which the total imports were divided between the maritime Provinces were—

| | 1875—76. | 1904—05. |
|---|---|---|
| Bengal ... ... ... ... ... ... ... | 32·9 | 26·5 |
| Bombay ... ... ... ... ... ... ... | 30·7 | 27·6 |
| Burma ... ... ... ... ... ... ... | 16·7 | 20·3 |
| Madras ... ... ... ... ... ... ... | 14·9 | 16·1 |
| Sind ... ... ... ... ... ... ... ... | 4·8 | 9·5 |

The increase in the imports into Burma is remarkable. The share taken by different Provinces in the trade in different classes of spirits is also interesting. For instance, Bengal in 1904-05 took 196,792 gallons of whiskey and only 85,735 gallons of brandy, rum and gin, while Burma took only 73,629 gallons of whiskey and 182,743 of the other three. Madras, which is a comparatively small importer of these classes of spirits, takes the largest proportion of 'other sorts' in the form of Colombo arrack.

Wine.

128. There is a decrease under all kinds of wines except 'port' and 'other sorts' amounting for the thirty years to 73·7 per cent., while 'port' and 'other sorts' show an increase of 33 and 6·9 per cent., respectively, leaving a net total decrease of 44·1 per cent. Though the average value for 'port' has remained steady, there appears to have been an increase in the import of spurious qualities, some of them containing a percentage

of proof spirit as high as 42, the limit of strength for wines admitted under the Tariff Act. The value of the 'other sorts,' which have advanced in quantity to more than a third of the whole, has declined from a little over Rs. 8 to something under Rs. 6 per gallon.

Malt liquors.

129. The total consumption of malt liquors has advanced in the last twenty-seven years by 314 per cent., as compared with an advance in the total population by 42·7 per cent., and in the European and Eurasian population in the Provinces for which reliable figures are available of 27·9 per cent. The average value of the imported beer has declined from Rs. 2-5-6 to Rs. 1-5-0 per gallon. The large quantity made in or imported into Burma is again remarkable, amounting in this instance to 12 per cent. of the whole.

The Committee's conclusions—Spirits.

130. This very brief survey of the course of imports, taken with the other evidence before the Committee, suggests the conclusions that, in the case of the classes which habitually consume imported liquors, there is no reason to infer any considerable increase in the *per capita* consumption. There have been several changes in fashion, the net result of which is a large decrease in the consumption of brandy, gin and wines other than port wine, and a large increase in that of whiskey and light beers. These changes have been accompanied by a marked rise in the import of cheap spirits, port and malt liquors for the use of other classes, that is the middle classes of the native population, whose consumption of them tends to show a rapid increase, especially where the rates of taxation on country spirit are high or the shops for the sale of it are greatly restricted in number.

The Bombay Chamber of Commerce takes so serious a view of the increase in the importation of cheap spirits that it suggests either the prohibition of import of spirits below a certain age or the regulation of the taxation inversely to value. In Calcutta the same matter has formed the subject of repeated complaints by the Wine, Beer and Spirit Association. In view of Major Bedford's declaration as to the quality of these spirits, the Committee are not prepared to recommend action at present on either of these lines. They expect that the necessary check will be imposed by the increase already effected in the tariff rate, which, regarded as *ad valorem* taxation, means an enhancement of over 100 per cent. more on the cheaper than on the dearer brands. But they would recommend that the course of imports as well as of prices should be carefully watched with a view to further increase when necessary. They would lay stress on this matter of the prices, because, in the case of the cheapest brands, the recent enhancement of the duty does little more than bring the retail price up again to what it was ten or fifteen years ago.

Wines.

131. The Committee would recommend a similar watching of the course of imports of cheap ports and other wines. In this case the alcoholic strength is also of importance.

Beer—the necessity for an increase in the duty.

132. In the case of beer an early increase in the tariff rate, as well as in the local excise rate, is very necessary. The present tariff rate is less than 5 per cent. *ad valorem*, and in the Nilgiris the stage has been reached of the vend fees being half as much again as the duty. The total consumption, of which only about 50 per cent. is represented by issues to troops, has increased by 314 per cent., and beer drinking by the native population is increasing in Madras and Bangalore and, it is believed, in Burma. A commencement of such consumption has recently been noticed in parts of Northern India and in Sind. The only reason the Committee have heard urged against an increase is that an interference with the present rate of duty might disturb the relations between the Military Department and their contractors. Such evidence as the Committee have received on this point is to the contrary effect. The position as they understand it is this. The Military Department, having for years past worked under a system of contracts with local brewers, is now abandoning it in part at any rate, in favour of what is know as the 'tenant' system, under which a regiment makes its contract direct with the 'tenant' of its canteen to sell various classes of stores, beer included. Some regimental authorities

no longer desire to have beer sold as cheap as 4 annas a quart, which was till recently the prescribed maximum, and the soldiers, to whom to a great extent the choice is left, are ready or easily persuaded to pay an anna more for the imported article. In these circumstances the English brewers are able to compete because, having tied houses at their back in England, they can pursue a 'dumping' trade in this country. Were the rate of duty to be raised however, they would no longer be able to sell at the present price, while the local brewer would be able to do so and still make a fair profit. The increase in the rate of duty, which is desirable on other grounds, would thus be actually in favour of the local brewers. The Committee are disposed to think that they are entitled to this advantage, if not to a larger one. They are considerably handicapped by having to pay the import duty on much of their machinery and materials, as well as by being bound to manufacture under regulations that are not applicable to imported beer, and the Committee consider it would not be unfair if the local industry were even given an advantage in the rate of duty, as is done in England where these reasons for favourable treatment do not exist. The rate of duty the Commiteee would suggest for a commencement is two annas, or an increase of one anna a gallon. This is the rate already levied in the State of Mysore, while in contravention of the law three annas is levied in Coorg, and as much as four annas was at one time levied in Madras. It may be of interest to add that the Mysore State levies in addition to the duty a 'kist,' or fee, per hogshead which amounts in places to as much as Rs. 61 and the authorities at Bangalore a similar 'kist' of Rs. 15-8-0. This latter also would appear to be an arrangement of doubtful legality.

**The grant of facilities for transport in bond of 'foreign' liquors made in India.**

133. A difficulty which has affected transactions in 'foreign' liquors made in India arises out of the credit of the duty on them to the Province of manufacture and not to that of consumption. The adoption of the policy of subjecting to the tariff rate all imitation flavoured spirits will undoubtedly have the effect of decreasing their consumption, and under the Committee's proposals no option will be left to Local Governments in the matter of admitting or excluding liquors entitled to be classed as 'foreign'. In order to promote inter-provincial trade and to afford increased facilities to the local manufacturer the Committee are embodying in the draft Bill proposals for the grant of permission to transfer 'foreign' liquor made in India from Province to Province in bond as an alternative to the payment of duty at the place of manufacture. This will give the manufacturer in India an advantage corresponding to that enjoyed by importers using bonded warehouses at the ports of import, and at the same time will enable Local Governments to secure the duty on the local consumption by the grant to the trade of facilities in the shape of bonded warehouses, though they will have no power to prohibit the import of 'foreign' liquor once it has paid duty in any Province. The warehouses proposed for use in the case of country spirit could doubtless be used for these liquors as for other exciseable articles.

**The Government's questions replied to.**

134. On these conclusions the Committee submit the following replies to the questions referred to them :—

(1) In the results of the analyses made there is nothing to support the allegation that foreign liquor, or any particular variety of foreign spirit, is more deleterious than country liquor; but, in the absence of control by the exporting countries of the compounding of spirits exported, there is a danger sufficient to make periodical tests necessary, while thorough control of similar operations conducted in this country is eminently desirable.

(2) The rates of taxation on imported spirits have tended in the past to give a considerable stimulus to the sale of the cheaper classes in preference to country spirit, more particularly in the Presidency towns and in parts of Bengal. Whether this will continue to be the case now that the tariff rate of duty has been raised is a matter of speculation. But the Committee consider that the imports should be carefully watched with a view to further increase, if necessary.

In the case of port wine there appears to be a similar and equally undesirable increase in imports of the cheaper qualities, frequently not true wine at all. This also may require to be checked by higher taxation.

There is a very large increase in the consumption of beer as a whole and an extension of its use by the native population ; and a considerable enhancement of the duty appears to be advisable.

(3) The consumption of foreign spirit is progressing out of proportion to the increase in the population both of the classes that habitually use it and of the country as a whole. The cause is to be found partly in the replacement of wines by whiskey among the classes referred to, but much more largely in the growing consumption of foreign spirits by the middle class of the native population which did not formerly use them. The remedy is an increase in the taxation together with a strict limitation of the number of shops, particularly those for consumption on the premises.

(4) The fourth question has already been in a great measure answered in replying to the third. Foreign liquor does appear to offer special attractions to many of the middle classes who would perhaps abstain if only country liquor were available. It does appear desirable to discourage their consumption of it by all reasonable means. At the same time some increase of such consumption is probably an inevitable consequence of the adoption of western manners and customs, of the slackening of social ties and religious beliefs, and of the growing preference for a town life. In any case it is an unsatisfactory phase of the transition which Indian society is undergoing.

## CHAPTER VIII.—TARI OR TODDY.

Instructions to the Committee.

135. The Committee are instructed to consider whether the tree-tax system, which from a revenue point of view has been very successful in Madras, or any similar system, can or should be extended to other parts of India, due regard being paid everywhere to local conditions. The Government state that, so far as present information goes, *tari* is the least noxious of all the forms of alcohol in common use in India, that it would be a grave evil to discourage its use if this result should be purchased at the cost of driving the people to more deleterious intoxicants, and that no considerations of revenue could be permitted to justify such a course. Another most important question to which the Committee's attention is drawn is whether the extension contemplated or suggested, if held to be desirable in itself, can be effected without inquisitorial and harassing interference with the people and the employment of a large staff of low-paid preventive officers. The Government of India are disposed to regard such a result as an evil only less serious than excessive drinking, and add that it must be justified, if at all, by other considerations than those of revenue.

The belief in the harmlessness of *tari*.

136. The Committee deem it necessary in the first instance to observe that there is much misconception, both official and popular, of the character of *tari* and that this wrong understanding should be corrected. The term *tari* includes both the unfermented and the fermented juice of any kind of palm tree. Fermented *tari* is described by the Government of India in the words above quoted. Other authorities are more pronounced in favour of the harmlessness of the juice. The Bengal Government in their letter No. 669-T.F., dated 18th June 1900, stated that its ordinary strength was commonly about 95° U. P. and that it might fairly be compared to the weakest description of *vin ordinaire*. An Excise Commissioner of the United Provinces (in his report for 1880-81) puts its strength at 98·1° U.P. and another (in his report for 1901-1902) repeats an assertion once made in the House of Commons that it is "little stronger than home-made ginger beer." A Collector in the same Province states that its intoxicating effects last only a few minutes, and the Bombay Temperance Council urge a reduction of taxation on the ground that *tari* is not an intoxicant, but a wholesome, refreshing and invigorating beverage. A similar opinion was held by a number of witnesses who gave evidence before the Committee, while several others laid stress on its nutritive qualities.

Scientific evidence on the point.

137. It is necessary to examine in some detail these allegations as to the character of *tari*. It must be premised that *tari* ferments very easily and commences to do so very quickly, both because the state of solution is favourable to rapid fermentation and by reason of the fact that the pot in which the juice is drawn is almost invariably coated with old ferment. The rate of progress of fermentation varies with the kind of palm tapped and the temperature, and in a cold climate alcohol may be absent or inappreciable for a few hours. But in any climate the formation of alcohol must occur unless there be employed chemical means of preventing it, such as coating the pot internally with lime. In proportion as the alcohol is less the percentage of unfermented sugar is greater.

It appears therefore that the opinions under consideration are justified in so far as they relate to *tari* in which fermentation has not commenced or is only slightly advanced. But in the great bulk of the *tari* consumed fermentation is far advanced or is complete; and as to this fermented *tari*, only the statement of the Government of India represents the exact fact. Analyses made in 1882-83 showed that the average strength of six samples of Bombay toddy when fully fermented was 90° U.P. A much more extended experiment made with samples from all parts of Madras in 1897-98 gave an average of 89·4° U.P., and a third made at Kasauli on behalf of the Committee with samples from all parts of India showed an average of 91·6° U.P., or, excluding one sample which gave a suspiciously high strength, of 92·6° U.P. It is to be remarked in reference to this latter

figure that the samples analysed were necessarily several days old before they reached Kasauli and had received a large admixture of salicylic acid to prevent fermentation on the way. This may account for their being weaker than those which were analysed nearer the place of production.

In point of deleterious elements Major Bedford found that *tari* contained, bulk for bulk, nearly the same proportion of fusel oil as country spirits of 60° U.P., that is nearly four times as much in proportion to the alcohol contained. There was present—in some samples in great excess—a much larger acidity, which is a fruitful cause of indigestion, diarrhœa, dysentery and rheumatism. Its nutritive elements consisted on the average of 2·76 grams per cent. albuminoids and 2·2 grams per cent. sugars. On the whole, it showed the lowest alcoholic strength and the highest nutritive value of any intoxicating liquor examined at Kasauli.

But the advantages just mentioned are secured only by the moderate consumer of *tari* in a comparatively fresh state. When it is taken in large quantities, the percentage of some of the impurities consumed is very much greater than it would be if the same amount of alcohol were taken in the shape of spirit, and the nutritive qualities are of little advantage to the consumer who drinks in order to get drunk, while the bulk of the *tari* tends to his detriment. In the words of the Commissioner of Abkari, Bombay, "the confirmed toddy drinker soaks. He becomes bloated and lethargic, while the drinker of country spirit has his glass or two now and then and is soon done with it." There is moreover a large body of medical and other evidence to show that considerable injury results from the drinking of stale *tari*, which is described not only as a powerful intoxicant, but also, doubtless on account of its acid properties, as being highly productive of gout. Major Bedford puts the limit of time for wholesome consumption at 24 hours after drawing.

The evidence of drunkenness from this cause.

138. Widespread evidence of actual drunkenness from this liquor in the past renders the more remarkable the recommendations of many temperance reformers for its release from taxation. Tippu Sultan found drunkenness from toddy so prevalent that he ordered all toddy trees to be cut down. Sir Barrow Ellis, when Revenue Commissioner of the Northern Division in Bombay, gave a similar order for the same reason with regard to date trees in Government waste lands. The Bengal Excise Commission in 1884 found that much of the drunkenness attributed to outstills was really due to *tari*. There is ample evidence and it is within the memory of officers still in service that, before steps were taken to bring toddy under control in parts of Madras and Bombay, it was no uncommon thing to find whole villages, men, women and children, largely incapable as a consequence of its use. The same state of affairs is reported in places where it is not controlled at the present day, *e.g.*, the Agency tracts of Madras, the Panch Mahals of Bombay and the tracts inhabited by the Maria Gonds in the Chanda district of the Central Provinces. In the Bihar districts of Bengal, where control is weak, several witnesses complained of the difficulty of keeping workmen or servants sober in the *tari* season, and there is some evidence of the prevalence of drunkenness in the same season, though to a less extent owing to the comparative paucity of supply, in the adjacent districts of the United Provinces.

The extent of consumption.

139. It is necessary to lay some stress upon these points because although *tari* drinking comes less under the notice of the public than spirit drinking by reason of its being confined in most Provinces to particular seasons and particular areas, it is none the less a grave matter in these periods and localities and the quantity of alcohol consumed in this form is very large indeed.

The areas chiefly concerned are the Bihar districts of Bengal, the Gorakhpur and Benares divisions and the Farrukhabad district of the United Provinces, the whole of the Madras Presidency except the Nilgiris, the greater part of Bombay, the Nagpur, Wardha and Chanda districts of the Central Provinces and the adjacent districts of Berar and Coorg.

Owing to the large variation in the number and the yield of trees in different places and to the absence in the majority of Provinces of any regular record of the number tapped, it is difficult to make even an estimate of total or comparative

consumption. The following figures may however serve to give some idea of it. Taking first the total revenue for 1904-05, Madras yielded Rs. 93,27,554, Bombay Rs. 16,50,804, Bengal Rs. 10,72,308, the United Provinces Rs. 1,61,530, the Central Provinces Rs. 56,751, Eastern Bengal and Assam Rs. 26,536, Coorg Rs. 13,823 and Sind Rs. 1,315.

In the matter of vend licenses issued Madras again stands first with an average of one to every 1,932 of the whole population of the consuming districts; but this average is equalled or exceeded in local areas of other Provinces in which trees are numerous. In the Bihar districts of Bengal the average is 1 to 1,736 persons, the Patna district having in proportion to its population the largest number (1 to 592) of licenses for sale of any district in India. Six districts of the United Provinces, of which the first four are adjacent to Bihar, *viz.*, Ghazipur, Ballia, Azamgarh, Gorakhpur, Mainpuri and Farrukhabad, have an average of 1 to 2,733 persons. In the Surat district of Bombay, where a large number of licenses for domestic consumption are issued, the proportion of licenses of all kinds to the population rises as high as 1 to 75; of licenses for sale Bombay has one to 3,104 and Thana 1 to 1,730 of its inhabitants. In the Central Provinces, Wardha, Bassim, Yeotmal and Amraoti have an average of 1 to 1,932 persons.

The figures of trees tapped are less reliable. There is however an accurate record in the case of Madras and Bombay; in the United Provinces a similar record was compiled in the case of palmyra trees tapped in the districts of Farrukhabad and Basti in the years 1900-01 and 1901-02 when the tree-tax system was under trial; in Bengal an enumeration of trees tapped in parts of the Bihar districts and some others was made from 1896-97 to 1898-99, and in the Central Provinces a similar enumeration was made in some districts in 1893-94. With the aid of these figures and a careful selection of areas a very rough idea of consumption and taxation per gallon may be gained. The areas selected are, for Bengal, the portions of the seven districts of the Patna division and of Monghyr and Bhagalpur which were included in the experiment; for the United Provinces, Farrukhabad and Basti, for which alone figures are available; for the Central Provinces, Nagpur, Wardha and Chanda, the three districts of the Nagpur division in which the enumeration was made; and, for Madras and Bombay, two areas of somewhat similar character to that selected in the Central Provinces, *viz.* the Ceded Districts and four districts of the Deccan and Karnatak, in each of which areas, as in the Nagpur division, only date trees are tapped, and the methods of administration and rates of taxation are uniform and are not confused by outside conditions. For the purposes of the estimate of consumption the yield of a palmyra has been presumed to be double that of a date and the latter has been put at twenty gallons per tree. The following are the figures arrived at:—

| Province. | Districts concerned. | Area in square miles. | Population. | Kind of trees tapped. | Total number of trees tapped. | Estimated yield in gallons. | Estimated consumption per head in gallons. | Estimated revenue per gallon. |
|---|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Bengal ... | Parts of Patna, Gaya, Muzaffarpur, Saran, Darbhanga, Shahabad, Champaran, Bhagalpur, Monghyr. | 2,823 | 1,626,864 | Palmyras and dates. | 194,883 | 5,862,620 | 3·6 | Rs. A. P. 0 0 4 |
| United Provinces. | Farrukhabad, Basti... | 4,472 | 2,771,965 | Do. | 11,496 | *574,800 | 0·2 | 0 0 10 |
| Madras ... | Kurnool, Anantapur, Bellary, Cuddapah. | 27,572 | 3,898,790 | Dates ... | 506,074 | 10,121,480 | 2·5 | 0 2 3 |
| Bombay ... | Sholapur, Bijapur, Belgaum, Dharwar. | 19,461 | 3,563,686 | Do. | 79,099 | 1,581,980 | 0·4 | 0 4 10 |
| Central Provinces. | Nagpur, Wardha, Chanda. | 16,217 | 1,699,226 | Do. | 309,431 | 6,188,620 | 3·6 | 0 0 0 |

* *Note.*—Figures of dates tapped are not available. The reported yield of palmyra *tari* has been increased by 25 per cent. to include date *tari*.

Retail prices.

140. The retail price in the season in Bengal is 1 anna a gallon throughout Bihar and the neighbourhood, rising to about 4 annas in other parts; in Eastern Bengal and Assam, where *tari* is scarcer, it varies from 3 to 12 annas; in the United Provinces 2 to 4 annas is the ordinary price, rising to 6 and 8 in special localities. In Madras a minimum price of 4 annas, which it reduced to 2 annas in South Canara, is imposed, but not always successfully enforced; the general price is reported to be from 6 to 9 annas, but less in the West Coast districts. In Bombay maximum prices are fixed, but seldom reached; both maximum and actual prices vary in different areas; in Surat toddy can be obtained at tree-foot booths at 1½ annas a gallon, and at a slightly higher rate at shops; in Bombay City the maximum price at tree-foot booths is 3 annas 6 pies per gallon; in the Karnatak the maximum price is 9 annas, but the actual selling price only 3 or 4 annas. The price in the Central Provinces is said to vary from 1 anna 6 pies to 6 annas a gallon.

The necessity for control.

141. Incomplete as these figures are, they are sufficient to indicate that there are areas in which *tari* is largely consumed and lightly taxed, and it has been shown that it is twice as strong as has sometimes been imagined and responsible for much drunkenness when not controlled. The necessity for control being thus established, it has to be seen whether it can be secured by any more satisfactory means than that of a tree-tax, and whether any improvement can be effected in the systems of tree-tax at present in force.

Systems of control—(1) A lease to the spirit contractors.

142. The systems that do not involve the element of a tree-tax may be considered first. One which it is necessary to mention only to condemn is that under which the *tari* rights are made part of the country spirit contractor's contract. This system was formerly in force in the United Provinces, the Punjab, the Central Provinces, Ajmer-Merwara and parts of Madras and Bombay. In the Punjab where there was only one shop, and in Ajmer-Merwara where the consumption was comparatively small, it has succeeded in extinguishing the use of *tari* altogether. In the United Provinces, Bombay and the Central Provinces it has been replaced. It remains in force in the Chavakkat Deputy Tahsildar's division of Madras as part of the arrangements for the manufacture of toddy spirit. Here the different conditions appear to have produced the opposite result to that noted elsewhere. The renters are reported to have subleased the right to tap and sell to the men who undertook to tap the largest number of trees at a comparatively low rate of payment per tree. There were no restrictions as to the number of shops. These have increased from 173 to 357 in the past five years and drunkenness must have increased in proportion. Steps are now being taken for better control.

(2) The Bengal arrangements.

In Bengal there is much tapping, more particularly in the Bihar districts and in the 24-Parganas, Hooghly, Howrah and Calcutta. The only other districts in which the matter is of importance are Cuttack, the Sonthal Parganas, Purnea, Puri, Burdwan and Murshidabad. *Gur* is largely manufactured from date juice in the districts of the Presidency division. Under the law as it stands, the tapping of an unlicensed tree is not an offence if done by or on behalf of the owner, and so cannot be interfered with. Privileges are also given to sellers of unfermented *tari* and sugar makers. The system of administration consists of the sale by auction of the right of vend at single shops, but in Bihar the practice pursued has apparently been one of contracting direct with as many actual tappers as possible instead of with the shopkeeper or employer of so many tappers, and this has been carried to the length of breaking up a large shop into a number of small ones whenever a high price was fetched at auction. As a result, there are more shops than are necessary, the price of *tari* is low, drunkenness common and the revenue only slightly progressive. Another great defect of the system is that it necessitates the employment of a large staff to collect petty amounts from poor licensees.

The arrangements in Eastern Bengal and Assam are similar, but the matter is of much less importance, the district of Malda being the only one which yields a revenue of Rs. 10,000 or over. There is considerable tapping of date trees for the

manufacture of *gur* in the districts of the Dacca division. In Assam a few licenses are granted at nominal fees.

(3) The farming system.

The farming system is in force in the United Provinces, the Central Provinces, Sind and Coorg.

In the United Provinces palms are comparatively scarce. Palmyras are practically non-existent in all but ten districts, while the date palm, though more widely spread, yields less than in damper countries. The matter is of importance only in the eastern districts of Gorakhpur, Azamgarh, Ghazipur and Ballia and in Farrukhabad. The only others that yield a revenue of ₹5,000 and over are Benares, Lucknow, Basti and Unao. Farms are usually sold by tahsils to contractors who sublet to *pasis* or tappers. The latter generally sell at the tree foot, but an accumulation of shops in the towns is not unknown ; there are for instance 100 in Gorakhpur. The country spirit contractors not unfrequently secure the contracts in spite of instructions in the Excise Manual to the contrary.

In the Central Provinces, Wardha, Amraoti, Akola and Nagpur are the most important districts from a *tari* point of view. The farms in the Central Provinces have just been reduced in size and separated from the country spirit farms. The results have been satisfactory, but the consumption in these districts is large and the taxation still decidedly low.

The contracts in Sind and Coorg are comparatively unimportant.

Among the systems above described there is none which the Committee can recommend for general adoption.

(4) Systems of tree-tax.

The tree-tax systems have the advantage that they impose a direct duty, corresponding to the still-head duty on spirits. Their disadvantages are as stated generally in the instructions to the Committee and these will be considered in more detail in examining the working of the systems in the Provinces that use them and the reasons for their rejection by others.

The variety in the Bombay arrangements.

143. It will be convenient to deal with the Bombay arrangments first. The number of trees, though fairly large in various localities, was never at any time great in comparison with the palm groves of Madras, and latterly has been reduced by some general causes such as deaths from drought and the omission to form new plantations, and by some local calamities such as a cyclone in Thana and the ravages of locusts in Ratnagiri, and in famine districts by the consumption of the soft heads of date palms as food. The method of raising revenue from toddy which was inherited from native rulers has been developed on different lines in different places owing to the varying conditions of the several localities and to the continuance in four districts of tapping for distillation alongside of that for toddy to drink. The result is a variety in the systems of administration of the toddy revenue similar to that already noticed in the case of the country spirit administration. The general principle underlying the diverse forms appears to be that the taxation of toddy should be on the basis of its alcoholic strength as compared with spirit, and that the rate of duty (the tree-tax) should bear a direct relation to the general productiveness of the trees in particular areas. Where toddy is in use as a distilling base, the rates of tree-tax are enhanced so as to cover the greater portion of the duty on the spirit, the balance being made up by a direct still-head duty. But in all cases toddy is more lightly taxed than country spirit in proportion to the alcohol which they respectively contain.

Districts with no toddy system.

144. There is no toddy revenue in Khandesh where palm trees are not tapped, or in the Panch Mahals where they are tapped but are not taxed. The case of the latter district has been dealt with in a former chapter. In Khandesh there has been no tapping since the introduction of the District Monopoly system of spirit supply. Domestic consumption licenses are allowed, but no use is made of the concession. The Collector proposes to renew the farm of the right of mannfacture and sale. Trees are few and the revenue to be derived is inconsiderable, but the proposal is in pursuance of the policy of the Government of India enunciated at the head of the chapter.

145. Owing to difficulties of control a District Monopoly system is in force in Nasik, the Mulshi Petha of the Poona district and the above-ghat talukas of Kanara. As in the case of country spirit the farms are granted on a minimum guarantee; and in Nasik a fee of Rs. 15 is charged for each shop permitted to be opened. Like the district monopolies of country spirit, these farms may be accepted as a suitable intermediate arrangements until the areas under them are sufficiently developed to admit of a more advanced system.

The District Monopoly system.

146. Of such systems the simplest is that obtaining in one district of Gujarat and in the Deccan and Karnatak generally, where the conditions are not greatly complicated. Only date palms are tapped, and there is no tapping for distillation. The arrangements for marking trees appear to vary somewhat from district to district, but in other respects the methods and the rate of tree-tax (Rs. 2 per tree) are practically uniform. Palm trees are found only in isolated areas in each district, and are not distributed generally. Shops are allowed to be granted on fixed fees if there be only one applicant for a shop; but in practice auctions are the rule. In Kaira there is no toddy revenue; in Satara it is below Rs. 2,000; and it calls for no comment in Ahmednagar. In Poona, where the taxation on country spirit has recently been raised to a point higher than in any other district of the Presidency, the consumption of toddy has increased in spite of a considerable rise in the vend fees. In the remaining districts of Sholapur, Bijapur, Dharwar and Belgaum, where the consumption of toddy is highest, the number of trees tapped has decreased in the last fifteen years by nearly 50 per cent., while the license fees have risen by over 100 per cent. and the reported yield per tree has risen in a like degree in spite of successive years of drought. Thus the higher recorded consumption appears as the result of tapping only half the number of trees used in the years before the famine period. The average incidence of taxation per tree tapped amounts to Rs. 5-15-9, and the average selling price per gallon to Rs. 0–5–0, which at the average reported yield (18 gallons), is less than the taxation.

Systems in the Deccan and Karnatak.

It is to be feared that there can be no explanation of this result except wide-spread prevalence of illicit tapping. This has been found to exist on a considerable scale in Bijapur, and is undoubtedly a danger in the whole tract under consideration. To prevent it a district monopoly has been reverted to in part of Poona and is maintained in the portion of Kanara adjoining Dharwar and Belgaum. It can hardly fail to be encouraged by the auctioning of shops, where there is no sufficient controlling staff, and some of the excise officers allege that they are unable to apply an effectual check under the present methods of numbering the trees and in the absence of passes covering tranpsort from tree to shop.

147. The system becomes more complicated in the Konkan, where tapping for distillation is carried on side by side with tapping for toddy to drink. This was formerly allowed in the whloe of the area, but is now restricted to the coast talukas of Kanara, Ratnagiri and the Town and Island of Bombay. In this tract, excluding Bombay City, the system is the same as in the Deccan; but the rates are numerous, and the palmyra and cocoanut are tapped as well as the date. In the districts of Kanara (Coast) and Ratnagiri the former are taxed at Rs. 8 and the latter at Rs. 3 per tree; and the number tapped for drinking is comparatively unimportant, amounting to only 14,935 trees in the two districts. The incidence of license fees is moderate and is about 43 per cent. of the tree-tax. As in the tract above the ghats illicit tapping is suspected, and illicit sale of toddy intended for distillation is alleged to be common in Ratnagiri. In the inland talukas of Kolaba and Thana the rates of tree-tax are Rs. 9 for cocoanuts and palmyras and Rs. 3 for dates; on the seaboard they range from Rs. 5 for the former and Rs. 2 for the latter in one taluka furthest from Bombay to Rs. 12 for the former and Rs. 6 for the latter in the talukas nearest to that city, the intermediate rates being Rs. 7-8-0 and Rs. 10, and Rs. 3 and Rs. 5 respectively. In consequence of the Report of the Commission of 1885, there has been a reduction in the rates in the talukas adjoining Bombay, but for the protection of that city they continue comparatively high. The proportions between the rates for cocoanuts and palmyras and those for dates have varied from time to time and this may perhaps

The Konkan.

account for the fact that, while in 1886-87 the former constituted 55 per cent. and the latter only 45 per cent. of the total number of trees tapped, in 1904-05 the proportions had charged to 23 per cent. and 77 per cent. respectively. The shop fees amount to 20 per cent. only of the tree-tax. The stoppage of tapping for distillation has naturally caused a very large decrease in total tapping; but in tapping for drinking there appears to have been a fall of 27·7 per cent., while spirit consumption has increased by 37 per cent. The average taxation per tree in terms of dates is Rs. 4-4-4 in Thana and Rs. 5-12-6 in Kolaba.

Bombay City.

148. In Bombay City the rates at one time aimed at imposing on toddy spirit, through the agency of the tax on toddy-producing trees, a duty equal to that on *mhowra* spirit; but this attempt was abandoned under the orders passed on the Report of the Commission of 1885. The tree-tax has however been maintained, as on the adjoining mainland, at Rs. 12 for cocoanuts and palmyras and Rs. 6 for dates. The system differs from that hitherto considered, in that the tappers are independent of the sellers and may dispose as they please of their raw toddy whether for distillation or for drinking. Trees are marked with the number of the *oart* or garden where they grow, the number of the tapper, and that of the tree. There are two kinds of shops, the privileged, of which the fees are assessed by the Collector subject to a maximum of Rs. 300, and the non-privileged, which are auctioned for three years with renewals on assessed fees for two further periods of three years each. The number of trees tapped has shown no great variation for the last twenty years and the incidence of revenue has increased from about Rs. 10 to about Rs. 17-8-0 per cocoanut tree.

Gujarat.

149. In Gujarat further complications induce more modifications in Ahmedabad, Broach and Surat, and the greatest complexity is reached in the last-named district. Here the ordinary rates of tree-tax are nine in number as in the margin; there is a special rate for the Kaliparaj (depressed races); and in addition to the tree-tax, tapping fees, at rates varying in different talukas, are levied from professional toddy-sellers, but not from landowners tapping their own trees for domestic consumption. The licenses issued amount to no less than 8,456, of which 8,194 are for domestic consumption, 7,000 odd by the Kaliparaj and the rest by others; 4 for tree-foot booths (on these the tapping fee has to be paid); 9 for hawking in the city; 177 for shops in the district and 72 for shops in the city. The shops outside the city are auctioned; those within are continued to life tenants on fees assessed by the Collector, and auctioned on expiry of the tenancy. Hawking licenses for sale of toddy obtained from shops are granted on a fee of Rs. 15. The average shop fee is Rs. 591, and the average incidence of taxation per date tree, reckoning a cocoanut or palmyra as equal to two dates, is Rs. 4-2-8. The total number of trees of all kinds tapped in 1904-05 was 104,568. Of this number 103,965 were date trees, and it is to be remarked that there has been a very great decrease since 1867-68 when the number of such trees tapped was 489,395, or nearly twice the number of all kinds now tapped for toddy to drink in the whole Presidency. By 1880-81 the number of date trees tapped had fallen to 250,819. Though there has thus been in the last thirty-seven years an immense reduction in toddy tapping, the consumption of toddy in Surat even now amounts to two-fifths of that for the Province; and the district stands out as the largest toddy consumer in Bombay, although its country spirit consumption is higher than that of any distillery area in India except the Town and Island of Bombay and the Monghyr city including Jamalpur. Some reasons for the great consumption of toddy are to be found in the facts that unfermented toddy is largely drunk medicinally by well-to-do people who resort to Surat for the purpose, that in some places the water-supply is bad, and that toddy is regarded by some classes as a food in the hot weather and in times of scarcity. But there must be set against these facts the declaration of the Commissioner of Abkari that "the most worthless people in the Presidency are the people who drink toddy in Surat."

| Cocoanut and brab. | | | Date and wild palm. | | |
|---|---|---|---|---|---|
| Rs. | A. | P. | Rs. | A. | P. |
| 7 | 0 | 0 | 4 | 0 | 0 |
| 6 | 8 | 0 | 3 | 0 | 0 |
| 6 | 0 | 0 | 2 | 0 | 0 |
| 5 | 8 | 0 | 2 | 8 | 0 |
| 5 | 0 | 0 | 2 | 0 | 0 |
| 4 | 8 | 0 | 1 | 8 | 0 |
| 3 | 0 | 0 | 1 | 0 | 0 |
| 1 | 12 | 0 | 1 | 0 | 0 |
| 1 | 0 | 0 | 0 | 4 | 0 |

The variety of rates must tend to create difficulty in administering the system; and the difficulty is enhanced by the methods adopted in marking the trees. Palms licensed for tapping at Kaliparaj rates are permitted to be tapped alongside

of those taxed at ordinary rates, and trees liable to the tapping fee alongside of those which are exempt from it. The system of numbering in one series for a whole taluka causes the figures in some instances to run up to several thousands, and thus seriously impedes efficient check; nor does there appear to be an adequate establishment for control. The varying proportions between the several rates for cocoanuts and palmyras and for dates may be due to differentiation on account of varying productiveness of the trees in different localities; but there does not appear any satisfactory reason for the absence of passes to cover transit from tree to shop, of arrangements to prevent the transport of low-duty toddy to areas of higher duty, or of measures to ensure that home consumer shall not abuse their privileges.

Domestic consumption and other special licenses.

150. The domestic consumption and tree-foot booth licenses which have been mentioned above require a few words of explanation. The former may be granted in the districts of Kaira, Broach, Surat, Thana, Kolaba, Poona, Satara and Khandesh, but are in little demand except in Thana and Surat. They authorise the tapping, on payment of the tree-tax, of not more than 5 cocoanuts or palmyras or 10 date trees, growing (as a rule) in a single survey number, for consumption by the tapper's family only. Tree-foot booth licenses are available in any district to tree owners or occupants of land bearing palm trees on payment of tree-tax and fixed fees; the licensees may sell the produce of their own trees only, and are required to sell fresh toddy at or under a fixed maximum price. They are most numerous in Thana and Bombay. Hawking licenses are granted in Ahmedabad and Bombay as well as in Surat, but at a lower fee, *viz.*, Rs. 10.

The Committee's recommendations.

151. The first requirement in all the districts which are not under the farming system appears to be the entertainment of establishments competent to control the tapping of trees, the transit of toddy from tree to shop and from one area to another, and the conduct of holders of special licenses. There should also be a uniform and simplified system of marking trees for tapping, and it should be considered whether it is not advisable to enforce the regulations which require toddy in transit to be covered by passes. Attention should be directed to the number and distribution of shops; the method of disposal of them is discussed in another place. In areas where tapping for distillation continues, it may be inadvisable to reduce the tree-tax; when such tapping is no longer permitted, the Commissioner of Abkari is prepared to recommend a reduction in Ratnagiri. This course commends itself to the Committee so far as cocoanut and palmyra trees are concerned, and they are of opinion that it may be followed also in Kanara; but there does not appear reason for reducing the tax on dates in these districts. In reference to cocoanuts and palmyras generally the Committee would recommend consideration of the adoption of a system of half-yearly instead of yearly licenses as tending to save the trees and increase the output. In Surat an endeavour should be made to reduce the high consumption by enhancing the ordinary rates on all kinds of palms so far as the circumstances of the tracts of varying character admit. The Committee's suggestion regarding Kaliparaj rates has been made in the chapter on Arrangements outside the scope of Excise Systems. Where high rates are maintained or applied, they would draw attention to the danger of illicit tapping especially in areas where tapping was formerly common and where the risk of illicit practices has been held sufficient to render necessary great caution in enhancing rates of still-head duty on country spirit. The separate tapping fee is levied in only three districts (Ahmedabad, Broach and Surat), and it seems doubtful whether tree owners are not sufficiently advantaged by the grant of tree-foot booth and domestic consumption licenses. The Collector of Surat and the Commissioner of Abkari in 1891 proposed, with certain reservations, that the tapping fee should be merged in the tree-tax. The Committee regard with approval the grant of domestic consumption licenses within moderate limits, and recommend that they be made available in all districts; they are of opinion that tree-foot booth and hawking licenses should continue to be allowed, and may be issued more frequently than at present, so long as it can be shown that they encourage the sale of toddy in a fresh state and do not lead to drunkenness; the number of them, and the location of tree-foot booths, should however be notified before ordinary shops are disposed of.

They would suggest that toddy in Khandesh should be brought under the same arrangements as are in force in Nasik. Lastly the rules regarding the payment of instalments of fees for ordinary shop licenses in so far as they require the whole or greater part of the fee to be paid in advance may be remodelled in such a way as to allow of the professional toddy sellers paying them without resort to the money-lender.

The Madras conditions.

152. The question of toddyconsumption and taxation is far more important in Madras than in any other Province. Palms of all kinds are incomparably more numerous; the number tapped amounted in 1904-05 to no less than 2,168,054;* the revenue was Rs. 93,27,554; and the shops numbered 18,992. Toddy is consumed not in isolated localities as is the case elsewhere, but in every district except the Nilgiris, and generally throughout each district. The largest population per shop is 5,069 in Trichinopoly; in only three other districts, South Arcot, Ganjam and Vizagapatam, does it exceed 3,000; the least (834) is in South Canara; Kurnool has 948 persons to a shop and the remaining sixteen districts have from 1,000 to 3,000. The highest revenue, exceeding that of the whole of Bengal, was yielded by Tanjore. One district (Salem) gave over seven lakhs, three between six and seven, two between five and six, three between four and five, five between three and four, two between two and three and four between one and two. Ganjam alone yielded less than a lakh.

The Madras system—general principles.

153. The Madras tree-tax system was adopted from Bombay in the reforms of twenty years ago and was rapidly developed and elaborated. Between the years 1885 and 1897 it was gradually extended over the whole Presidency except the Agency tracts and a few specially situated areas. A most important characteristic of it lies in the fact that it has changed the place of consumption from the tope or palm grove to the shop and rendered consumption anywhere else illegal except within the limits of licit possession. A strong staff is employed to supervise tapping operations; tappers are licensed only at the shopkeeper's instance; the number of trees each is licensed to tap is so regulated as to keep him fully employed; transport to the shop is required to be made within fixed hours and by a fixed route; quantities in stock and in transit are subject to constant check and examination; and precautions are taken to secure that the toddy tapped for a particular shop is sold there and nowhere else and to prevent illicit tapping or sale either by the shopkeeper or by other persons in competition with him. A partial exception to these arrangements exists in the case of domestic consumption licenses, but very little use is made of it.

Rates of tree-tax.

154. For purposes of rates of tree-tax the yield of a palmyra is taken to be equal to that of a date and that of a cocoanut to be three times and that of a sago palm to be six times that of either. The latter estimate, it may be remarked, appears to be too high on the West Coast for palms of the class at present tapped there. Cocoanut and sago palms are licensed for six months at a time, palmyras and dates for the full year. The rates imposed are Rs. 2-8-0 for a palmyra or date, and proportionately for other classes, in Madras Town; Re. 1 in Ganjam, Vizagapatam, Cuddapah, Anantapur, Bellary, Kurnool, South Canara and Malabar, and Rs. 1-8-0 elsewhere. The proportions of each class to the total trees tapped in 1898-99, the first year after the extension of the system to practically the whole of the regulation tracts were :—Cocoanuts 35 per cent., palmyras 32 per cent., dates 32 per cent., and sago 1 per cent., and in 1904-05 cocoanuts 37 per cent., palmyras 26 per cent., dates 36 per cent., and sagos 1 per cent., indicating a slight preference for dates over palmyras at equal rates of taxation.

Disposal of shops.

155. Shops are invariably sold by auction except in Madras Town, where the licenses are hereditary and are settled at fees based on past transactions, and in Ganjam and Vizagapatam, where

* *Note.*—The number of trees which paid the tax was 2,672,845, but of these 996,562 were cocoanuts and 15,000 sagos which were licensed for only six months.

the small shops are licensed at fixed fees. The percentage of shop license fees to tree-tax is less than 50 in these three cases, ranges from 50 to 100 in five districts, from 100 to 150 in six, from 150 to 200 in six and exceeds 200 in Bellary and Anantapur. The taxation per tree (in terms of dates) is lowest, Rs. 1-6-2, in Ganjam; it is less than Rs. 2 in Vizagapatam and South Canara, ranges from Rs. 2 to Rs. 3 in nine districts and exceeds Rs. 3 in ten.

Results.

156. It is difficult to gauge the effects of the system on consumption owing to the absence of any record of trees tapped prior to its introduction and to the fact that for a number of years during which it was being rapidly extended the only figures given in the reports are those of trees tapped over the whole area to which it was applied. There is ample general evidence of the decrease of drunkenness which followed its first introduction, and some remarkable figures in confirmation of this are available in the Mysore State. The Darbar before adopting the tree-tax system had a census taken of trees actually tapped. They numbered over ten lakhs. The introduction of the system has reduced the number to four lakhs. Under the operation of the tax in Madras there has been in most districts only one increase in the fixed duty. Isolated instances of reduction of consumption resulting from this may be gathered from the reports. Omitting districts in which the question is complicated by tapping for distillation, the earliest record available is for Madras Town where the total number of trees tapped in in 1888-89 was 187,514. In 1898-99 the total was 136,045. In Nellore in 1896-97, 74,905 trees were tapped and in 1898-99, 51,476. In Cuddapah there was a fall between the same years from 62,982 to 42,751. In Kurnool trees tapped decreased between 1897-98 and 1898-99 from 147,800 to 133,575. From 1898-99 onwards a continuous record is available and shows a slight fall in the number of trees tapped (in terms of dates) over the whole of the tree-tax areas in the Presidency from 2,642,932 in that year to 2,625,724 in 1900-01. Since the latter date more prosperous conditions have resulted in a large increase, the figure for 1904-05 being 3,197,126. The necessity for further advance in the tax has been recognised.

In the twenty years for which the system has been in operation the revenue from toddy in Madras has more than tripled itself, while the excise revenue of the rest of India has increased by only 60·7 per cent. Since 1897-98, when the system was extended to practically the whole of the regulation tracts, the percentage of increase under toddy has been 31·1, while that under country spirit has been 26.

Objections to the system—that it tends to encourage the consumption of toddy in its most intoxicating form.

157. One obvious defect of the system is that, inasmuch as it allows no drinking till the toddy reaches the shop (where, as the evidence shows, the stock undergoes continual replenishing), it prevents the consumption of toddy in its fresh state and encourages its use in its most intoxicating form. Analyses made in Bombay show that three hours after it is drawn the percentage of proof spirit in cocoanut toddy is 7·15 and in date toddy 5·8, and there is evidence that in that Presidency large numbers of persons go to the tree-foot booths morning and evening to drink it before fermentation has far advanced. After eight hours the strength increases to 10·0 and 8·0 per cent., respectively, and the maximum is 11·0 per cent., or even slightly more. It is probable that a considerable amount of the toddy drawn in Madras is not drunk till fermentation has reached the maximum and that much of it is mixed with stale toddy containing an injurious percentage of acidity.

The large staff employed and the number of prosecutions involved.

In the orders appointing the Committte further defects of the system are indicated in the number of subordinates whose employment is necessitated and in the number of prosecutions which are instituted by them.

The objects of changing the site of consumption from the palm grove to the shop were doubtless to obtain better control and to secure increased revenue from diminished consumption, but it seems clear that, however successful in attaining these objects, the change was directly responsible for the institution of a great number of prosecutions for sale or gift at the tree-foot, for illicit possession or transport and for similar technical offences. Moreover the arrangements adopted for the taxation of fermented toddy put considerable obstacles in the way of an important

industry, the tapping of sweet juice for sugar, and, though this is free of taxation, the prevention of malpractices by the privileged tappers involves a large number of further prosecutions.

A considerable staff is required for supervision of marking, for control of transit and sale and for patrolling of topes to prevent illicit tapping. The minuteness of control and the ease with which rules could otherwise be evaded render necessary all the staff that is provided. Accordingly it is not unnatural that the system should be objected to by those who are not acquainted with its working as exposing the tree owners, the tappers and the public to the exactions of a host of petty officials on small pay whose constant intrusion, however strictly it may be sought to supervise them, must be a source of intolerable annoyance to all classes, while involving a number of prosecutions out of all proportion to its advantages.

The reply to this charge.

158. The answer made to this charge is briefly that the system replaced one which involved as much or nearly as much harassment of the people, albeit below the surface; that in the enforcement of any fiscal law, a large number of prosecutions is necessary until the people learn to obey it, and that, as soon as that point is reached, little further trouble is involved; that malpractices by sweet toddy tappers are responsible for three-quarters of the prosecutions; and that, in normal districts, the staff employed and the number of prosecutions involved is a very small price to pay for the reduction of drunkenness that the system has brought about.

That the system superseded a worse one.

On the first point it will be sufficient to quote the Commissioner:—"General objections have been made by persons insufficiently acquainted with the old farming system, which was superseded by the tree-tax system, that the latter let loose upon the ignorant toddy drawers a large number of insufficiently controlled subordinates. Such persons are probably not aware that, even under the farming system, the renters were bound to employ preventive establishments, and did employ them. These men were altogether uncontrolled as compared with the present establishments and, although the number of prosecutions instituted by them was not large, it is believed that the renters recovered the whole cost of the establishment, if not much more, by receiving compounding fees for not instituting prosecutions. How much money went into the pockets of the members of the establishment besides what was collected by the renters cannot be guessed."

That the number of prosecutions has greatly diminished with increasing knowledge of the law.

On the second point it is to be remarked that in fifty years enforcement of the law reduced prosecutions for illicit distillation in the United Kingdom from nine thousand and odd to as many hundreds, and in a little over ten years has reduced prosecutions under the Madras Salt laws from 13,948 to 1,908. In the case of the Excise law there has been a reduction, but it is less marked for the reason that the extension of advanced systems to new areas has been continuous, so that as fiscal offences fell off in one area they began in another. Between 1893-94 however when excise prosecutions were most numerous, and 1904-05, there was a reduction in total prosecutions from 24,630 to 14,691, or by nearly 1,000 a year, and in spite of considerable extensions of the tree-tax system reported cases of illicit tapping fell from 15,706 to 7,735.

That the bulk of them arise out of the exemption of unfermented toddy from taxation.

Bengal and Madras alone of the Provinces give tappers for unfermented toddy the concession of freedom from taxation, which is coupled in the case of Madras with a provision that they must coat their pots internally with lime in order to prevent fermentation. It is the most difficult problem of the excise administration to prevent abuse of this concession without interfering with the sugar industry. The difference in the treatment of similar trees possibly in close proximity presents an irresistible temptation to the tappers, who not only draw fermented toddy direct from untaxed trees, but have discovered a number of ways of ridding the sweet juice of lime or setting up fermentation in it. In Gódávari, Tinnevelly, Malabar and South Canara about twenty lakhs of trees were tapped for sweet juice in 1904-05, and these four districts were responsible for 7,462 out of a total of 14,691 prosecutions under the Excise law.

159. To arrive at an idea of the extent of interference with the people which the system involves in the rest of the Presidency, it will be useful to compare the number of the staff employed and prosecutions instituted with the area, revenue, population and number of trees tapped. Owing to the amalgamation of the Excise with the Salt and Customs departments and the fact that in this Province the returns of prosecutions are made by departmental sub-divisions and not by revenue districts, accurate figures can be arrived at only where the sub-divisions and districts coincide and where the departmental staff has little Salt or Customs work. The only districts in which this is the case are North Arcot, Salem, Cuddapah, Bellary, Anantapur and Kurnool, which in respect of toddy matters are fairly typical, including as they do a large area of palmyra country, another of extremely difficult date jungle, an important sugar factory and a large toddy drinking population. The following are the figures for 1904-05 :—

The circumstances of a normal area examined.

| Total population. | Number of trees tapped in terms of dates. | Toddy revenue. | Number of sub-inspectors employed on preventive work. | Number of prosecutions for all classes of excise offences. | Population per sub-inspector. | Population per prosecution. |
|---|---|---|---|---|---|---|
| | | Rs. | | | | |
| 8,311,476 | 900,837 | 27,61,652 | 175 | 2,446 | 47,494 | 3,398 |

It should be explained that the sub-inspector is the unit of the staff employed and that he has three or four peons under him who help in marking trees, carry papers and the like, but have no independent preventive duties of any kind.

160. The Committee agree that, if a fiscal law is proper in itself, it should be strictly enforced until obeyed and that, though a large number of prosecutions is an inevitable feature of the initial stages of its application, that feature should not continue to show itself under proper administration; they recognise the great difficulty involved in controlling the tapping of tax-free and tax-paying trees side by side; and, above all, they are satisfied that the tree-tax system has brought about a reduction of drunkenness that more than compensates for the harassment of the people in the normal districts above referred to.

The Committee's conclusions—the general results satisfactory.

On the other hand, it seems to them a matter for serious consideration whether some of the prosecutions could not have been avoided and whether it would not have been possible to work the system with less trouble to the people. As has been seen, one main characteristic of it is the restriction of sale to duly licensed shops, most of them away from the palm groves. This policy was adopted apparently because it was thought that the licensing of tree-foot sales 'laid the Government open to the imputation that they were pushing liquor sales to the utmost for their profit.' The Committee think this decision is to be regretted. Not only is toddy when freshly drawn much less intoxicating than that which has fermented for some hours and been mixed in the shop with the stale refuse of the previous day, but the prohibition of sale at the tree-foot has created a number of offences of a technical nature and in many cases the concentration of drinking in towns has resulted in a public nuisance. Still the large number of shops, which is a feature of the Province, mitigates this concentration and in a measure enables the liquor to reach the public fairly soon. The Committee recognise that it is too late for the Madras Government to retrace its steps in the matter, nor is this necessary now that the people have begun thoroughly to accept their policy, but they think these are points to be brought prominently under the notice of any Government that is contemplating the introduction of a similar system.

But the system is over-elaborate.

With regard to the staff, the Committee find that the system of supervision is generally efficient and that charges of corruption are in most instances supported by little substantial evidence. But the necessity for so vigorous a system of control, the repeated orders that have come under their notice in check of prosecution for petty offences

And the staff capable of improvement.

and the immediate results that are reported to have followed the appointment of Assistant Inspectors to Tinnevelly seem to them indications that some change is required in respect of the class of preventive agency. Also, while recognising that the Inspectors' preliminary inquiry protects the innocent, they cannot but observe that it is apt to cause much travelling and delay to both innocent and guilty, and they deem it desirable that wherever offences are numerous there should be a number of officers empowered to prosecute sufficient to deal promptly with them. The Government policy in this regard is perhaps capable of further extension which should not be objected to on the score of expense if the result is the removal of genuine grounds of complaint.

Licenses for shops and for domestic consumption.

On the question of the disposal of shops the Committee will make general proposals in a later chapter. They would here recommend that landholders should be encouraged to take out licenses for domestic consumption, particularly in the West Coast districts, where they understand that it was formerly the practice for many small farmers to tap trees on their own homesteads for this purpose. It is too much to expect people of this class to go to the shops and drink the toddy provided by the shopkeeper. The Committee are aware that the rules provide for the grant of licenses for domestic consumption, but they believe that mistaken zeal for auction results or some similar reason has proved a check on their grant by the Inspectors who are empowered to issue them. They would recommend that the provision of the rules should be made widely known and the people invited to take out licenses, the power of grant being, if necessary, extended to Tahsildars.

The rates of tree-tax can be raised.

In districts where illicit practices are prevalent it is perhaps not possible to increase the tree-tax, but elsewhere the high proportion of vend fees to tree-tax, the increasing consumption, and the low price of toddy in some areas indicate that the time has come for an advance. The Committee observe that this was considered in the proposals for 1905-06, but postponed generally on account of the state of the season and on the West Coast particularly because of the recent introduction of new revenue settlements. They would suggest that, as soon as the agricultural prospects improve, the question of an increase throughout the Presidency except in Ganjam, Vizagapatam, Godavari, and perhaps Tinnevelly, should be considered. They would observe that the Mysore Darbar are only waiting for an increase in the Ceded Districts to make a corresponding one on their side of the border.

The trial of the system in Bengal.

161. The Committee do not propose to examine in detail the results of the trials of the tree-tax system made in Bengal and the United Provinces. In Bengal there was no establishment to work the system and no law under which it could be enforced. The trial was made chiefly on paper. The conclusions against the system were recorded on grounds which had no connection with the experiment and which, in so far as they are based on the innocuous nature of this intoxicant and the number of prosecutions in Madras, have been dealt with above. It will have been seen that the highest figure of prosecutions in Madras was much below 30,000 which by way of objection to the system was quoted as considerably under the normal figure, and that a great majority of them arise under conditions which scarcely exist in Bengal. The Committee would only add that they see no reason why the legitimate and proper working of the system should involve any interference with the general law-abiding public, and that they think that the experience of Madras and Bombay puts beyond all question its advantages both as a check on drunkenness and as an agent for bringing in revenue, But they concur in the opinion that it is undesirable to employ a large staff of low-paid officers to work it.

And in the United Provinces.

In the United Provinces the matter was of less importance, but here also the system was tried without a proper law or staff. The form which was first adopted, that of putting the taxation per tree up to auction, had not been attempted anywhere else and was condemned for good reason. A tree-tax system on the Madras model was tried for only two years and it increased the price of *tari*, while giving satisfactory revenue results. It was abandoned chiefly on the ground that the harassment of the people

by ill-paid subordinates whose employment was inseparable from the system and the additional work thrown on the tahsil staff were great enough to outweigh considerations of financial gain. In this latter conclusion the Committee concur in so far as it refers to the trial actually made, but they do not think that the staff employed was such as should have been employed to work any system of excise, and the extra work thrown on the tahsil staff would not have occurred if the system had been worked under the requisite excise establishment.

Summary of conclusions as to existing systems.

162. The Committee's views as to existing systems therefore are that the present Bengal arrangements are to be condemned, that the system in force in the United and Central Provinces occupies a stage of developement comparable with the farming of country spirit rights, that the tree-tax systems of Bombay and Madras are to be preferred, but are both capable of improvement, and that the conclusions recorded by the Local Governments against the system of tree-tax in Bengal and the United Provinces cannot be supported.

General line of action recommended to Provinces trying a tree-tax system.

163. The system that the Committee would recommend to the Provinces concerned is one based on the principle of tree-tax, but with less variety than the systems of Bombay and less elaboration than that of Madras. Its leading principle should be in the words of Mr. (now Sir Fredrick) Lely that "it is essential to popular sobriety that toddy should be dear and to popular health that it should be fresh." The main features of a system based on this principle would be the levy of as much taxation as possible upon the tree, the free grant of domestic consumption licenses to tree owners, the grant of comparatively numerous licenses for sale in the neighbourhood of the palm groves, an appreciable reduction of shops in towns and villages, especially in the former; the enactment of simple rules to cover transport and sale, and the employment of a moderate number of well-paid officers to check drunkenness, enforce the other license conditions and prosecute directly for illicit tapping and sale.

Its application to Provinces.

164. The manner in which these suggestions can best be applied to the conditions of different Provinces must depend upon local circumstances.

In Bengal some early action is necessary. There are ten times as many *tari* shops as there are country spirit shops in the area in which an increase of taxation on spirits is most needed. It will be useless to impose such an increase unless action is taken at the same time to enhance the price of *tari*. The present *tari* system is most primitive. Tree owners enjoy the right of tapping almost free of restriction; the tappers are poor and degraded and at the mercy of the tree owners and money-lenders; there is no shopkeeper class; and a number of petty officials are employed to collect the Government dues. A system of simple farming with farms of moderate size has been suggested as a first step towards the introduction of a tree-tax. The Committee would propose the adoption of this suggestion combined with a light tree-tax. Tree owners should be allowed to tap not more than five trees for domestic consumption, on payment of tree-tax, without further interference; the right of tapping for sale subject to payment of tree-tax should be farmed out; shops on sanctioned sites should be licensed at the farmer's instance in the name of his sublessees; the farmer should be responsible for the whole revenue; he would employ *pasis* and be able to protect them from the exactions of the tree owners. As time goes on the tree-tax should be gradually raised until it becomes the main item of taxation and the size of the farms should be diminished as the original sublessees show signs of advancing sufficiently in business capacity to be fit to contract directly with Government; the number of shops should be reduced but not excessively, a fair number being left open for the sale in the palm groves of *tari* in a comparatively fresh state, and separate disposal of those in towns and large villages should be aimed at. It will probably be desirable, for some years to come at any rate, to maintain a system of grouping the smaller ones. Eventually a system of disposal on fixed fees may be adopted. The system might be tried in a single district to begin with, but the experiment should be a thorough one and there should be an efficient staff to work it. The district of Mazaffarpur is suggested by the local authorities.

In Eastern Bengal and Assam the tapping industry is of much less importance and the information regarding it incomplete. The Local Government proposes to have it fully investigated before taking action. Its attention has been specially invited to the question of the proper control of tappers for fresh *tari*.

In the United Provinces also the administration of *tari* is a matter of less moment than in Bengal. If, however, the still-head duty on country spirit is raised and the price to the consumer in consequence increased, the price of *tari* will bear enhancement in like proportion, and the improvement of the general excise staff will give a body of men capable of working the system properly in the few districts in which *tari* is a common drink. In this case a scheme similar to that suggested for Bengal would apparently be an easy development of present arrangements, which already involve the element of a farmer sub-letting to petty *pasis* who sell for the most part at the tree foot. The Local Government is having the whole question thoroughly investigated.

In Sind the *tari* revenue is insignificant and information incomplete. Enquiries have been set on foot.

In the Central Provinces orders have already been issued for a trial of the tree-tax system in one district and officers have been deputed to study the Madras arrangements, which they will doubtless adapt to suit local requirements.

The system is already in force in Bangalore and the Mysore State. The chief obstacles to its introduction into Coorg have hitherto been the facts that the people live in homesteads and tap in their own lands and would not resort to central shops, and that a good deal of the toddy supplied is imported from Mysore. The liberal grant of licenses for domestic consumption would meet the first difficulty. The second might perhaps be overcome by mutual arrangements similar to those in force between Mysore and the Ceded Districts of Madras.

Other uses of *tari*.

165. Apart from its use as a fermented liquor toddy is drawn for other purposes, *viz.*, (1) as an unfermented drink, (2) as a base for distillation, (3) for the manufacture of vinegar, (4) for the making of bread and (5) for the manufacture of sugar.

As a beverage in its unfermented state.

'Fresh' or 'sweet' toddy is supposed to have a variety of medicinal uses and is drunk in considerable quantities in the towns of Bombay and Surat and in parts of Bengal, Eastern Bengal and Assam and Madras. The term 'fresh' toddy designates toddy in which nothing has been done to check fermentation, but which is drunk soon after it is drawn and before fermentation is far advanced. In Bombay this is a luxury of the richer classes and pays the full tree-tax, though it is available at a comparatively cheap rate at tree-foot booths. In Bengal and Eastern Bengal and Assam the authorities proceed on the assumption that all *tari* is 'fresh' for a number of hours after it is drawn in the cold weather months, and grant licenses for sale, sometimes at a fixed fee of Rs. 5 and sometimes at fees assessed at the discretion of a sub-inspector, on the understanding that, if the *tari* ferments, it must either be destroyed or the licenses must take out a license for sale of fermented *tari*. There is reason to suspect abuse of these licenses. The term 'sweet' toddy is peculiar to Madras and indicates toddy in which fermentation has been arrested by coating with lime the interior of the pot in which it is drawn. The toddy thus drawn is taken as a beverage in Tinnevelly and Madras Town. It is free of taxation in both cases, but subject to control in the latter.

In respect of these arrangements it seems to the Committee that, so long as nothing is done to arrest fermentation, there is no ground for favourable treatment of the *tari* produced except by such measures as the local authorities may think desirable in the way of hawking, domestic consumption and tree-foot booth licenses, and that, when measures for the complete arrest of fermentation are enforced, the *tari* so treated may properly be exempted from taxation. This is a matter which will be dealt with in disposing of the more important case of arrested fermentation, that of drawing sweet toddy for sugar making.

As a base for distillation.

The use of toddy for distillation has already been discussed. In the chapter relating to the distillery systems it has been proposed that it should be confined to two localities, in one of which the

contractor for the making of toddy spirit will be given a free hand, while in the other it will pay the ordinary rates of tree-tax.

For manufacture of vinegar.

The vinegar industry receives concessions only in twenty villages of Surat, and the Committee have little information about it. It would appear that brab trees are allowed to be tapped at a favourable rate of Rs. 1-8-0 a year and that the industry is under no special control. Mr.. Lely's report on the Surat toddy arrangements of 1891 makes reference to the reported prevalence of surreptitious sales. The Committee would commend the matter to the attention of the local authorities.

For making bread.

Special licenses for the possession and use of *tari* for the manufacture of bread are granted in Bengal, Madras and Coorg.

The palm sugar industry.

166. In tapping for sugar making there is a great possibility of industrial development and concurrently a great danger of loss of revenue. In Bengal and Eastern Bengal and Assam the sugar and the fermented toddy industries have hitherto been confined to widely separated tracts of country and no great difficulty appears to have arisen, although in the Committee's opinion there is reason to suspect malpractices in some districts of Eastern Bengal. The Local Government has undertaken to investigate the whole question and to consider the possibility of requiring the pots used for drawing sweet juice to be coated internally with lime. The same danger exists in the districts of the Presidency division in Bengal. In Bihar and the adjacent districts, as well as in Orissa, it would be well if the economic possibilities of the *tari* palm could be brought home to the people. Experiments in manufacturing sugar from toddy have been made in Bombay and have failed; and, in the absence of any sugar making industry, the question of granting exemption from the tax does not arise. In Madras the existence of a large and important toddy sugar industry renders necessary the least possible interference with the business of 'sweet toddy,' and it is found most difficult to reconcile this necessity with the need for control of fermented toddy.

The Sweet Toddy Rules.

167. For several years past efforts have been made in this Province to meet the difficulty by the enforcement of what are known as the Sweet Toddy Rules, under which tapping for sweet toddy is licensed in the same way as for fermented toddy, but without payment of any tax, the ends in view being to secure information about the trade and to keep the sweet juice under control till its proper use is attained. These rules were first introduced into Godavari and Malabar and subsequently into South Canara and the Madras Town Circle. A later development, adopted at the instance of the firm most largely concerned in the trade, consists of the setting apart of specific areas for sweet toddy tapping in which the tappers are allowed to carry on their business free of control and even to draw fermented toddy for their own consumption, but not to sell it. This arrangement was tried in Godavari and Tinnevelly, but after a short time was terminated in the latter. In the former district its operation has been accompanied by a large increase in the number of trees tapped for sweet toddy, but is now complained of by the firm at whose instance it was introduced, on the ground that the areas set apart for sweet toddy tapping are not large enough. That complaint is receiving attention, but a conflict is involved of public and of private interests that requires judicious handling. Meanwhile, as already remarked, the difference in the treatment of the two classes of toddy continues to be the main cause of the large number of prosecutions in Madras, the four districts in which sweet toddy is most largely drawn being responsible for over 50 per cent. of the total number of cases. These arise not only owing to the drawing and sale of fermented toddy under cover of tapping for sweet toddy, but more especially through the admixture of sweet toddy or toddy drawn in pots insufficiently limed with the fermented toddy in the shops, the latter being sufficiently to ferment the whole. Recently great improvement in the administration has been effected by the employment of well-paid officers to deal with offences, and the expert adviser of the Board of Revenue hopes shortly to perfect a test which will detect the admixture of more than 10 grains of lime

per gallon, with the aid of which it may be possible to put a stop to the sale of these mixtures at the shops.

The Committee's conclusions.

168. In the Committee's opinion these are all steps in the right direction, yet they cannot but regard the imposition of the Sweet Toddy Rules as a great handicap on an important industrial development and they are doubtful whether the results of the working of the rules in the past are such as to justify their retention. The main lines of action which they recommend are (1) the limitation of tapping for fermented toddy to areas in which such tapping has taken place in previous years, provided always that there is a sufficiency of different owners in such areas to ensure competition between them, (2) the freeing from all restrictions of the tapping of sweet toddy outside these blocks, (3) the employment of a considerable staff of Assistant Inspectors to patrol constantly the sweet toddy topes and see that no sale or removal of fermented toddy occurs, and (4) the strict enforcement of the responsibility of the landholder in case of malpractices. They believe also that the abolition of auctions for petty shops and the grant of some fixity of tenure to the shopkeepers would do much to remove difficulties in this connection, since the shopkeeper would not only have an increased interest in retaining his license, but the fixity of tenure granted to him would probably result in his tapping year after year in the same place and so make possible a large reduction of the areas that have at present to be reserved for fermented toddy.

The destruction of date palms.

169. A matter which urgently demands notice, particularly if the development of sugar making from toddy should extend to other Provinces, is the ruthless destruction of date palms by tappers. The Commitee have examined the systems of tapping in different Provinces and have consulted Government Botanists upon the subject. They do not propose to trouble Government with their conclusions further than to say that it would appear that the Bengal system is least destructive of the trees, the Bombay system more so, and the Madras system the worst of all. The matter would appear to be one requiring scientific investigation wherever that can suitably be made.

The question of conserving date trees on Government lands is also one which would appear to require attention in some Provinces and to offer a source of revenue that is capable of development; and they would suggest a reference to the rules relating to this matter which were framed in Madras in consultation with the Government Botanist.

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## CHAPTER IX.—COUNTRY BEERS.

The nature of these beers.

170. There is a class of fermented liquors, not mentioned in the order of reference, which it is important not to omit from a comprehensive examination of excise administration, especially if effect is to be given to the recommendation which has been made for a general increase in the taxation of country spirit. This consists of the so-called country beers made from rice, barley and millets or more rarely from other materials such as *gur* and *mahua*.

The Province in which they appear to be most largely consumed in Burma, which has been excluded from the scope of the Committee's enquiries. Of those that are included in it Bengal and Eastern Bengal and Assam are the only Provinces in which these liquors are of much importance. They are known in the former as *pachwai*, *handia*, *jaur*, *marua*, *kusna* and *sugda*, and in the latter as *madh*, *zu* or *laopani*. In the United Provinces and the Punjab there is a small consumption, chiefly in the Himalayas and the Tarai. The local names are *darbahra*, *soma*, *rabra* and *boza* in the first instance and *sur*, *lugri* and *chang* in the second. In Madras they are known under the names of *londa*, *henda* and *sonti soru*. In Bombay the existence of a similar beer named *boja* is mentioned in the Dictionary of Economic Products, but the Committee have no evidence of its present use. There is a considerable consumption of one of these liquors under the name of *akki boja* in the Málnad of Mysore.

The process of manufacture.

171. They vary considerably in strength and quality. The process of manufacture is however generally similar and a single description will be sufficient. The following is taken from Mr. Crooke's "Things Indian" :—

"Many of the northern and eastern tribes make a sort of crude beer which has been brewed by them from the earliest times. Thus, to the west, we have the *chang* of Spiti and the *lugri* of Kulu, both pernicious drinks made from fermented rice. Further east we have the *marua* of Sikkim and the neighbouring hills, and the *zu* of the eastern Nagas. Colonel Cunningham notes the remarkable method in which this *marua* beer is made. It takes its name from a species of millet of which it should be made, but in default of this maize or rice is used. The grain, of whatever kind it may be, is first pulped by being exposed in baskets under a small waterfall.* It is then mixed with fragments of fermentative cakes, which are stored for use. The basis of these is coarsely-ground corn, permeated throughout with the dried and empty mycelial filaments of a species of Mucor, bearing numerous reproductive bodies in the form of Chlamydospores. The curious point is that it also contains a certain proportion of the root-tissues of a species of Polygala, which secures the presence in the cake of numbers of reproductive fungal elements, capable of retaining their vitality for prolonged periods so long as they are kept dry. The proportion of Polygala in the cakes has to be carefully regulated, because, on the one hand, any undue amount leads to suppression of growth of the fungal elements, and, on the other, any defect fails to suppress the common and useless aërial fructification of the fungus. It is difficult to imagine how such a difficult problem as the due relations of the various constituents of the cakes could have been worked out by any savage or semi-civilised people, and yet it has been done by these tribes of the Eastern Himalaya."

The fermenting agent.

172. Some authorities find in the process employed traces of the Mongoloid origin of these liquors, which they compare to the Chinese *shamshu* and the Japanese *saké*, while others say that the much-discussed *soma* of the ancients was not a particular liquor at all but the fermentative principle here referred to. It may be noted in this connection that along the Himalayas the cakes of the fermenting agent, which are known by names as various as the liquors themselves, still come from Central Asia, as some of those used in Burma do from China. In the plains where these liquors have become the

* The Committee understand that the usual practice is to husk the grain and then boil it.

drink of other races the cakes are locally made, generally under the name of *bakhar* or *muli*, but the manufacture is still confined to definite areas and the secret of their composition carefully guarded, the essential elements being mixed with a number of others which are not only not necessary but as will be seen later often extremely dangerous. In a few tropical or sub-tropical areas, as for example in parts of Burma and in the Azamgarh district of the United Provinces, the process of manufacture, which appears to have been originally common only to the Mongoloid races, is giving way to sugar fermentation which is easier and better known in tropical climates.

Strength of the liquor produced.

173. The process above described results in the production in the vessel containing the rice or millet of a small quantity of liquor which is described as of high alcoholic strength. This is drawn off and diluted, or, more commonly, the fermented mass is mixed with warm water and then either the whole is strained through a sieve or the liquid is sucked up through a pipe.

The strength of the ultimate product depends partly upon the nature of the grain employed, but much more upon the amount of water added in dilution. The proportions used vary in different places, and among the aboriginal tribes with different occasions, the liquor drunk at times of festival and rejoicing being much stronger than that taken for daily consumption. In order to get some idea of the general strength of the beers in common use the Committee asked the various Local Governments, including that of Burma, to have samples sent to Major Bedford for analysis. The result showed eight from Bengal to have an average strength of 88·7° U. P., four from Eastern Bengal and Assam to average 87·9° U.P., one from the United Provinces to have a strength of 75·8° U.P., three from the Punjab to average 89·0° U.P., seven from Burma to average 82·7° U.P., and one from Mysore to have a strength of 92·8° U.P.

Area and extent of consumption.

174. The Dictionary of Economic Products states that these beers are found all over India, and there is some evidence of their past or present use as far west and south as Poona, South Canara and the Malnád of Mysore, but their consumption on that side of India is inconsiderable. The area in which their use is more or less general includes the whole of Bengal except the *tari*-consuming districts of Bihar and Orissa, the whole of Eastern Bengal and Assam, the districts of the United Provinces along the Himalayas and Azamgarh, the Kangra district and Spiti and Lahaul in the Punjab, and the non-regulation tracts of the Ganjám and Vizagapatam districts in Madras.

As indicated in a previous chapter the bulk of the consumption is either wholly untaxed or taxed only by the imposition of a nominal fee. It is impossible therefore to estimate its amount. The indications that are available are the number of home-brewing licenses issued, the number of shops opened and the revenue derived.

Bengal.

The matter is more important in Bengal than in any other Province with which the Committee are concerned. *Pachwai* is the universal drink of the aboriginal or semi-aboriginal races inhabiting the Chota Nagpur plateau and the district of the Sonthal Parganas on one side and the Darjeeling hills on the other. In these districts home-brewing is permitted under arrangements already described, and in addition licensed shops for retail sale are sold by auction, but bring in a fair revenue in only two of them, *viz.*, Darjeeling and the Sonthal Parganas. The greater portion of the revenue is derived outside this area in three districts of the Burdwan division (Burdwan, Birbhum and Bankura) and the adjoining district of Murshidabad of the Presidency Division, where the lower classes are largely addicted to *pachwai* and retail shops fetch very high fees. A revenue of no great amount is also obtained by the grant of headmen's licenses to aboriginal and semi-aboriginal tribes living in small settlements in districts where free home-brewing is not generally allowed. The total number of home-brewing licenses issued in 1904-05 was 8,776, of which 7,383 were issued in Darjeeling, where two-thirds of the population are said to be consumers, 612 in the 24-Parganas and 445 in Purnea. The number of shops opened was 1,660, of which 466 (or one to every 3,288 of the population) were in Burdwan, 416 in Birbhum and 152 in Bankura. The total revenue was Rs. 5,55,002, Burdwan yielding Rs. 2,37,755, Birbhum Rs. 1,29,293 and the Sonthal Parganas Rs. 51,759.

Country beers are little used in Eastern Bengal, except in the two districts of Jalpaiguri and Malda. In Assam they are the national beverage both of the aboriginal hill tribes and of the 'jungly' coolies from Bengal. They have been adopted by some coolies of other classes. Consumption is thus almost universal, and political and economic considerations preclude control. Four thousand and twenty-five home-brewing licenses were issued in 1904-05 in the Eastern Bengal districts and twelve shops were opened. The total revenue was Rs. 28,187.

Eastern Bengal and Assam.

In the United Provinces the matter is of small importance. The districts concerned are Almora, Garhwal, Dehra Dun and Azamgarh. Home-brewing is not restricted. Sale is licensed only in Azamgarh where it is allowed as part of the *tari* contract. Twelve shops are reported to have been opened in this district in 1905-06. The revenue, which is trifling, is not recorded apart from that derived from *tari*.

United Provinces.

With the exception of Spiti and Lahaul, which are tracts practically outside the sphere of regular administration, Kangra is the only district of the Punjab where brewing is practised. Three thousand three hundred and seventy-eight home-brewing licenses were issued in 1904-05 and 40 shops were opened on the Central Asian trade route. The revenue derived was Rs. 3,733.

Punjab.

The brewing and consumption of these liquors is subject to no control in the non-regulation tracts of Madras.

Madras.

175. The policy of the Governments is, as recommended by the Bengal Excise Commission of 1884, to encourage the competition of these liquors with spirits. Thus in 1891 the Bengal Government declared:—"*Pachwai* is a wholesome and moderate form of stimulant and the Lieutenant-Governor agrees with the Excise Commissioner in thinking that its consumption should be encouraged, which is quite compatible with raising a considerable income from it by carefully regulated taxation," and in 1900-01 the Board of Revenue directed "that facilities for procuring *pachwai* should be afforded by the opening of shops in localities where the consumption is large and where prosecutions have been numerous." In the Punjab also Sir James Lyall, while agreeing in 1891 to the Financial Commissioner's proposal for the introduction of home-brewing licenses, hoped "that the system thus introduced would not hereafter develop into further taxation of *lugri* and *sur* for purposes of excise revenue. It is not desirable," he added, "that the people should be driven to drink *arrack* by difficulties being put in the way of their getting cheaply these mild liquors to which they are accustomed and which they can make for themselves." An exception appears in the case of Madras, where *sonti soru* was formerly consumed by some of the fishermen on the coast, and the grant of licenses for sale was put a stop to in 1897-98, doubtless because a more wholesome fermented liquor in the shape of toddy was available.

The policy of the Governments.

176. The progress made in giving effect to this policy may be briefly illustrated. From the Bengal report of 1870-71 *pachwai* appears to have been consumed in 24 districts, 1,687 shops were licensed for sale and a revenue of Rs. 1,44,434 was derived. In 1880-81 shop licenses were 2,034 and revenue was Rs. 1,53,996. In 1890-91 30 districts were involved, home-brewing licenses (for which figures were not recorded in the previous years) were issued to the number of 970, shops numbered 1,690 and the revenue amounted to Rs. 2,72,288. By 1904-05 use had extended to 35 districts of the old Province and home-brewing licenses had increased to 12,801, shops licensed to 1,672 and revenue to Rs. 5,83,189. In the Punjab there is only one district to consider. In this home-brewing licenses were introduced in 1880 and have since increased in number from 2,000 to 3,378. Shops were first separately auctioned in 1894-95. The revenue from that source has advanced from Rs. 1,005 in 1883-84 to Rs. 3,311 in 1904-05.

Results of this policy.

177. The objections urged to the policy of encouragement are that the liquors are not always innocuous and sustaining, but are the cause of much drunkenness and much waste of food material; that in addition their consumption is sometimes followed by harmful and even fatal

Objections to it.

esults; and that the presence over large areas of a lightly taxed liquor and a eady-made base for illicit distillation is an obstacle to progress in the taxation of other intoxicating liquors.

Drunkenness and waste of food material.

178. In considering the question whether country beers are entitled or not to favourable treatment as a cheap and wholesome stimulant, it is necessary to have regard largely to the varying local conditions.

In Bengal some of the hill tribes drink to intoxication whenever they have the opportunity. So long as there are no shops near them their opportunities are limited by their rice supply and their disinclination to manufacture at home, and the desire to drink is in a measure diminished by the generally poor quality of the home product. On these grounds more than one Collector strongly objects to increasing the number of shops. *Pachwai* is however believed in some places to be a wholesome and nourishing drink and a prophylactic against malaria. In the mining districts drunkenness is extremely common on Sundays and sufficient to stop work altogether at festival seasons, and the *pachwai* shops are a nuisance to the ordinary public. There is little evidence in this Province that the beer is regarded as an article of diet as well as an intoxicant. On the contrary the rice is said to be bitter and unpalatable after fermentation and is thrown away or given to the pigs. The reckless waste of food material in making the liquors has repeatedly been commented on, and the Board of Revenue recorded in 1892-93 that "the main objection to the increased use of *pachwai* is the amount of food-grain consumed in its manufacture as compared with other stimulants."

In Assam among the hill tribes the beer ordinarily consumed is weaker and the manner of consumption is different, the liquor being taken in the form of a thick gruel or the rice eaten with it. It is part of the ordinary diet of the Tibeto-Burman tribes whose fine physique is evidence of its harmlessness as thus used; as much as 25 per cent of the rice crop is said to be set aside for the purpose of manufacturing it. Drunkenness of a convivial kind does occur and in some parts the tribes are incapacitated for days together at times of festival, but the authorities consider that it does less harm than would follow an attempt to restrict it. Among tea-garden coolies however the case is different. There is evidence of a considerable amount of drunkenness from this cause, and more to show that a good deal of that attributed to spirit is really due to country beers. Several officers remark on the waste of food material, one of them stating that the coolies half starve themselves in order to save enough rice to brew *laopani*. The matter is prominently referred to in the Chief Commissioner's letter printed in the 'Collection of papers relating to the Excise Administration in Assam, 1904.' Such suppression of this evil as there is, is as present left to the coolies' employers. Some of them are reported to take measures to that end by issuing rice to coolies only once a week.

In the United Provinces what little evidence there is points to the fact that drunkenness from country beers is confined to festival time. The beers are looked upon as a necessary of life by the tribes that use them.

In the Punjab also there is evidence of drunkenness to be found in correspondence which has occurred on the subject of control at various times during the last forty years. At the same time, while some officers have spoken of drunkenness and even debauchery at certain seasons, the experience of others has been that *lugri*-drinking induced only merry making of a harmless type.

There is no recent evidence as to the effects of consumption in Madras. Little is known of the use of these liquors and one report suggests that the art of making them has been forgotten.

Everywhere there is a strong opinion that drunkenness from this cause is much less harmful than that from spirits so long as the liquor drunk is not adulterated with any deleterious substances. On this point scientific evidence is necessary. Major Bedford has examined 35 samples of country beers from all Provinces. Their comparatively high alcoholic strength has already been remarked. In point of impurities he finds that they have a very high percentage of acidity (part of which however may be due to the time taken in transit) and, as compared with their alcoholic strengths, a much higher proportion of other by-products, excepting furfurol, than occurs in country spirits, two of them having

an excessively high percentage of fusel oil. Their nutritive value is inconsiderable and averages 1·35 grams of sugar and 0·65 of albuminoids per 100 cubic centimetres. He sums up his conclusions as follows:—

"The fact of the relative preponderance of certain by-products in fermented liquor is an accidental confirmation of my general conclusion concerning the negligibility as regards noxiousness of the amounts of by-products found in alcoholic liquors. There is a consensus of opinion in India as well as in other countries that fermented liquors are in general very much less harmful in their effects than spirits. Yet here we find that relatively larger amounts of by-products (except furfurol) are being consumed by the drinker of fermented liquors than by the spirit drinker in attaining the same dose of ethyl alcohol. This appears to point to the fact that the by-products are not to blame for the noxious effects of alcoholic liquors, but that it would appear to be chiefly a matter of the quantity of (absolute) alcohol consumed. In other words spirit drinking is more noxious because the toxic amount of alcohol is more quickly reached and more easily exceeded."

Other harmful effects of consumption.

179. There are exceptions however to the general opinion as to the comparatively harmless nature of the drunkenness that follows consumption of these liquors. Several witnesses cite cases in which a state of stupor has occurred which they attribute to the drugging of the liquor. This allegation of drugging has been made in most Provinces and for many years as regards all classes of liquor sold under licenses, but in the case of spirits and *tari* exact evidence has been wanting. There is no doubt of the fact so far as these country beers are concerned. In a dozen or more cases (it is not certain whether some of those spoken to by different witnesses are the same or separate instances) there have been at least 20 deaths in all, and in several *dhatura* or *nux vomica* has been detected on chemical analysis in either the *bakhar*, the *pachwai* or the viscera of the deceased. *Nux vomica* is known to be one of many non-essential ingredients of the *bakhar* and is also used by the shopkeepers, on whose premises it has been detected by the Bengal Excise Commissioner and others, to give a bitter taste to the liquor and increase its intoxicating effect.

Another cause to which ill effects are sometimes attributed lies in the extremely insanitary conditions under which manufacture at some shops is conducted. The following account of it is taken from a report of the Excise Deputy Collector, Birbhum: "The *pachwai* vendor is a professional. To him a large sale is essential: a large sale, and again a large sale, may safely be regarded as his maxim. Cleanliness and care in the selection of material necessary for the preparation of a wholesome brew are secondary considerations. The nearest stagnant pool provides the water in the majority of cases. The *bakhar* has frequently an admixture of *dhatura* or *strychnia*; and the boiled rice is cooled on what may aptly be termed ancestral mats, while flies innumerable and other vermin hold revel on its surface. I have seen brew made under such circumstances which could hardly be dignified with the name of pig's wash." The colliery managers regard this want of cleanliness as specially dangerous in the cholera season. The Committee visited the *pachwai* shops at Raniganj and are of the same opinion. The squalor of the surroundings and the absence of any attempt to prepare a cleanly beverage were very remarkable.

A third danger arises from the consumption of stale *pachwai*, which is reported by officers and others to be a common cause of dysentery. Scientific evidence confirms their opinion.

The use of these liquors puts difficulties in the way of excise reforms.

180. It is obvious that the low price of this liquor, equally with that of *tari*, must be a check on the increase of taxation on country spirit whenever the two come into competition. The general price in Bengal is about one-and-a-half to four annas a gallon in the plains and six to ten annas in Darjeeling. In the Punjab *lugri* is, by report, sold at three annas a gallon. Half a gallon is sufficient to cause intoxication.

A grave difficulty also arises from the ease with which spirit can be distilled from this liquor. Not many years ago the country spirit in parts of Bengal was actually made from a form of it, and in parts of Assam distillation from *laopani* is

still carried on. Illicit distillation from country beers has been reported in recent years from Darjeeling and elsewhere. In the Punjab the fear of such distillation from *sur* and *lugri* was given as one reason for restricting the area of issue of home-brewing licenses.

The Committee's conclusions.

181. From this review it appears reasonable to conclude that, while there may be grounds, hygienic or other, for the favourable treatment of these liquors among the hill tribes in Assam and elsewhere, there are generally speaking none entitling them to be treated differently from other alcoholic liquors; that, in the matter of inducing drunkenness, they are entitled to consideration on the ground of their low strength but on no other; that the present method of sale tends to be both a public nuisance and a public danger; and that a much greater measure of control than is at present exercised is necessary if they are not to be a serious impediment to progress in excise reform in the districts in which their consumption is most common.

And proposals.

In respect of privileges of home-brewing the Committee have already recommended the restriction of the area of concession. The facts recorded in this chapter show how necessary this is. As restriction proceeds, the policy of supplying legitimate demands by licensed shops must continue, but the sites for these should be selected judiciously, and care should be taken on the one hand that no undue temptation is put in the way of aboriginal tribes and on the other that they are not driven to the use of country spirits. The Committee can propose no better method of taxation than the present system of simple auctions. The alternative is a tax on materials. An account of these is kept at the larger shops in Bengal and it may be possible to make use of it later, but such a tax does not seem practicable at present. The imposition of a minimum price is a proposal which might be considered. The Committee are impressed with the need of better and more sanitary premises and of the provision of good wells and proper utensils. These could be demanded only from licensees who had licenses for considerable periods, and the Committee therefore recommend that in dealing with *pachwai* and other liquors of this class licenses for a term of years should be granted subject to stringent conditions as to the licensees' lability in the matter of premises, wells, etc. They would make punishable the possession on licensed premises of *nux vomica*, *dhatura* or any similar poison, and they would require samples of country beers as actually sold to be submitted periodically for chemical analysis. On the subject of the *bakhar* their information is insufficient to enable then to make final recommendations. The samples that have been found dangerous appear to have had their origin for the most part in the plains districts, where, at the time of Mr. Beames's report to the Bengal Excise Commission, the centres of manufacture were restricted to eight villages in Burdwan, three in Birbhum, and two in Bankura. The Committee would recommend that local enquiries should be made as to the possibility of introducing a system of licensing the manufacture, and that a scientific investigation should be set on foot with a view to determining the proper ingredients. They prefer this proposal to Major Bedford's suggestion for the official issue of yeast. Lastly, responsible officers should be employed to control the shopkeepers' operations, to see that good rice and clean water are used, and to check the occurrence of drunkenness.

These recommendations apply primarily to the Burdwan, Birbhum, Bankura and Murshidabad districts of Bengal, and to other areas only in so far as circumstances admit of their application.

## CHAPTER X.—THE DISPOSAL OF LICENSES FOR RETAIL VEND.

The importance of this question.

182. In the opinion of a majority of the local Governments as well as in that of many witnesses, both officials and others, the question of the best means of disposal of licenses for retail vend is the most important and difficult of all those that come within the scope of the Committee's enquiry. This is a question which has already been dealt with in the case of foreign liquors. The Committee now proceed to consider it in regard to other liquors.

The first principles of excise require the duty to be the main factor of the taxation.

183. The first principles of scientific excise, in the words of the Government of India, make the duty the main factor of the taxation and the vend fees a mere subsidiary method of raising extra revenue in localities where the demand for excisable articles is high, while serving at the same time as an index to the adequacy or otherwise of the duty.

These principles are not at present carried out in practice.

| Province. | Country spirit. | Tari. | Opium. | Hemp drugs. |
|---|---|---|---|---|
| Bengal . . | 36 | ... | 26 | 46 |
| Eastern Bengal and Assam. | 53 | ... | 21 | 53 |
| United Provinces . | 30 | ... | 33 | 73 |
| Punjab . . . | 38 | ... | 76 | 54 |
| North-West Frontier Province. | 45 | ... | 81 | 95 |
| Madras . . . | 30 | 52 | 42 | 57 |
| Bombay . . | 26 | 38 | 21 | 31 |
| Sind . . . | 4 | ... | 29 | 50 |
| Central Provinces. | 44 | ... | 36 | 44 |
| Coorg . . . | 6 | ... | ... | 14 |
| Ajmer . . . | ... | ... | ... | 68 |

184. The table in the margin, which compares the proportions of vend fees to total taxation for 1904-05 in respect of all excisable articles on which a fixed duty is levied, shows how far the practice of most of the local Governments is from fulfilling these principles. The Committee have made their recommendations for the removal of one main cause of divergence by raising the rates of fixed taxation to a much higher level. It is proposed in this chapter to consider the other factor in the taxation of liquor, *viz.*, the fees for vend. It will be convenient to examine first some other questions that bear on the subject.

Measures to ensure vend of duty-paid articles at a fair price.

185. Where a high taxation is levied on an excisable article at a strictly limited number of places of vend, it is necessary for Government to ensure that the article sold has paid the duty, that it is not adulterated and that the vendor is not allowed to raise the price to such an extent as to put purchase out of the power of consumers of the class for which the shop is intended.

Fixation of strengths and check of adulteration.

186. To this end it is generally considered desirable in the case of country spirits that strengths should be fixed, and in that of all liquors that there should be, as far as is feasible, a check on adulteration. The liquor traffic is one in which an unusually large measure of State interference of this kind is not only justifiable but necessary, and the grant of a practical monopoly of vend without such regulations tends as a rule to fraud on the consumer or sale of illicit liquor or both. In the case of country spirits a majority of the Governments which use distillery systems have adopted the principle of fixed strengths and it is the Committee's recommendation that they should all do so. Doubts are expressed, however, as to the practicability of enforcing a provision of this kind in the United Provinces and the Punjab without undue harassment of the vendors. It is suggested that it should be gradually introduced into these Provinces and extended side by side with the improvement of the preventive and controlling staff, being applied first to the wholesale shops, next to retail shops in the towns and last to the retail shops in the rural tracts. Its application has already been ordered in one instance, *viz.*, as part of the experiment already alluded to which is being made in order to cheapen liquor in certain Sikh districts in the Punjab.

187. The Committee think it incumbent on them to point out that, when the number of shops is reduced to such an extent that each represents a virtual monopoly over a large area, experience shows that the tendency of the shopkeeper is to make all the profit he can by selling to his well-to-do customers at as high a price as he can realise and to leave the rest to go without or supply themselves illicitly. The only remedy available is the imposition of a maximum price, which is limited by the paying capacity of the poorer consumer. The shopkeeper seldom sells for less than the maximum, so that the effect of the measure is practically to impose a fixed price equal to the highest that the poorer consumers can afford to pay. A regulation of this nature is necessary to avoid interference with the habits of those who use alcohol in moderation, and does not, in the Committee's opinion, involve any danger of an increase in the natural consumption.

Check of excessive charges where competition between shopkeepers is inoperative.

188. Measures of this kind can of course be carried out only with the aid of a strong force. The Committee deal fully with the question of establishments in a later chapter. They will not at this stage anticipate their proposals further than to say that they consider it absolutely essential to an organised excise system that there should be a responsible staff for the control of the shopkeepers' conduct of their business both in the matter of adulteration and in the observance of the other conditions of their licenses, particularly those concerning sale to drunken persons and the like.

Control of shopkeepers by an excise staff.

189. It is needless to add that a strong preventive staff is necessary to stop dealings in articles that have not paid duty, whether by the shopkeepers themselves or by other persons. The experience of almost every Province teaches that in the absence of such a staff the sale of the right of vend of an article paying a high rate of duty is, where facilities for clandestine dealings exist, little better than the sale of the right to deal illicitly.

And prevention of sale of illicit liquor.

190. When fixed duties have been raised to the highest pitch possible for the time being and efficient measures have been taken to secure the sale at a fair price of duty-paid articles only, the way is open for carrying into effect the second portion of the Government of India's policy, namely, the reduction of vend fees to a subsidiary item.

The instances in which vend fees have been reduced to a subsidiary item.

The policy of high fixed duty and low vend fees can be most easily, and has been most frequently, carried into effect in the case of foreign liquors. These pay duty at the port of entry and are not easy to smuggle or imitate. Adulteration, it is true, has not hitherto been provided against, and this is a defect in the present arrangements which is one of the causes of vend fees in some Provinces having advanced to some thing considerably more than a subsidiary receipt. Proposals for a remedy have been made in a previous chapter. Whatever competition with country spirits existed in some areas has ceased with the recent enhancement of the tariff rate of duty, and the further difficulty which arose from the treatment as an intermediate class of locally-made spirits other than country spirits will shortly be obviated by treating them as foreign liquor. With the disappearance of these facilities for competition of foreign with country spirit there should no longer be any necessity to maintain a high level of vend fees by a system of auctions, and the way should be open for the reduction of the vend fees to their proper position and amount.

Foreign liquor.

In the case of country spirits vend fees have practically been eliminated under the District Monopoly system, which has already been discussed and eliminated to some extent under the system of enforcing a minimum guarantee on shop transactions which has been adopted in two districts in Bombay under circumstances which will be examined in a later paragraph. Provinces which combine a comparatively high still-head duty with a low vend fee and no minimum guarantee are Sind and Coorg, in the first of which the fee for vend is fixed roughly with reference to past transactions, but in a manner which in the Committee's opinion is capable of considerable improvement, while in Coorg it is based directly on the transactions of the current year. Isolated experiments of a similar nature have been made elsewhere. In Bombay City licenses for life were granted in

Country spirits.

1886 and 1889 at fees to be assessed by the Collector. As these have fallen in, no further extension of the privilege has been given, but an attempt to secure some permanency of tenure at a reasonable fee has been made by the issue of orders for auction for three years, subject to renewal for two further terms of three years each at a fee assessed on the basis of the transactions of all the shops in the city. The effect is stated to be that the licensees lose heavily for the first three years, are in equilibrium for the second period, and gain largely in the last. A defect of the arrangement which has been illustrated in recent orders is that the fear of causing unfair loss to the licensees tends to check desirable increases in the rates of duty during the nine-year period. In the Thana and Kolaba districts in 1887-88 an experiment in the direction of the levy of the whole of the taxation in the shape of direct duty by putting the duty itself up to auction resulted in a lamentable failure. The Excise Commissioner of the United Provinces is anxious to try a similar scheme, but the Committee cannot recommend it. In Bengal certain Excise Deputy Collectors have resorted to various methods of disposal, owing to the difficulties in securing satisfactory results in auction; their proceedings were without sanction and were not beneficial to the excise administration. In the Sikh districts of the Punjab to which reference has been made above, owing to the extensive prevalence of illicit distillation and with a view to the reduction of the price of licit liquor, the vend fees have been reduced to a nominal figure. These arrangements cannot, however, be regarded as anything but a temporary expedient to meet special circumstances.

*Tari.*

With regard to *tari*, in Bombay the fixed taxation is generally high, and in all but a few exceptional areas the rules provide for reducing the vend fee to a subsidiary item by letting the shops on fixed fees of Rs. 10 or Rs. 20; but a further provision allows of auction in case of competition, and, the shops being limited in number, competition has sprung up with the result that in some districts the license fees instead of being a subsidiary item have become the main factor in the taxation, while the proportion of receipts from direct duty has fallen off under circumstances that give rise to suspicion of illicit practices. Where, however, the system of fixed fees has been maintained alongside of auctions it has operated to prevent any general rise in the auction bids. In Madras an important experiment is being conducted in the districts of Ganjám and Vizagapatam where the tree-tax is the chief item in the taxation in the case of 80 per cent. of the shops, the rentals of which for years past have averaged Rs. 10 or less a month. These have now been settled on fixed fees approximately at the average of past rentals. In the town of Madras for nearly 20 years all the shops have been settled on the basis of past transactions, the scale of fees being fixed every year with reference to the number of the trees tapped in the two years previous. A somewhat similar system is in force in respect of what are known as the privileged shops in Bombay and Surat.

*The general system of disposal is that of auctions.*

191. These instances are exceptions. The general method of disposal of licenses is that of sale by auction. It is the question of the continuance or replacement of this system that in the opinion of the Local Governments is the most important of those before the Committee.

*This is inevitable when there is no fixed duty.*

192. The system of auctioning licenses for the sale of excisable articles originally appertained to the times when the Government of the day, being prescriptively entitled to an uncertain revenue in a certain area, were, in the absence of means for estimating or realising it, ready to farm the right of collection to the highest bidder. Its operation is now restricted to the case of ferries, of tolls in Madras and Bombay, of pounds in Bengal, and of excise generally. This procedure is inevitable where there is no fixed duty levied, as in the case of outstills, licenses for the manufacture and sale of country beers, and licenses for the tapping and sale of *tari* where it is not subject to tree-tax.

*The advantages of the auction system when combined with a fixed duty.*

193. As a system of disposal in combination with a fixed duty the advantages claimed for sale by auction are, first, that it throws competition open to all vendors approved by the Collector and avoids favouritism and jobbery; second, that it prevents the creation of vested interests; third, that it provides an automatic way of ascertaining and

securing to the public purse the monopoly value of the privilege sold, while enabling taxation to adjust itself to local and temporary variations; and fourth, that by means of the comparison of shop rents and issues, it affords an indication of the prevalence of illicit practices.

The disadvantages found in it.

194. The disadvantages which its critics find in the system are, first, that it is not worth the while of a man who can make a living otherwise to enter the business if his interest may be terminated at the end of a year by circumstances beyond his control; that in many cases the vend rents have reached a point at which an honest profit is not possible, and that in consequence the competition is restricted to persons who are prepared to make dishonest gains; that blackmailing of respectable competitors through threats of outbidding them is not uncommon both before and at the auction; that the system involves loss of dignity to Government, more particularly when the auctioning officer attempts to induce rivalry by the introduction of outside competition or is reduced to haggling with an individual who has secured a hold over a particular locality; and that it throws a steadily increasing amount of unpleasant work upon the Collectors and the officers of their staff.

In respect of the second of the advantages claimed it is urged that, while it is true that the system avoids the creation of vested interests, it goes much too far in the opposite direction; that it renders fixity of tenure impossible and removes all encouragement to respectable management; that it throws the liquor traffic into the hands of a set of shifting licensees who frequently have no other interests in the localities in which they have their shops and are forced to look to the liquor trade for their sole livelihood; that it put obstacles in the way of necessary changes of sites of shops, structural alterations and sanitary arrangements; and that there are less objectionable means of securing the end in view.

With regard to the third advantage it is pointed out that it is the exception rather than the rule for the value of a shop ascertained by auction to be a fair value. At the best it is a speculative value depending on the sales of the past year and hopes of the future. To this element of uncertainty are usually added others much more serious. Rivalry, not unfrequently stimulated by unwise subordinates, a spirit of gambling, the excitement of an auction, reluctance to quit a shop in which the holder or his family have been interested, the loss of outstanding debts, the fact that a hereditary drink-seller must hold a shop of some sort or be unable to ply his calling, all tend to inflate the prices. On the other hand, frequent combinations and rings or the absence in the case of small shops of any real competition tend to reduce them to a mininum. The net result is that, instead of country spirit paying a known and definite rate of taxation, it pays one which varies largely through causes over which Government has no control, while the total of it sometimes exceeds the total taxation on foreign spirit.

To the last of the arguments in favour of the system it is replied that the auction purchaser, by reason of his having to pay a high competitive price for his privilege of vend, is directly impelled to make money out of his temporary possession of the right by every means in his power, licit or illicit, in other words that the system induces the very malpractices of which it is expected to give an indication; and from more than one Province instances are cited in which extensive sale of illicit liquor appears to be the only explanation for shopkeepers being able to continue buying shops at high prices year after year. It is further objected that the high price paid forms the strongest possible stimulus to push sales to the utmost extent in order that the vendor may cover his expenses and make a profit before he has again to fight for the privilege, and possibly lose it; and that instead of making the shopkeeper an aid to the establishment the system throws him into direct opposition to Government.

Some of the defects pointed out are due to abuse of the system or such as might be avoided by special arrangements.

195. To some of these objections it may be answered that they are based on a consideration mainly of the abuses that have exhibited themselves in auctions as conducted in the past, and that, while these were inevitable for a time, many of them would have disappeared as administration improved. Undoubtedly, in their examination of the working of auctions in different Provinces, the Committee have found a number of cases in which defects attributed to auctions were equally due to want of understanding of the necessity of adjustment in the other parts of the excise system or were such as might have been mitigated by

different arrangements. As instances of this want of adjustment may be cited failure to raise the still-head duty to a proper level; failure to control shopkeepers so as to prevent them from making a profit by sale of illicit liquor; failure to secure regulation of price either by competition between shops, or, where each shop represents the monopoly over a large area, by the imposition of a maximum selling price; failure, where maximum selling prices were imposed, to regulate them so as to allow a sufficient margin for the vend fee; injudicious arrangement of vend areas, sometimes by grant of large monopolies, at others by suddenly reverting from monopolies of a whole district to sale by single shops without giving bidders time to ascertain the values of the privileges for which they were competing; failure to insist on shops purchased being opened; failure to make the separation of manufacture and vend effective; and the existence in some of the Excise Acts of provisions permitting surrender of bad bargains on unduly liberal terms.

As instances of defects in working may be cited the failure to give due notice of the auctions and to allow sufficient time for purchasers to make their preparations before the commencement of the vend year; failure to require initial deposits so as to prevent bidding by men of straw; want of information as to the value of shops, resulting in some cases in excessive reserve fees being fixed, whereby some shops, which would afford no profit if bought alone, must be grouped with others to secure a bidder; the dragging on of the auctions from day to day and selling of shops piecemeal instead of selling them at once for what they will fetch and reselling the whole if the result is unsatisfactory; refusing bids for such insufficient reasons as that the bidder has not renewed his license for another shop or that, if the bid be accepted, competition between two shops will result; the grouping of shops for sale of all classes of intoxicants together, sometimes for a number of villages at a time; the great favour shown in some Provinces to existing licensees and large holders and disfavour shown to new comers; and the practice in others of collecting the whole year's fee in advance. These defects, some of which are particularly marked in Bengal and Eastern Bengal, were due largely to the fact that the Collectors had been relieved of the duty of personally attending to the auctions, but also in a great measure to well-meant endeavours of the officers conducting them to mitigate what appear to the Committee to be inherent defects in the system itself.

196. The very necessity for the imposition of so many restrictions on outright auctioning as are found necessary in the Provinces where the system has been conducted with comparative success indicates a further most serious objection, *viz.*, that the system itself is the chief bar to the effective carrying out of the Government of India's policy of making the duty the main factor in the taxation. Government cannot expect that bidders of the class in question will stop at the exact figure that will leave a fair profit and no more, and experience shows that subordinate and even superior officials have a distinct tendency to secure the highest shop rents possible without considering whether these can fairly be paid out of the profits of the shops. Consequently, in spite of increases of duty, shop rents show a tendency to rise and shopkeepers are driven to malpractices. In several Provinces attempts are made to check this by refusing speculative bids, and one Excise Commissioner goes the length of proposing to impose a maximum for each shop and to draw lots between suitable bidders as soon as the figure fixed is reached. Under such arrangements the auction system is liable to lose the chief of the advantages which it is alleged to possess.

But the necessity for such special arrangements is itself a defect and the system a bar to the fulfilment of the Government's policy.

197. In the general overhauling of the excise systems of India which occurred about 20 years ago and to which a majority of the present arrangements owe their origin, the question of auctions was discussed in all the large Provinces and a number of opinions were recorded which are of importance to the present enquiry. The Bengal Excise Commission (1883-84) observed: "It seems very doubtful whether licenses for the retail of liquor which has paid still-head duty should be put up to auction. The prices which are realised for these licenses under pressure of competition undoubtedly lead to illicit practices on the part of license holders and it seems better in every way to make the direct duty the main source of revenue." The Board of Revenue in the North-Western Provinces in the same year stated that "the chief revenue from excise should be obtained from the still-head duty, while vend licenses might be calculated so as to fall at not more

In the revision of systems of 20 years ago the immediate or ultimate replacement of auction was generally contemplated.

than four annas a gallon." Sir William Davies in his memorandum of 1886 on the "Proposed Revision of the System of Excise on Spirituous Liquors now in force in the Punjab" reviewed the evils of the auction system at great length, and quoted the declaration of the Government of India that "the general policy deliberately adopted by the Government of India in the administration of the Excise Department is to lay the duty once for all at a fixed rate upon consumption. The vend of the article on which such duty has been paid is left to the control of the magistracy; a uniform fee, which ought never to be high, and which is not an essential part of the system, being taken for every vendor licensed. The advantage of the system is that the duty can be regulated precisely as may from time to time be found expedient, and the Government is quite unembarrassed by vested interests in its administration of the Department." His own recommendation was to follow the policy then proposed in the North-Western Provinces and "make the settlement of retail vend under tenders at moderate rates and at the same time to give these licenses for terms up to five years." In Madras Sir Henry Stokes in his "Note on Abkari Changes" (1884) laid down as the principle to be followed that "the duty on the liquor be taken partly in the shape of still-head or fixed duty and partly of lump sums to be settled by auction to be paid for the monopoly of vend, in taluks now and eventually in smaller areas. The still-head duty should be pitched at present low, and gradually increased if the result of the sales of the privilege of vend shows that this can be done, that is, if the privilege fetches generally high sums at auction. The duty in fact will consist of a fixed and a fluctuating part and the object should be to reduce the latter by degrees. As the size of the monopolies of vend becomes less, in succeeding years the fluctuating part will eventually become shop license fees." In Bombay, Sind, Coorg and Ajmer-Merwara systems that avoided resort to auctions were generally adopted.

The progress made towards abolition in a single Province reviewed.

198. It will be interesting to trace in a single Province the progress made in carrying into effect the policy so enunciated. For this purpose Madras, where conditions are fairly uniform and progress has been continuous, affords the best example. In 1885-86 the distillery system was in force in 16 districts and portions of three others. It was extended in 1891-92, 1899-1900, 1900-01 and 1902-03 till it covered all the regulation tracts except a few specially circumstanced areas. The system of separate sale of country spirit shops was extended *pari passu* to towns and large villages first, then to the taluks surrounding them, and last to the backward taluks, until it now covers practically the whole of the distillery area. Meanwhile the increase of the force and the suppression of illicit distillation and kindred offences on the one hand and of illicit practices by shopkeepers on the other were steadily kept in view. Offences of the former class showed a tendency to increase as the fixed duties were raised and the area under the distillery system was extended, and the number advanced from 655 in 1886-87 to 1,853 in 1892-93, after which it fell gradually to 1,126 in 1904. The decrease in offences by shopkeepers has been more uniform and the number of prosecutions in cases of dilution has fallen from 1,303 in 1886-87 to 465 in 1904 in spite of the very large increase in the number of shopkeepers brought under direct control. The policy of making the duty the main feature in the taxation is shown by increases in the rate of duty common to the great majority of districts from an average per proof gallon of about R2 in 1884-85 to R3-2-0 in 1886-87, R3-12-0 in 1890-91, R4-6-0 in 1894-95, and to R5 in nine out of 14 districts concerned with effect from 1st April 1906. The fall in the percentage of vend fees to total revenue is exhibited by the table in the margin. Under the recent general increase of duty the percentage may be expected to fall to 25 per cent.

| Year. | Percentage of vend fees to total revenue. |
|---|---|
| 1884-85 ... | 32 |
| 1885-86 ... | 54 |
| 1886-87 ... | 44 |
| 1887-88 ... | 39 |
| 1888-89 ... | 42 |
| 1889-90 ... | 34 |
| 1890-91 ... | 36 |
| 1891-92 ... | 37 |
| 1892-93 ... | 37 |
| 1893-94 ... | 37 |
| 1894-95 ... | 32 |
| 1895-96 ... | 33 |
| 1896-97 ... | 33 |
| 1897-98 ... | 31 |
| 1898-99 ... | 35 |
| 1899-1900 ... | 31 |
| 1900-01 ... | 30 |
| 1901-02 ... | 30 |
| 1902-03 ... | 28 |
| 1903-04 ... | 27 |
| 1904-05 ... | 30 |

In 1895 the Government repeated its statement of policy:—"The system on which for many years past (practically since 1884) the abkari revenue has been raised is that of increasing dependence on fixed duties and decreasing reliance on

license fees, which are a source of revenue uncertain, fluctuating and more or less difficult to collect. The fixed duties are import duties, still-head duties and the tree-tax on palm trees, and the aim is and should be to rely upon these for the abkári revenue more and more until eventually license fees become little more than registration fees." In 1898 the Board of Revenue first made proposals for carrying the policy through to its logical conclusion and suggested an experiment in fixing the fees of toddy shops. This suggestion resulted in 1905 in the adoption of the system of fixed fees in the Ganjám and Vizagapatam districts which has been described above and which the Commissioner is anxious to continue and extend to country spirit shops.

The Committee's conclusions.

199. It seems to the Committee that the policy thus illustrated is a proper policy and that the chief criticism which the figures invite is that the last stage in its execution might have been greatly expedited. Their conclusion is that in the early and intermediate stages of excise development the auction system has played an important and useful part, and that it cannot yet be dispensed with in those areas in which it has not been found possible to introduce efficient control over excise arrangements. It is also, for want of a better, the most suitable system in regard to articles which pay no duty and the only mode of taxing which is by means of vend fees. But in the case of articles which pay a direct duty it has disadvantages which outweigh its advantages, and should be replaced as soon as efficient control is secured and a proper substitute is found for it. To this end experiments should be made in suitable areas without further delay.

The essentials of a good system.

200. The essentials of the system to be sought for in any such experiment are that it should leave the taxation of liquor to be fixed directly by Government; that it should secure that the trade is in the hands of respectable and well-to-do men who, so long as they abide by the law and rules and are prepared to pay such reasonable fees as may be demanded of them, are secure in the tenure of their privileges during good behaviour; that it should give no artificial stimulus to the vendors' natural inclination to push sales and so increase their profits; that it should secure their co-operation with the Government establishments in checking breaches of the law; that it should not give rise to interests which it would cause inconvenience to Government to restrict or get rid of; that it should give the smallest possible opportunities for corruption and jobbery; and that it should be effective and easy for the Government establishments to work.

A scheme which may secure these essentials suggested for experiment.

201. The system best adapted to meet these ends may not be the same in all Provinces. In the Committee's opinion that most suitable for the majority might well be evolved on the lines laid down by Sir Henry Stokes in 1884, that is to say, by the gradual replacement of auctions by fees fixed by Government officers as duties are raised, illicit practices got in hand, adulteration put down, an accurate register of issues established and knowledge gathered as to the capacity for taxation of different areas. Regarding the method of fixing the fees when this stage is reached the Committee have received a great variety of suggestions, the majority of which apply in one way or another the principle of settlement on past transactions. They do not propose to examine them all in detail, but think it will be sufficient to discuss the one or two which seem to be open to least objection, leaving it to Local Governments that may experiment in the direction indicated to make such additions and modifications as they think fit.

Of systems actually under trial perhaps the most satisfactory are those adopted in the case of small toddy shops in the Ganjam and Vizagapatam districts of Madras and of large ones in Madras Town. In the first instance the tree-tax already forms the bulk of the taxation and the fees for all the shops concerned have averaged R 10 or less a month. They have been fixed at the rupee nearest to the average subject to a liability to auction, which is maintained as the system for the larger shops, if through an increase in consumption or otherwise it appears that they are worth more than the fee at which they have been appraised. In the second instance the tree-tax has been raised to a much higher rate and the fees are fixed each year on a scale which roughly amounts to four annas per tree taxed in the two

years previous. The system has been working for nearly twenty years and has been very successful on the whole. The one case of difficulty that arose was when the scale of fees was raised during a period of depression, and the levy in bad years of fees based on the transactions of more prosperous ones resulted in the ruin of several of the shopkeepers, and brought about the reduction of the fees to their former level.

The surcharge proposed and the method of fixing it.

202. One of the systems of disposal proposed to the Committee embraces the principles of both these schemes, but avoids the difficulty that has been experienced in Madras by the levy of the vend fee on the transactions of the current and not on those of the previous year. It will be sufficient to consider its application to the case of country spirit shops, though it would be equally applicable to any shops for the sale of articles on which a fixed duty is levied. What is suggested is that the issues to each shop in a district for a series of years in which there has been no change in the rate of duty should be ascertained and the average incidence of vend fees worked out; if a considerable portion of it is common to the whole district that portion should be added to the duty; the remainder, or the whole, as the case may be, would vary with the conditions of the shops, such as their distance from sources of supply, the density of the population in the area served and the poverty or prosperity of the general run of customers; the shops should be grouped with reference to these conditions and a rate of surcharge per gallon approximately equal to the balance or whole of the past incidence of vend fee, as the case may be, should be worked out for each group; three or four such rates, which would generally vary with the degrees of density of the population, would be sufficient for most districts; the surcharge should then be collected quarterly in arrears on the actual issues. In the annual revision of settlements consumption would be the direct and only guide to an increase in taxation. The issues would need to be studied both for the district as a whole and for individual shops; a general substantial rise would show that the time had come for a general increase of duty; a small general rise would justify an enhancement of the surcharge so long as the lowest rate of surcharge did not reach ten annas a gallon, at which point an increase in the duty would be indicated; an advance in the issues to an individual shop would indicate that it could be raised to a higher group; in special cases, for instance the opening of railway works and the like, the increase of surcharge could be made in advance. It would be well however to impose a maximum of total taxation equal to say four annas a gallon more than the tariff rate, so as to avoid the replacement of country spirit by foreign liquor which has occasionally occurred in the past. A large general increase in consumption when this maximum had been reached would be an indication of the necessity for an increase in the tariff rate.

Advantages claimed for the scheme.

203. The advantages of such a scheme would be that the taxation on every gallon consumed would be fixed directly by Government; that the revenue would be collected on the issues of the current year and speculation would cease; that the grant of fixity of tenure would tend to secure a body of licensees who would be both more respectable in the conduct of their business and, having much more to lose, much less likely to defraud Government or their customers than is at present the case; and that the taxation in different areas would be proportioned to their circumstances without the necessity for issue from distilleries at different rates and the danger of malpractice which this involves.

Preliminaries to its introduction.

204. Its introduction presupposes an accurate record of issues and such knowledge of shop values as is afforded by auctions under one rate of duty for a series of years. It would also of course be necessary that it should be given a full trial in selected areas before final adoption. As already intimated, the Committee do not regard this scheme as the sole alternative to auctions, but put it forward as affording a favourable basis for experiment.

Objections to the scheme.

205. The objections that may be urged against it are that it would create vested interests; that the selection of the licensee would give rise to corruption and jobbery; that the imposition of a heavy rate of direct taxation would induce malpractices by shopkeepers; and that the system would involve a loss of revenue.

206. The Committee realise that under any such system renewal of licenses would become the rule rather than the exception, and that the licenses would seldom change hands except on cancellation for bad conduct or breach of conditions or upon death. But, provided that the State retains the power to revise the fee and precautions are taken (as now) against allowing the license to be transferable, they do not consider that under competent administration there would be any danger or disadvantage in this; while in many respects there would be much advantage. It would of course be necessary to guard the State interests carefully in framing the license, making it subject to annual renewal and revision of rates, to unconditional cancellation for misconduct and to recall on payment of reasonable compensation at any time. To satisfy themselves on the point the Committee have made enquiries into the question of vested interests in the areas in which fixed fee systems are in force, and have been unable to trace any evidence of claims to such interests having been put forward. They would further remark that the conditions which have led to the creation of vested interests in England do not exist in India, and that the fact that the licensing power rests with the chief revenue authority of the district would itself be a sufficient safeguard.

The creation of vested interests.

207. The selection of the licensee is undoubtedly a difficulty. After considering a number of alternatives, the Committee are disposed to think that the continuation of existing holders during good behaviour is the most satisfactory. There remains the selection of a substitute on death or dismissal of a holder. In this case outright auction among candidates of good character, confirmation of the heir, selection by the Collector, and selection by lot are the alternatives. The hereditary system, which is supported by the analogy of the village offices in some Provinces, is successfully pursued in the case of the town toddy shops in Madras, with auctions in the case of failure of an heir. Selection by the Collector under rules carefully framed is the method pursued in the case of stamp vendors in most Provinces, in that of village officers in some, and in that of tobacco vendors in Bombay City. It has been adopted in the case of liquor shops in Sind and is said to lead to the introduction of a very respectable class of licensee, but in this Province some attention is also paid to the hereditary principle. Selection by lot is a last alternative. As local conditions and the size of districts and the number of shops in them vary largely in different Provinces, the Committee would leave the choice to the Local Governments making the experiment.

Difficulty of selection of the licensee.

208. The Committee doubt whether there would be any loss of revenue rightly due if the system were properly worked. At the outset the rates of duty and surcharge would be so pitched as to yield together approximately the same revenue as at present. The only reduction that would arise at this stage would be when the present incidence of total taxation is higher on country spirits than on foreign liquor. The loss resulting from restricting the taxation of the former by a maximum would be recouped by the readjustment of consumption of the two classes of liquor. In the future the realisations under fixed rates of taxation would increase and decrease automatically with the condition of the people, affording as they did so a much more reliable index to the necessity for an enhancement of the duty than auctions now do. The revenue that accrues from speculative and excessive bids would thus be the only amount that would ultimately be lost.

Loss of revenue.

It has been suggested that Government would forego what is sometimes called the 'site value' of the shop. The Committee do not consider that there would be any material loss under this head. The petty shops have little or no site value. That of the larger ones is measured with sufficient approach to accuracy by the amount of their sales and the prices charged. Under the system proposed the surcharge would be levied directly on the amount of the issues to the shops and its rate would vary very nearly with the prices charged. The Committee believe that, when rates of duty have been properly adjusted and liquor is laid down at uniform prices throughout areas under the same rates, the variations necessary in the rates of surcharge will be found to be very few indeed. An examination of the transactions of each shop in the Nilgiri district for the past five years shows little

variation in the incidence of vend fees per gallon, the lower rates occurring more frequently in the towns than elsewhere.

Owing to the surcharge being collected in arrears, instead of in advance as vend fees are at present, there would be some additional risk of default, but it is believed that this would not be considerable. The greater permanency of the tenure and measures such as advance deposits and hypothecation of buildin gs would do much to reduce the risk.

The danger of malpractices by shopkeepers.

209. The objection that the imposition of a high direct duty on the article taxed is liable to lead to sale of untaxed articles by licensed vendors is one which applies generally to the policy of making the fixed duty the main factor in the taxation, but especially to a system in which the whole of the taxation is based on the consumption. No doubt the danger is great if control is inadequate, and the auction system, while it increases the danger of fraud, recompenses the Government in some measure by enhanced fees which are often payments for fraudulent dealing. It is for this reason that the Committee prefaced their proposals for the replacement of auctions by insisting on the prior reorganisation of other parts of the excise administration. When a proper force has been employed and has secured control, the Committee do not believe that there is any appreciable danger of malpractices by shopkeepers, and they are convinced that there is much less likelihood of their occurring under a system that admits of a continuing tenancy from year to year than when the auction purchaser has a single year's tenancy and is very possibly paying so much for his privilege that there is left to him little or no margin for legitimate profit.

Another alternative.

210. Another form of settlement which has more than once been proposed for adoption is analogous to the system employed in fixing the land revenue. It is suggested that a fee should be fixed for each shop by a responsible officer on the basis of past transctions and levied in advance as the auction fees at present are. This would avoid all risk of loss of revenue on the one hand, but on the other would involve the collection of fees based on past transactions instead of on those of the current year. So long as the fee is so pitched as to be a subsidiary item the system is one which might well be tried.

Systems for difficult areas—the imposition of a minimum guarantee.

211. In areas where control has not been secured a system of settlement is for the present out of the question. The alternative to auctions suggested in this instance is that of taking a minimum guarantee from the vendor. In its application to whole districts this system has already been discussed. It remains to consider it as applied to the transactions of individual shops. It was in force in this shape in Bombay and the United Provinces in the case of opium until shortly before the appointment of the Royal Opium Commission, when it was abolished in deference to a resolution of the House of Commons. It was surrendered with misgivings by the Bombay authorities who expected a great increase in illicit sales. Their expectations have been realised. Under the first substitute which was tried, that of selected farmers without a minimum guarantee, there was an immediate and continuous decline of licit consumption and of revenue. Auctions of single shops were then tried in some districts and resulted in excessive bids and unduly high prices to consumers. Maximum prices having now been imposed, the accounts show that the shopkeepers cannot be doing an honest business. The net fall in licit consumption since the change has been 31 per cent, and in revenue 14 per cent, and vend fees now represent 51 per cent, of the total taxation in the districts in which the auction system is in force. In the case of country spirit the system of minimum guarantee on single shops has recently been tried in two districts, Khandesh and Nasik, in which illicit practices were rife. Confidential tenders in terms of rupees were invited in writing if the tenderers could write, otherwise by verbal offers. The local authorities used their discretion in accepting or rejecting tenders for particular amounts or the offers of particular individuals. In Nasik there were undoubtedly over-tenders and the arrangement almost amounted to an auction. In Khandesh the Collector gave much time and personal attention to the matter; the result has been an increase in revenue by 140 per cent and a steady replacement of illicit

by licit consumption. In these respects, in exposing the previous mismanagement of the district monopoly contractor and in affording the local authorities information as to the consumption of particular shops, the system was an undoubted success. It has the further advantages as compared with auctions that it gives the Collector more freedom in the selection of shopkeepers and, when properly conducted, that it avoids the overbidding which results from the excitement of an auction.

It is objected to it that it has a tendency to increase consumption. The Collector of Khandesh points out that whether it does so or not is largely a matter of price since it may actually pay a vendor to default, making a large profit on a small turnover instead of a small profit on a large one; and he adds that in 1904-05 only seven-eighths of the revenue guaranteed and paid represented duty on liquor removed. His own recommendation is a combination of the minimum guarantee and auction systems, that is an auction subject to a guarantee to pay the duty on the average consumption of the shop. The Committee think that these systems may fairly be tried in difficult areas, that is in areas where illicit practices are so rife that there is room for considerable increase in the licit consumption without its entailing an increase in the whole. In such areas the system of taking a minimum guarantee tends directly to secure the co-operation of the shopkeeper in checking illicit distillation and to discourage malpractices on his own part, because he has to pay the still-head duty on a given quantity of liquor whether he sells it or not.

Some suggestions for mitigating the defects of the auction system where it is continued.

212. Where auctions are continued some suggestions may be useful for mitigating the defects of the system. Many of these follow directly from what has been said above. There should be provision for regulation of the prices where competition between shops is inoperative by the imposition of the maximum selling price; there should be a preventive force capable of checking malpractices by shopkeepers; sale strengths should be fixed; vend monopolies where they exist should be gradually broken up and great care taken to prevent injudicious bidding by persons who have no opportunity of securing proper knowledge of shop values; surrenders of shops without forfeit except for special reasons should not be allowed; persons of bad character should not be permitted to bid; the deposit conditions should be such as to prevent men of straw having access to the auction room. It may be added that the privileges of manufacture and vend should be completely separated; that the auctioning officers should be given full information as to the value of the shops auctioned and full authority to refuse speculative bids; that the shop fee should be collected monthly and the deposits adjusted so as to secure the Government revenue without pressing too hardly on the poorer bidders; and that the auction should be held by the Collector or one of his Covenanted Assistants or Sub-divisional Officers.

The policy of extending the term of the auction license discussed.

213. A measure which has been sometimes recommended, but as to the advantages of which the Committee are doubtful, is the disposal of privileges for a term of years. It is claimed for this arrangement that it would have the advantages of lessening unhealthy competition, of freeing the shopkeeper from immediate pressure to make a profit and of giving him a greater inducement to respectable management. On the other hand, even if the competition were reduced by the exclusion of all but men of capital (which is not always a desirable end in itself), the competition among them for a valuable privilege might be even greater than before, while the danger of forced sales might only be postponed to the end of the term. Such an arrangement would also involve the abandonment of one of the chief advantages of the yearly auction system, namely that under it the Government demand responds readily to changes in the prosperity of the drinking classes. Under any system of disposal a lease for a term of years tends to check necessary increases in the still-head duty and it might similarly affect changes in the license conditions or desirable alterations in the number or sites of shops.

The Canteen system.

214. In concluding the consideration of this part of the question it will be appropriate to notice an experiment that has been made in Assam of entrusting to planters the retail sale of country liquor. This arrangement is commonly known as the Canteen system, the essence of which is that

the employer of labour himself controls the supply of liquor to his coolies on the understanding that his self-interest, if not a higher motive, will check excess. Theoretically this system has much to commend it, and the results of the trial that has been made in the Sibsagar district are in the Committee's opinion highly creditable to the gentlemen who have undertaken it. As a system of general application however the Committee fear that it is impracticable. Not only must the check on consumption be incomplete since it is impossible to close shops provided for the supply of the general public, but the control of the canteens, in the opinion of many of the more responsible among the planters, would be ineffective and unsatisfactory. The employer of labour must be a business man first and a philanthropist afterwards. In Assam at least it is more important to him to keep his labourers than to keep them absolutely temperate. The demand for labourers is greater than the supply; and there is a distinct danger that, if the shops for the supply of liquor to the coolies of a tea estate were placed under the control of the manager, they would be conducted rather with the object of attracting labour to that estate and keeping it there than of discouraging the excessive use of liquor by the coolies. The manager would be exposed to a strong temptation to supply to his workmen a ready means of pending earnings which otherwise might be saved and enable them to set up for themselves, and to draw labour to his own estate by affording greater facilities for drinking than could be obtained elsewhere. An unscrupulous employer would obtain an additional means of exercising power over his coolies which in the present conditions of Assam is eminently undesirable; and in all cases the management of the canteen would have to be deputed to some subordinate without any guarantee that the latter would be a suitable person and would not abuse the position. In the opinion of the Committee success in checking the evils of drinking in the tea gardens of Assam is to be achieved not by transferring the responsibility to private persons, but by enforcing adequate control by Government over the making, supplying and selling of liquor. The Local Government has made great progress in this direction.

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## CHAPTER XI.—NUMBER AND LOCATION OF SHOPS.

Instruction received.

215. The Committee have now dealt with the measures necessary for carrying into effect the first part of the general policy of the Government of India, namely to make the tax upon liquor as high as it is possible to raise it without stimulating illicit production to a degree which would increase instead of diminishing the total consumption, and without driving people to substitute deleterious drugs for alcohol or a more for a less harmful form of liquor. They have also suggested measures which they hope may have the result, not indeed of eliminating private profit, which is the ideal of some temperance reformers, but at least of rendering the liquor seller less directly dependent for his livelihood on a large sale or on illicit or improper practices.

The declaration of policy continues : " Subject to the same considerations, the number of liquor shops should be restricted as far as possible and their location should be periodically subject to strict examination with a view to minimise the temptation to drink, and to conform as far as is reasonable to public opinion ; " and the Committee are instructed to enquire whether the directions conveyed in circular letter from the Finance and Commerce Department No. 2455-S. R., dated the 21st April 1904, intended to ensure that the number of places at which intoxicating liquors can be purchased should be strictly limited with regard to the circumstances of each locality, are adequate and are being properly carried out, and to examine the question of securing a reasonable degree of conformity with public opinion as to the location of shops.

Evidence of the prevalence of drunkenness—some early statements.

216. The proper regulation of the number and sites of shops, and the imposition of restrictions on the sale of intoxicants such as are dealt with in the next chapter, have an influence in cheking the spread of the drinking habit second only to the enhancement of the price of liquor, and before proceeding to an examination of these questions it will be well to consider briefly what evidence there is of the prevalence of drunkenness in India and of its increase or decline. In the following quotation from Mr. Crooke,* the state of affairs obtaining in the early days of British knowledge of the country is strikingly contrasted with present conditions :—

" There seems no good reason to believe that the immoderate use of spirits has increased though probably the consumption is more general than in the early years of our rule. At any rate, when we first came in contact with the natives, there was much drinking. Streynsham Master, writing from Surat in 1672, says of the people : ' None of them will eat the Flesh of Cows, and Oxen or Calves, and almost as few of them forbear Wine, for those that eat noe flesh will Gulch abundance of strong drink.' Linschoten, at a rather earlier period, lamented that the Portuguese soldiers were learning from natives the taste for spirits, which took the place of the wine of their native land. Writing of Bengal early in the last century, Buchanan-Hamilton says : ' In no country have I seen so many drunken people walking abroad ; and in more than one instance I saw men who, from their dress, were far above the vulgar, lying on the road perfectly stupefied with drink, and that in the middle of the day, and in places far removed from the luxury and dissipation of towns.' It is also a fallacy to suppose that the habit did not prevail under native rule. Colebrooke, when he visited Nagpur in 1800, writes : ' The number of distillers' shops is incredible. Mahrattas of all ranks drink immoderately, and so do the women. Even ladies of rank use spirituous liquors ; but the women who fetch wood and grass from the forests are, most of all, addicted to intoxication. It is curious to see of an evening crowds of well-dressed women getting drunk at a distiller's door.' Such scenes are certainly very unusual at the present day. When a native drinks he does not, as a rule, tipple ; but he drinks with the object of getting drunk. This is done deliberately. A servant will often ask leave of his master to get drunk, and he can generally state the precise amount which will produce the

* Things Indian, page 277.

desired effect. The use of foreign spirits is certainly on the increase among the educated classes, who are specially fond of cheap and noxious liqueurs."

The consumption compared with that of 20 years ago.

217. For comparison with years ago statistics of consumption are available as well as some of convictions for drunkenness. The former have been dealt with in the Honourable the Finance Member's Budget speech that has been alluded to. He pointed out that in the course of the period in question 132,000 square miles of territory had been transferred from the outstill to the distillery system, the number of shops in proportion to the population had been diminished by 30 per cent., and the recorded consumption in the distillery areas had been reduced from 4·95 to 4·06 proof gallons per 100 of the population, while the taxation had been raised from R2-10-7 to R4-7-8 per proof gallon or by no less than 68 per cent.

But this general decrease was not common to the whole country. It was largely due to the bringing of new areas under the distillery system. While this undoubtedly decreased drunkenness, since that is usually common in the outstill areas, it brought a larger proportion of the rural, which is the soberer, population within the purview of the statistics, and so tended to show a lower general consumption per head. On the other hand improvements in administration, by bringing illicit consumption under control, raise the recorded average, and an examination of the satatistics for 1884-85 and 1904-05 of individual areas which have been under a distillery system throughout the period shows in some instances a distinct increase. The case of the distillery areas in the Bihar districts of Bengal has already been noticed. In the United Provinces the consumption per head in eight districts has increased by 50 per cent or more. The recorded consumption per head in the Punjab has doubled. The same has happened in the South Arcot district of Madras, while that of Ganjam has trebled. Twelve districts of Bombay show an increase between them of 28 per cent, and in the Central Provinces the *per capita* consumption of the distillery areas, which in the last 20 years have been largely reduced by the exclusion of rural tracts, has increased by 7 per cent. These figures are based on the results of a favourable year and so somewhat exaggerate the increase, but they are sufficient to show that in some at any rate of the areas under settled excise administration there is a tendency in that direction requiring to be continually checked by enhancement of the taxation. A large increase in the total consumption of foreign liquor has also been noticed.

The figures of convictions for drunkenness.

218. An increase in consumption in any area may be due to more liquor being taken by former consumers, or to the drinking habit having extended to previous non-consumers, or to both these causes, and it is impossible to say whether the statistics of consumption of themselves indicate an increase in drinking to intoxication. The only other figures available are those of convictions for drunkenness; and these are at best unsatisfactory, partly because many of the magisterial records have been destroyed and parly because in some Provinces cases of drunkenness are not separated in the statistics from those of other offences under the same section of the Police Act. The figures for the same areas also vary greatly from time to time with the attention paid to the matter by individual police officers. Such as they are they indicate that, as might be expected, prosecutions on this account are most common in cantonments, the Presidency towns and some of the larger cities, where consumption is generally large and doubtless police activity is greater than in ordinary towns. On the figures of 1905, the number of convictions per 10,000 of the census population are found to be in Belgaum cantonment 133, Poona 89, Calcutta 54, Madras 40, Bangalore 39, Bombay 30, Patna 28, Belgaum town 21, Karachi cantonment 20, Gaya, Lahore and Amritsar 15, Dacca and Karachi 12, Mianmir cantonment 11, Rawalpindi cantonment 9, Cawnpore and Nagpur 7, and Delhi and Sholapur 6. The remaining places for which statistics have been collected show convictions in a proportion of 5 or less per 10,000 of their population. Of areas in which this proportion is exceeded, Bombay and the Punjab contribute seven and five respectively, and the remaining Provinces three or less apiece. As compared with previous years, convictions have decreased in Calcutta, Dacca and Delhi, and in Bombay City there has been a fall of more than 50 per cent; elsewhere they show a tendency to increase, particularly in the cantonments.

219. The Committee's enquiry has been particularly directed to the question of drunkenness among the better classes, with reference to which they have received a great variety of opinions. There is a natural tendency to deplore the habit of drinking altogether and, on the part of witnesses who regard alcohol in any shape or quantity as accursed, to make no distinction between moderate and excessive consumers. These tendencies account for some exaggerated opinions. The more accurate observers, including the Calcutta, Bombay and Amritsar Temperance Associations and such gentlemen as Raja Ban Behari Kapur of Burdwan, Rai Bahadur Jagannath Barua of Jorhat and Mr. Prabdial of Abbottabad, are of opinion that there has been a decided reaction against the practice of drinking. There are still not a few moderate and some excessive consumers, but in some Provinces the spread of the drinking habit has been checked by the growth of a more healthy public opinion.

Drunkenness among the better classes.

Another class of people amongst whom the prevalence of drunkenness has attracted much attention of late years consists of the coolies on tea gardens in Assam. Their case has been fully discussed in papers published by the Government of India, and it is only necessary for the Committee to state the results of the action taken. Opinion on this is entirely favourable. The appointment of controlling officers has checked drunkenness and improved the conduct of licensed premises, and the experiment of replacing outstills by a contract distillery, capable of furnishing a better class of liquor which is subject to payment of still-head duty, has the full approval of the planting community. Of 26 estate managers consulted by one of their own body, 25 thought there was no excess of drinking on their gardens and eight only that it was excessive. On the Darjeeling tea gardens where a like trouble has arisen under the outstill system action similar to that taken in Assam has been ordered by the Local Government, and it has only been postponed in Jalpaiguri by reason of the transfer of that district to another Province.

Among tea-garden coolies.

The case of the miners on the coal fields in Bengal is one that requires to be dealt with. The circumstances are similar to those in Assam; a low grade population lacking in self-restraint, high cash wages, and drink shops close to the site of work. The difficulty of moving, reducing or suppressing the shops without interfering with the supply of labour, if less in degree, is the same in kind as in the tea gardens. The problem is very difficult, and the Committee can only recommend that action should be taken on the lines that have so far proved satisfactory in Assam.

And miners.

220. In considering the question of the number of shops, it is necessary to premise that the conditions of the several Provinces and the policies of the Local Governments differ as widely in this matter as they do in many other branches of excise administration. The proportion of consumers of intoxicants to the total population, and that of liquor-drinkers to drug-takers, vary very largely in the different Provinces; the density of the population ranges from 471 per square mile in Bengal to 7 square mile in Baluchistan and the density of the drinking population has an equally wide range; some Governments consider it incumbent upon them to put shops within reach of all moderate consumers, others do not; some are content to recognise and pass by a small illicit consumption, provided it does not sensibly increase the whole, while others regard it as essential that illicit practices should be entirely stamped out; some attempt to regulate the number of shops according to standards of area and population, while others leave the matter to the discretion of the District Officer. It is impossible to examine fully the results of all these variations of conditions and policy, and it would be useless to attempt by means of statistics alone to arrive at a conclusion as to the sufficiency or otherwise of the shops in any particular area. In the following observations the Committee confine themselves to a few main heads, *viz.*, the policy pursued and its results as judged, first by population per shop for sale of all kinds of intoxicants including opium and hemp drugs as well as liquor, and second by population per shop for sale of intoxicating liquors; and they attempt to indicate the areas in which a reduction or redistribution appears to be desirable with reference largely

Number of shops—General considerations.

to these considerations, but more particularly to the statements of the local officers who gave evidence before them.

221. The Bengal rules allow a very high limit of private possession of liquor. The number of shops is fixed from year to year by the Excise Commissioner on proposals submitted by the Collector. The great density of the population favours a low proportion of shops, and the general tendency of the administration has been to reduce the number of those for sale of country spirit. In the opinion of the Excise Commissioner, in which the Committee are disposed to concur, this has been carried so far in some districts that there are not enough left to supply legitimate needs. There have also been some remarkable variations in the practice pursued. A comparison of the present figures with those of 20 years ago shows that, while there has been a decrease in seven districts of more than 50 per cent, amounting in three cases to as much as 63, 69 and 73 per cent respectively, five districts, of which one is Calcutta, have much the same number as they had before, while the Sonthal Parganas has an increase of 11 and Gaya one of 22.

Bengal.

*Tari* shops in Bihar form the most numerous class. These are in the proportion of one to 592 persons in Patna and one to 897 in Gaya. Muzaffarpur has 1,526 persons per shop. These districts (the 24-Parganas, Monghyr and Saran) have between 2,000 and 3,000 and two (Shahabad and Champaran) between 3,000 and 4,000. Howrah has 4,816 persons per shop, Calcutta 7,041 and Hooghly 7,495. They are very numerous in the towns in Bihar, Bihar itself having 112 and Patna 120. Dinapore Cantonment had once 200 and now has 52.

The shops for the sale of *pachwai* in certain districts form the next most numerous class; the increase in these has already been noted. There is one shop to 2,168 persons in Birbhum, to 3,288 in Burdwan, and to 7,345 in Bankura. The only other district in which the population per shop approaches these figures is Darjeeling where there is a shop to every 7,549 persons in addition to one domestic consumption license to every 34.

The population per country spirit shop is least in Palamau (5,206), Angul and Khondmals (5,997), Ranchi (7,614), Hazaribagh (7,749), Calcutta (8,686), Manbhum (9,164), Gaya (10,456), Hooghly (10,089) and Patna (12,404). At the other end of the scale are five districts with over 40,000 persons per shop of which Cuttack has only one to 82,510 people; the population per liquor shop of all kinds in this district has increased in the last 20 years by 61 per cent. In respect of city shops the population is least in Monghyr (3,362), Darbhanga (3,896), Patna (4,493), and Gaya (4,752).

Shops for the sale of foreign liquor are most numerous in Calcutta which has one to 5,833 persons; but it must be remembered that the business done under foreign and country liquor licenses in that city is not always conducted on different premises so that the total number of shops is considerably less than the figures indicate. Darjeeling has one shop to 15,569 people. The 24-Parganas, Hooghly and Howrah are the only other districts that have more than one to 100,000.

There is room for a considerable reduction in the number of *tari* shops in the Bihar districts both in urban and rural areas. It is hoped that this will be brought about under the operation of the system of *tari* administration which has been recommended.

The number of *pachwai* shops will admit of reduction in some districts. The Committee recognise the difficulty in the mining areas of diminishing the number of shops without giving one colliery an advantage over another in respect of proximity to those remaining, but they think a strict enquiry is very desirable into the necessity for existing shops wherever they are numerous.

In the case of country spirit shops the Committee do not recommend any reduction, but they think there is room for redistribution, more especially in Calcutta, Darbhanga, Darjeeling and Bankura. In the case of the last-named district they find that 38 out of 65 shops are in the outstill area which comprises only 28 per cent. of the population. This disproportion may be due in some measure to the facilities

for illicit distillation and the large proportion of drinking classes in that area, but the matter needs enquiry.

The question of the foreign liquor shops is much more important in Calcutta than anywhere else. The Committee would propose that, as soon as the system of vend is settled, the country and foreign liquor businesses should be entirely separated, and that a complete redistribution of the shops should take place. They expect that in such an arrangement it will be found possible without any increase in the total number of licenses to retain the small number of shops that will be necessary for the sale of foreign liquor for consumption on the premises.

Eastern Bengal and Assam.

222. The number of shops in Eastern Bengal is small because there are comparatively few people of the drinking classes. In Assam there is no indigenous race to whom spirit is a necessity, and both official and non-official opinion would regard it as a deplorable mistake to make provision for supplying the aboriginal tribes. The Committee have no suggestions to make in regard to the number of shops, except that in the case of the Eastern Bengal districts, as the readjustment of taxation and consumption of foreign and country spirits proceeds, it should be seen that there are enough shops for sale of the latter to meet the requirements of the people. The Backergunge district illustrates the need for attention to this matter. In it in the past 20 years country spirit shops have been reduced from 83 to 40, while foreign liquor shops have increased from 9 to 15, and a few years ago 80,000 bottles of *Eau de Cologne* were reported to have been consumed. The question of the replacement of home-made by shop-made *pachwai* is under the consideration of the Local Government; the subject of the situation of shops which is all-important in Assam will be dealt with later.

United Provinces.

223. In the United Provinces an attempt is made to regulate by standard proportions the number of shops for sale of country spirits. The maxima laid down, ordinarily not to be exceeded, are in tracts under the distillery system one shop to 5,000 persons or 10 square miles where the population is dense, and to 12 or 14 square miles where it is comparatively sparse, and in tracts under the farming or outstill systems one outstill and shop to 8,000 persons or 16 square miles in densely populated tracts, and to 18 or 20 square miles in thinly populated areas. In the opinion of the local officers the enforcement of this scale has not been altogether successful. The discretion given to the Collector to exceed the standard rates with the approval of the Excise Commissioner has not been exercised with sufficient freedom in districts where there is a large drinking population; and there has been too great a tendency to apply the scale to districts as a whole and not smaller areas. The interests of the consumer have thus been disregarded in some instances. On the other hand the standard proportion laid down for ordinary observance has been largely exceeded in some tracts, more particularly those under outstills. It is in these that the number of country spirit shops is largest, the population ranging from 2,647 to 4,352 persons per shop in Jhansi, Mirzapur, Jalaun, Hamirpur and Banda. It exceeds 15,000 per shop in two of the hill districts and in Etawah, Aligarh, Bulandshahr and Muttra which lie in the temperate belt in the centre of the Province. The number of persons per town shop is least in Fyzabad where there is one to every 3,095 persons; in Saharanpur, Farrukhabad, Meerut and Gorakhpur there is one to between 5,000 and 6,000.

Foreign liquor shops are most numerous in districts containing hill stations or large cities; Dehra Dun has one to 7,128 and Naini Tal one to 11,971.

*Tari* shops are very numerous in the eastern districts; there is one to between 2,000 and 3,000 persons in Ghazipur, Ballia, Azamgarh, Mainpuri and Gorakhpur; Farrukhabad has one to 3,182 persons; Lucknow, Basti, Cawnpore and Unao have one to between 5,000 and 10,000.

The Committee would recommend curtailment of *tari* shops where they are most numerous. It is already contemplated in Ballia and Azamgarh and in the Gorakhpur city. Generally speaking they are disposed to think that there has been a tendency to too great reduction of the country spirit shops in some of the districts of largest consumption, though they recognise that the great density of the population, *viz.*, 445 to the square mile, makes it possible for the Province to be administered with

a much smaller number than Provinces where the density is less. There is also room for redistribution and in the case of some towns for reduction. The number of outstill shops in some districts might perhaps be diminished.

Punjab.

224. In the Punjab, subject to a single restriction relating to 'first-class' shops, the Collector has full discretion in fixing the number to be licensed. This being so, some inequalities of distribution would, as the Excise Commissioner observes, naturally be anticipated from district to district; and, as District Officers vary in their views and succeed one another at short intervals, while the liquor dealer with a business to push is ever present, it would not be surprising to find a tendency in some quarters for arrangements to become adjusted to the convenience and profit of the latter. Other circumstances which he indicates as tending to increase the number of shops beyond the absolute minimum of strict requirements are the practice of opening two shops in a place which would be equally well supplied by one, the establishment of permanent shops in rural tracts to meet a demand which is occasional only, and the multiplication of those on the border between two jurisdictions under the mistaken impression that the excise revenue of one district requires protection against the competition of another. A comparison of the figures of 20 years ago with those of the present day does show some large variations which are probably due to the causes above indicated, as for instance an increase of 60 shops in Ludhiana, of 28 in Ambala and of 21 and 20 in Gurdaspur and Gujranwala, accompanied by a decrease of 29 in Lahore and 21 in Sialkot, but on the whole the progress has not been much out of proportion to the increase of population. The percentages of increase in the past twenty years have been 20 for population, 144 for country spirit consumption and 21 in the number of country spirit shops.

Even with this increase there is no district except Simla (as to which no inference can be drawn from the census figures) which has a population per shop of all classes less than the average for India as a whole (1 to 2,177 persons), and the general average for the Province is exceeded only in the North-West Frontier Province and Eastern Bengal and Assam. Shops for the sale of opium, hemp drugs and country spirit are almost equally distributed, the former being slightly the most numerous. The population per country spirit-shop is least, after Simla, in the districts of Kangra (8,001), Ludhiana (8,742), and Ferozepore (9,038) and greatest in Hissar (52,114) and Rohtak (63,067). The population per town shop is much higher than in other Provinces. It is least in Sialkot (9,562) and Rawalpindi (9,904). In spite of these high averages the Excise Commissioner considers that the number of town shops is generally in excess of requirements. There is certainly room for redistribution in places. Two members of the Committee who inspected those in the Anarkali Bazar at Lahore found them excessively numerous for the size of the suburb. The proportion of town to rural shops varies widely. In Sialkot there is twice as large a population per rural shop as there is per town shop, and in Amritsar the exact reverse is the case.

Foreign liquor shops are most numerous, after Simla, in Rawalpindi which has one to 12,993 persons. Lahore has one to 28,344, Ambala one to 40,794 and Delhi one to 43,065. *Lugri* shops are sanctioned only in Kangra where there is one to 19,203 persons.

The Government has already ordered a thorough enquiry to be made. A scale is to be fixed for each town and adhered to, and all rural shops are to be scrutinized and the number for each district fixed by the Financial Commissioner, after which no new shops will be allowed to be opened without the Excise Commissioner's orders. The Committee have no suggestion to make on these orders except that it would be well to fix the numbers for smaller units than whole districts and to extend the scrutiny to foreign liquor and *lugri* shops also. In regard to the former it is to be remarked that they are most numerous where country liquor shops are fewest, and in regard to the latter that 40 shops seem to be more than are needed seeing that they are all placed along one trade route. It will be necessary to observe the results of the action contemplated by the Government. While it is to be hoped that it will tend to check the present rapidly increasing consumption of spirit, there is a danger of any further restriction provoking an increase of illicit distillation which is already

a grave evil. Moreover the evidence shows that in rural tracts the concentration of shops involves a concentration of bad characters, so that, though many villages are anxious to have facilities for obtaining liquor, none are desirous of having shops for the purpose within their borders. The matter is largely one of local peculiarities. One officer of experience compares the ryot of the Punjab to the Finnish peasant in that his national habit requires liquor for festival occasions but not for daily consumption, and he believes that the needs of the situation may be met, as in Finland, by providing for a liberal issue of passes for special occasions. In the four districts where illicit distillation is most prevalent an experiment in this direction is being made and consumption on the premises has been entirely prohibited.

North-West Frontier Province.

225. The North-West Frontier Province, by virtue of its Muhammadan population, has fewer shops for the sale of intoxicants than any other in India. The most noticeable fact in the figures relating to this Province is that the foreign liquor shops are almost as numerous as those for the sale of country spirit. A small reduction of both kinds might possibly be made in Peshawar city, which has a lower population per shop than most of the big cities of the Punjab. The Committee have no further suggestions to offer.

Madras.

226. The Madras policy favours a liberal distribution of shops. Reasons given for this are that the drinking classes are widely distributed; that a proper provision for their needs is necessary for the check of illicit practices; that the establishment of a fair number of small shops prevents the securing of large monopolies; that police control of several small shops is easier than that of one large one; and in the case of toddy that a liberal supply of shops is necessary in order to ensure sale of the liquor in a comparatively fresh state. A maximum and a minimum number are fixed for each taluk and sub-division, and discretion is given to Collectors in regard to the opening and closing of individual shops within these limits. The minimum rentals are very low, *viz.*, R12 per annum in the case of arrack and R4 per annum in the case of toddy shops. The district with the largest number of licenses of all kinds to population is South Canara (1 to 557); the four Ceded Districts follow with an average of one to 832, next come Godavari, Kistna, Guntur and Nellore with an average of one to 916, next Tanjore (1 to 925) and the Madras Town Circle (1 to 992); Trichinopoly is the only district in which the population per license of all kinds exceeds that for the whole of India.

The bulk of the licenses granted are for the sale of toddy, of which South Canara has one to 834 persons, Kurnool one to 948, and Tanjore one to 1,067. The general average for the remainder of the Telugu districts except the two northernmost is about one to 1,600, for Madras and Malabar the same, and for the Tamil districts one to 2,400. Ganjam, Vizagapatam, South Arcot and Trichinopoly alone show an average of over 3,000 persons to a license.

Country spirit licenses are most numerous in South Canara (1 to 1,827 persons); eight districts have one to between 2,000 and 3,000 people and six have one to between 3,000 and 4,000. The average for the rest is about 5,000 persons to a license, except in Madras which has over 7,000. The population per town shop is least in Calicut (2,483), Tanjore (2,893), Bellary (2,912) and Negapatam (3,813) and rises to over 10,000 in Coimbatore and Madras.

Foreign liquor licenses are very numerous in the Nilgiris (1 to 2,102 persons) and in Madras Town (1 to 5,286). Godavari, Bellary and Malabar have one to between 40,000 and 50,000 people.

These figures in a Province where there is no great variation in the percentage of drinking classes to the total population indicate the possibility of considerable revision. The Committee admit the necessity for a large number of toddy shops under the circumstances in which the tree-tax system is worked, though they think that some of these might be dispensed with, more especially in the Madras Town, the Ceded Districts, South Canara and part of Tinnevelly. In the case of country spirits a liberal distribution of shops has no doubt been, and may for a time continue to be, necessary in the West Coast districts and in Godavari, Kistna and Guntur in order to reconcile the people to the prohibition of distillation from the toddy which is available at their doors. In the Nilgiris there appear to be too many shops in spite of the fact

that there is a large visiting population to be provided for in addition to that shown in the census, and in the Ceded Districts, North and South Arcot and Coimbatore there does not appear to be any necessity for the maintenance of such a large number of licenses. The number of town shops in Calicut, Tanjore, Bellary and Negapatam is much larger than is necessary. The Committee would recommend a thorough enquiry into the distribution of licenses in these districts and towns, with a view to the abolition of those that are least needed. They would remark in this connection that so far as shops in towns are concerned they do not agree that from a police point of view many small shops are easier to control than a few large ones. They think that throughout the Presidency the shops in towns and large villages might well be reduced, and that in rural areas some at least of those that pay less than R2 a month might be closed without illicit practices resulting. They have already recommended a reduction of outstills in the Agency tracts, and anticipate that their proposals in respect of foreign liquor licenses, if accepted, will result in a reduction under that head.

Bombay.

227. The Bombay Government favours a much less liberal distribution of shops and a higher limit of private possession than are prescribed for Madras. The population per shop of all classes is 2,606 as against 1,155 in Madras, the quantity of country spirit allowed to be purchased at one time without a pass six bottles as against one, and the average annual sale per country liquor shop 946 as against 124 proof gallons. In the distribution of shops as in other particulars of the excise arrangements there are wide variations in general correspondence with the differing conditions. Thus Thana has one license for sale of intoxicants to every 945 people and Satara only one to 8,556.

The greater number of shops are for sale of country spirit. They are most numerous in Surat, Thana and Bombay, where the population per country spirit shop amounts to 2,238, 2,403 and 2,622 (3,297 on the recent enumeration) respectively. In Kanara it is 3,092 and in Kolaba 3,238; in Broach 4,421 and in the Panch Mahals 4,500. In Khandesh it rises to 5,598; the Collector states that an increase is necessary if the people are not to be driven to commit offences, that in one taluka there is only one shop to 43 square miles, and that the people supplement the licensed shops by the practice of *kevat* or sending regular messengers to bring six bottles at a time, who not unfrequently sell by the way. Ratnagiri has 6,246 persons per country spirit shop, Nasik 7,927, Belgaum 8,719 and Dharwar 9,051. The remaining districts have 10,000 and over, the highest figure being reached by Ahmednagar which has only 23 shops in the district and a population of 36,422 per shop. Town shops are most numerous in Surat, Bombay, and Poona where there are one to 2,339, 2,622 and 4,259 persons respectively.

Licenses for the sale of foreign liquor are most numerous in Bombay City where there is one to every 7,252 of the census and 9,122 of the present population. Poona, Thana, Kolaba and Ahmedabad have an average of about one to 52,000 people.

In respect of toddy Thana has one shop to 1,730 people. Surat one to 2,502 (in addition to one domestic consumption license to every 80), Bombay one to 3,104 (3,904 on the revised population) and Kanara one to 4,413. The population per shop is between 6,000 and 8,000 in Bijapur, Ratnagiri and Kolaba and between 9,000 and 10,000 in Belgaum, Broach and Dharwar. Shops are very scarce in the remaining districts. Town shops are numerous in Surat and Bombay and comparatively so in Sholapur.

In the case of shops for the sale of country spirit there is no doubt that where there are great facilities for illicit practices, as for example in Kaira, a more liberal distribution would have the advantage of lessening the temptation to such practices. A larger number of shops would also provide for the regulation of prices by competition and would facilitate the reduction or the limit of private possession. But the local authorities are of opinion that it would increase consumption and for this reason the Committee do not recommend it. They would however suggest a thorough investigation of the question of redistribution, more particularly as between town and country, as for instance in Poona where there are 36 shops in the city and cantonment and only 32 in the rest of the district. Such an investigation would seem especially desirable in Surat, Thana, Kanara and Kolaba where country spirit shops are very numerous, and a complete overhauling of the shops of all kinds in Bombay City is

evidently necessary. Belgaum is indicated by the local authorities as a district in which reduction is contemplated.

The number of foreign liquor licenses granted in Bombay City might perhaps be diminished; and the need for the present number of toddy shops in Thana and Surat is deserving of inquiry and consideration.

Sind.

228. In Sind there do not appear to be any licensing rules, and some probability of an undesirable increase in shops is indicated by the statement of one Collector that he would regard an increase in consumption under existing licenses as a ground for granting more. There has however been a decrease in the number of country spirit shops by more than 50 per cent. in the last 20 years. The Province has a very low density of population, 68 to the square mile; 76 per cent are Muhammadans. It has more shops for the sale of hemp drugs in proportion to its population than any other Province. Karachi has more shops than any other district, namely one country liquor, one foreign liquor, one opium and one hemp drugs shop to between 7,000 and 8,000 people. The Commissioner has undertaken to make a thorough inquiry into the necessity for existing shops.

Central Provinces.

229. The Central Provinces Administration is now in process of recasting a very defective excise system, one prominent feature of which was an excessive number of shops. The population per shop of all classes exceeds the average for India in only one district—Saugor. In Wardha and Mandla it is lower than in any other district in India, *viz.*, 491 and 527. There is a shop to less than 1,000 persons in Betul, Balaghat, Chanda, Chhindwara, Seoni, Yeotmal, Bassim, Nimar, Hoshangabad and Bhandara. These low averages are partly due to a liberal distribution of shops for the sale of opium and hemp drugs, but country spirit shops are also much more numerous than in any other large Province. Six districts have one to less than 1,000 persons, six more one to between 1,000 and 2,000. The population per town shop amounts to 3,548 in Nagpur and to 5,313 in Jubbulpore. *Tari* shops are most numerous in Wardha (one to 1,058) and Bassim (one to 1,461). In Yeotmal there are 2,955 persons per shop, in Amraoti 3,388, in Ellichpur 3,965, in Nagpur 5,653, and in Akola 6,620. Jubbulpore has the largest number of foreign liquor licenses, *viz.*, one to 12,603 persons.

The local Government has already taken the question of the reduction of the number of shops thoroughly in hand, and the Committee's advice, as in the case of the still-head duty, was in the direction of deprecating too sudden a reform. The country is difficult to traverse and the population comparatively scattered, and the wide distribution of outstills in the past has spread the knowledge of distilling among the people. It is therefore necessary to proceed with caution in increasing the price of country spirit and reducing the number of shops, lest the result should be as it has been before a replacement of licit by illicit consumption.

Coorg.

230. Coorg has more shops of all kinds as compared with its population than any large Province. It heads the list both in the case of toddy, for the sale of which it has one shop to 615 people, and foreign liquor, in respect of which it has one to 22,576. In the case of country spirit it ranks fourth and has one shop to 4,013 persons. There are reasons for a liberal distribution in the low density of the population (114 to the square mile) and the difficult nature of the country, but it seems to the Committee that a scrutiny might well be made of the shops for the sale of liquors of all classes in order to see whether reduction is not possible without giving room for illicit production.

Ajmer-Merwara.

231. Ajmer-Merwara has an average population per shop of all kinds very nearly equal to that for the whole of British India. Country spirit shops are most numerous and amount to one to 3,289 persons; opium shops (one to 8,516) rank next; then shops for the sale of hemp drugs and, last, shops for the sale of foreign liquor (one to 59,614). Regarding this Province the Committee are not in possession of sufficient information to justify them in making any suggestions.

Baluchistan.

232. Baluchistan has a population of 7 to the square mile, mostly Muhammadan, and one country spirit shop to 2,835 people. The shops serve isolated stations, and no change appears to be called for.

Cantonments in Native States.

238. On such figures as are available the shops in Cantonments and Residency limits appear to be decidedly numerous. Those in Hyderabad territory have one toddy shop to 662, one country spirit shop to 985, and one foreign liquor shop to 5,163 persons. Bangalore has a population of 1,599 per foreign liquor shop, of 4,480 per country spirit shop and of 9,955 per toddy shop. In Mhow and Neemuch the population per country spirit shop is 4,505 and 4,874 respectively, and in Nowgong 5,753. The Indore Residency limits have one foreign liquor shop to 1,853 persons and one country spirit shop to 11,118. It is believed that a thorough investigation in these areas will show that large reductions can be made.

The policy suggested.

234. In the licensing rules of the future the Committee would recommend a combination of the policies in force in the United Provinces and the Punjab, securing fully the benefit of local knowledge while imposing the check of superior authority on personal idiosyncracies. The essential thing is to ascertain for each tahsil or other sub-division of a district the number of shops required to provide for the needs of regular consumers. This only the local officer can do. But since opinions vary as to the circumstances which justify the opening or closing of a shop and experience shows that leaving the matter to local discretion results in unduly wide divergence of practice, it is recommended that the lists of the local officers should be submitted for approval to a higher authority which, after scrutiny and such alteration as may be necessary, should fix a maximum and minimum for each tahsil or sub-division. The local officer should then be given full discretion within these limits, but should be required to seek the sanction of higher authority to any departure from them. In the case of towns somewhat more definite rules may be prescribed. The objection to a population limit applies in this case with much less force, and there would probably be little difficulty in applying to all considerable towns in India the maximum in force in the United Provinces (one country spirit shop to 5,000 persons) or, if it were preferred, effect might be given to the procedure recently adopted in the Punjab of fixing after inquiry an exact number of shops for each city.

Licenses for sale at fairs and festivals.

235. In addition to permanent licenses temporary licenses are granted in the case of country spirit for sale at fairs and festivals and in that of foreign liquor for entertainments and the like. The latter have already been dealt with. The rules governing the grant of the former provide generally for the disposal of temporary licenses on the same principles as are adopted in the case of permanent shops, provided that there is no existing permanent shop near enough to supply the wants of the collected people. In Bengal and Eastern Bengal and Assam proposals for grant of licenses for sale at fairs and festivals are required to be sent up ordinarily with those for the settlement of permanent shops, and a distance as well as a time limit is imposed. A distance limit is in force in the United Provinces and the Punjab together with a population limit in the former. The licenses are not auctioned in Madras, but temporary licenses are granted for not more than ten days at a time at the discretion of the Collector, the nearest license having the preference. In the North-West Frontier Province no sales are allowed except at permanent shops.

Objections are taken to these licenses on the ground that they are unnecessary and spread the habit of drinking among persons who have come together for a religious or holiday purpose and who would not drink liquor if it were not put in their way. There is no doubt that this may result if grant is unrestricted. At a religious fair in a Native State as many as 13 liquor dealers have been found selling in a single compound. On the other hand, where permanent shops and private possession are as rigidly kept down as they are in some Provinces, there is an equal danger in allowing large numbers of habitual or occasional consumers to come together where they have no means of licitly gratifying their appetite.

In dealing with this question in the circular letter above quoted (paragraph 215) the Government of India observed that the habits of the people are so widely different in different parts of India that they doubted whether any general rule

could expediently be laid down and, in leaving the matter to the discretion of Local Governments, added: "In certain parts of the country and among certain classes where alcohol is drunk only on special occasions, such as marriages and funerals, it might be feasible and desirable to prohibit the sale of alcohol at public assemblies; but in other localities where the consumption of liquor in moderation is a general habit, the proposed restriction might prove an unnecessary hardship interfering with a perfectly legitimite demand." Since receipt of these orders the number of temporary licenses granted has been reduced by more than one Local Government, but no change has been made in the rules except by the Governments of Bengal, the United Provinces and the Central Provinces. In the United Provinces, where strict rules on the subject were already in force, orders have been issued prohibiting the grant of such licenses in the case of fairs lasting only one day if less than 10,000 persons are expected to assemble. In Bengal and the Central Provinces power to grant these licenses has been restricted to the Commissioner of Excise, who is required in the latter Province to report each case of grant to higher authority.

The Committee do not suggest any additions to the orders already issued. The matter is one which must be governed by local conditions. In the south of India with a country spirit shop to 3,298 people, a density of the population of 270 to the square mile, a large proportion of habitual drinkers and a number of comparatively small assemblages to be considered, the grant of temporary licenses does little to increase drinking and the refusal of them would do little to check it. In the Punjab, on the other hand, there are four times the populaltion per shop, a lower density, a large proportion of only occasional drinkers and the *melas* involve very large concourses lasting for days together. Here the question of grant of temporary licenses assumes grave proportions. If they are granted there will certainly be heavy consumption, if they are not a large number of people who are accustomed to drink at festival times will be left without means of supply and will almost certainly take steps to supply themselves illicitly. The choice between these evils can be made only by officers with a full knowledge of local circumstances, but the Committee would submit that in such cases control of the licensees' operations by a responsible officer is specially necessary.

Location of shops—the policy of the Governments.

236. In regard to the location of shops the Government of India have approved the rules in force in Bengal and Madras and commended the former to the notice of other Local Governments, adding that the location of existing shops should be periodically examined with a view to ascertaining whether it conforms to the rules in respect of sites, and that it should be laid down as a general direction that an established shop must not be allowed to remain on a site which would not be permissible for the location of a new shop. It will be convenient to reproduce the essential portion of the Bengal rule: "In any case no new liquor shop should be opened in a bazaar or at the entrance to a bazaar nor near a bathing *ghat* or any other place of public resort, school, hospital, place of worship, factory, in the interior of a village, at the side of a road leading to a bathing *ghat* or other place of water-supply. In some districts, the side of a main road or a village inhabited by aborigines of known drinking habits should also be avoided. A liquor shop should not be inaccessible to persons requiring liquor, but it should not be in such a situation as to obtrude itself on the attention of the public or to render persons passing by subject to annoyance from persons drinking."

Rules on these lines have been or are being generally adopted, but progress in carrying them into effect must necessarily be gradual. There is a natural and, the Committee think, a wise reluctance to interfere immediately with a number of established sites, and there are very great difficulties, specially as long as the auction system continues, in finding new sites to take the place of those that are condemned. The case is stated emphatically by the Commissioner of Abkari, Bombay, in a letter which is already before the Government. He says: "Objections to the sites of existing shops also receive careful attention and in some cases the sites have been changed; but odjections of this kind are infrequent, and the general opinion of the District Officers is that there is little fault to be found with the situation of existing shops. It is however necessary to use extreme caution in dealing with objections

to sites of shops, since experience has shown that they are often prompted by evil or unreasonable motives. Some of them are made simply and solely for the purpose of extorting black mail from the licensees; more are got up by disappointed competitors for the licenses, and many are made by fanatical temperance reformers, whose real objection is not to the unsuitability of any given site but to any liquor shop being opened anywhere. In the Town and Island of Bombay, where the number of shops is fixed, but the licenses are sold periodically by auction, and a new licensee has generally to find a fresh site for the shop, objections are invariably made to every change of site; and it is becoming increasingly difficult to find suitable sites for shops. This difficulty will presently arise in the districts into which the single shop system has been introduced. It is obvious that the number of suitable sites in any place is limited, and if the sites of the shops are constantly being changed, there is an evident risk that more or less unsuitable sites will from time to time be selected." It should further be observed that opposite opinions are held among temperance reformers themselves on essential principles underlying the question. While some advocate all possible publicity being given to liquor shops, others would have them placed where they are out of sight and offer no allurement or temptation; and while one party urges that they should be congregrated in one place, many have objected to the concentration of even a few shops as a grave evil. Among the Governments also there are divergences in practice, Bengal prohibiting shops in the interior of villages, while the United Provinces will allow none to be placed outside the *abadi* or inhabited site.

The Committee's recommendations on general principles.

237. The Committee can best aid in the disposal of this matter by attempting to clear up these points of divergence. It appears to them that there are three cases to be considered:—(1) Village shops in areas inhabited by aboriginal tribes or other classes who need specially to be protected against themselves; (2) other village shops; and (3) town shops. In the first case, which arises in districts such as Ranchi in Bengal and generally in the tea-planting districts of Assam, there are undoubted advantages in a distance limit, and the location of shops at a bazaar to which aborigines periodically resort is much to be deprecated. No exact rules can be laid down for the selection of a suitable site in such a case, but it may safely be said that shops should be restricted to the smallest possible number and should never be placed on a main road or in any other position that will put temptation in the way of the aborigines. In the case of ordinary villages the advantage appears to the Committee to lie in location within the village site where policing is easy and the respectable inhabitants will assist in securing proper management. Both in this case and in that of town shops it is necessary to strike a mean between over-publicity and concealment. The Committee have considered many opinions and would commend that of the Excise Commissioner of the Punjab. He writes: "The correct principles to follow in locating a shop appear to be these: its position should be so far public that persons entering it should not escape observation, and that supervision should be rendered easy, but it should not be so prominent as to compel attention, *e.g.* by occupying a whole side of a public square . . . or a 'corner-lot' . . . . , it should never occupy a position to which the near neighbours object on grounds which upon inquiry appear to be other than grounds of personal spite; and so far as possible it should be at a distance from religious and other institutions" of the nature referred to in the Bengal rule. It remains to remark that in towns it is practically impossible under the operation of the auction system to secure sites fulfilling these conditions unless they are acquired by Government. This course is recommended by several authorities, and is approved by the representatives of the Calcutta Tempenance Federation so long as it does not tend to render permanent the existence of shops which might otherwise be abolished.

The decision as to location—Local option impracticable.

238. A point on which temperance advocates have laid more stress than on any other is the grant of local option. This matter has not been referred to the Committee for consideration, but in view of the importance attached to it in some quarters it may be well to notice it briefly. Its advocates do not explain the term; but from an examination of their evidence it would appear that a definition given elsewhere would be applicable, namely that local option is prohibition in its more rational form. Action in this

direction has never yet been taken in England, nor did the Royal Commission on the Liquor Licensing Laws recommend that it should be attempted. Where it has been tried as in America, the best temperance opinion is doubtful of its entire efficacy. Messrs. Rowntree and Sherwell * are "unable to believe that local option, if adopted, would solve the problem where it presents the gravest difficulties (*i.e.* in the towns and cities)", but think it "probable that it would find fruitful operation in the rural districts, as well as, occasionally, in a suburb or ward of a city". Dr. Gould † reports it in America to be "confined to country districts and harmful outside its own area". The conditions of India are peculiarly unsuited to the adoption of any such system. To quote the Government of India's Despatch No. 29 of 1890: "A system of local option would throw the whole administration into confusion, and would in some places create an intolerable class tyranny which might have very serious political effects. We doubt greatly if a Sikh community would quietly submit to the total prohibition of liquor by a Muhammadan majority, and we believe that in some tracts local option would lead to the indefinite multiplication of liquor shops and the reduction of the rate of duty to a minimum. . . . . Any system of local option presupposes the existence of a highly developed system of local or municipal institutions to which representatives are elected by the mass of the people, and in which all conflicting interests command their due share of attention. No such system exists in India." The Select Committee on the Bengal Excise Bill of 1904, having considered the progress made in the matter since the above lines were written, arrived at the conclusion that local option properly so called is no less impracticable now than it was 14 years ago, and the Committee of the Calcutta Temperance Federation in a letter written as recently as 7th April 1906 state frankly that after full consideration of the question they can name, even at the capital of the Empire, no registry of voters qualified to decide the questions at issue. It may thus be taken as settled that, whether it is in itself a desirable measure or not, local option as understood in America is no more possible in India in 1906 than it was in 1890.

The objections to sites are most prevalent in the Presidency towns.

239. This being so it remains for the Committee to consider, first what is the best licensing authority, second how such authority can best be informed as to local opinion. From an order of the Government of India of 1871 which has already been quoted (paragraph 197) it would appear that the original intention was that licensing should, as in England, be a magisterial function. It still continues in the hands of the Collector-Magistrates, though it has come in the course of years to be regarded as a part of their revenue duties. The only cases in which there is any exception to this rule are the Presidency towns; in Calcutta licensing is one of the functions of the Superintendent of Excise Revenue who is not a Magistrate, in Madras a Deputy Commissioner of Abkári has been created a Collector for the purposes of the Excise Act so far as Madras Town Circle is concerned, and in Bombay the Collector is the licensing authority, but exercises no magisterial functions. It is in the case of the Presidency towns that the necessity for a change is most strongly urged by reformers. The authorities proposed are the Municipal Councils or the Presidency Magistrates. The proposal to entrust licensing functions to Municipal and Local bodies is not a new one. It has been rejected before on the grounds that they are not representative of the main body of the people, that they are largely composed of persons who are taught by religion or caste to regard all alcohol as evil and that they are in no way responsible for the excise administration or for the maintenance of law and order. These reasons continue to have full force. While therefore regarding the local bodies as valuable exponents of certain sections of public opinion to which due attention should always be paid, the Committee cannot recommend that they should be invested with licensing functions. With regard to the Presidency Magistrates, the Committee doubt whether they would have either time or sufficient experience of excise administration satisfactorily to carry out the work, and fear that the transfer of such authority to their courts would open a wide field for chicanery, as it is not unlikely that many objections would be made merely for the purpose of levying blackmail from intending licensees and that legal formalities would be abused accordingly.

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* The Temperance Problem and Social Reform, page 207. † Popular Control of the Liquor Traffic, page 77.

240. At the same time there is room for much improvement in dealing with licensing in the Presidency towns, and the shortcoming may partly be due to the fact that the licensing officer has been in Calcutta in a comparatively subordinate position, in Madras an officer who had to tour over a large part of the Presidency, and in Bombay the Collector of Customs who had multifarious other duties to perform. But it is much more largely due to the auction system under which a number of licensees are bound from year to year or period to period to find private premises within which to exercise the rights which they have purchased for high prices. The difficulties of securing such sites even in the neighbourhood of a formerly sanctioned location are sufficient to render any licensing authority extremely chary of making a change in site. They have been increased by the action of some temperance associations which, with the object of reducing the number of shops whenever possible, have taken advantage of every opportunity of objection, both in the rare case of the opening of a new shop and in the less uncommon one of the transfer of an existing license to another site. The net result has been that apart from change of premises in the same locality the situation of shops in the Presidency towns has remained very much as it was, although the population has shifted considerably. A thorough overhauling is needed, and it is suggested that this should be undertaken in the first instance by a local committee to be presided over by the Commissioner of Excise in Calcutta and in Madras and Bombay by the Collector, and to consist in addition to the president of representatives of the local Corporation and the Police Department, with final control in the Chief Revenue Authority.

Their reference to local Committees proposed.

241. For the future the Committee would suggest that licensing should as elsewhere be placed in the hands of the Collector in Madras and Bombay, where, as a result of the separation of Customs duties from those of the ordinary Collectors, there will now be available an officer of the Civil Service who can attend properly to licensing questions. In Calcutta the change in the Customs arrangements involves no change in the Land Revenue staff, and in view of the comparatively subordinate position occupied by the Superintendent of Excise Revenue the Committee would suggest that the Commissioner of Excise should be entrusted with this duty. Outside the Presidency towns they recommend no change in the rural and the smaller urban areas, but suggest that the settlement of the sites of shops in the larger cities might with advantage be carried out by the revenue authority in concert with a local committee properly representative of the population affected.

The licensing authority should ordinarily be the Collector.

242. For the purpose of ascertaining local opinion it is at present usual to give the public information of the intention to open or transfer a shop by a notice published in the Gazette or affixed to the proposed site of the shop or exhibited on places near it or at police stations in the neighbourhood, or by beat of drum and proclamation in the locality concerned, and after a reasonable interval to hold a local inquiry, with or without the formal hearing of objections. What is required is a method which will give the fullest opportunity for the expression of genuine local opinion, while excluding extraneous and factitious objections. In the Committee's opinion a notice put up at or near the proposed site and published in the locality by beat of drum is to be preferred to a notification in the Gazette, because the former directly appeals to the persons actually concerned, while the latter invites the objections of those who desire to close all shops for the sale of liquor, whatever their site may be. For similar reasons the Committee are of opinion that a local and personal inquiry by a district officer is much to be preferred to a formal diet for evidence. The former secures knowledge of the actual opinion of the respectable law-abiding inhabitants who have any desire to be heard; the latter is apt to elicit only the contentions of persons of extreme views or litigious character. While therefore not objecting to formal inquiries where the Local Governments may find these to be necessary, the Committee would strongly urge that reliance should mainly be placed on personal inquiry made on the spot by a fully qualified local officer.

Means of ascertaining reasonable local opinion.

243. In addition to the general provision for ascertaining local opinion, the law and rules make special provision for consultation of particular local bodies and officers. Commissioners of Police in Presidency towns give their own licenses or certificates under the Police Acts; Municipal Councils are required by rule to be consulted in Bengal, the United Provinces, Madras, and the Central Provinces, and the framers of the Bengal Excise Bill, while expanding the rules, have proposed to make them part of the substantive law; Local Boards and Railway authorities are to be consulted in the United Provinces and the Central Provinces; and the Forest authorities in the Central Provinces. The Bombay Government does not consider it expedient to consult Municipalities and Local Boards, on the ground that such bodies are in no way responsible for the excise administration or for the maintenance of law and order and that to ask for their advice on a local question would be regarded as the reverse of complimentary unless the advice were accepted.

Bodies and persons to be specially consulted.

It appears to the Committee desirable that opportunity should be given for the expression of opinion by local bodies, by Railway authorities in the case of shops near stations, and by Forest Officers in the case of those that supply aboriginal tribes inhabiting the forests. The Collector-Magistrate, as head of the police of the district, will be aware of objections on police grounds. The Committee would add an instruction for the consultation of large employers of labour, such as mill or colliery owners or planters, in the case of shops affecting their labour force. With the aid of these regulations the Indian licensing system will closely correspond to that of Sweden and Norway where "the licensing authorities in the cities, towns, and villages of both countries are the magistracy, acting with the advice of the municipal representatives or general town meeting, and with the formal assent of the governor. The reason why the latter functionary is made a party to the transaction is that, *ex-officio*, he is the chief of the police system of the province. Hence, when consenting to licensing concessions he will naturally have in mind the facilities offered for policing public-houses, and knows better, perhaps, than any one else the records of the applicants."*

244. The procedure in consultation of local bodies is defined in Bengal, Eastern Bengal and Assam, the United Provinces and Madras. The existing Bengal rules provide that the Collector shall before the commencement of the excise year notify to the municipal commissioners the sites of all shops proposed to be licensed within municipal limits, carefully consider their objections, if any, and, if he does not accept them, refer them to the Commissioner of Excise for decision. The same rules are in force in Eastern Bengal and Assam. In the United Provinces and Madras Municipal Councils are consulted only when a change in the number or sites of shops is contemplated. In the latter case it may be noticed that it is not considered "desirable that the sites of shops should be too precisely fixed and notified, as this might throw the purchaser into the hands of the owners of the only possible house or houses, and, should he be unable to come to terms with them, complication with other shopkeepers may result from his being permitted to use a site outside the notified limits." The rules therefore provide that the locality only is to be notified, and this is defined as comprising in towns the street or streets in which the shop may be opened. The practice in Bombay City, on the other hand, is to give notice after the licensee has selected his site to all occupiers of houses within 100 yards of it.

Procedure in consultation of local bodies.

In the last draft of the Bengal Excise Bill it is proposed to give legal sanction to the existing rules after expanding them as follows. In the case of mufassal municipalities the Collector is to send to the Municipal Chairman a suitable time before the commencement of the licensing period a list of shops proposed to be opened within municipal limits; the Chairman should publish the list at the municipal office, and in the case of new shops, by beat of drum in the localities in which they are proposed to be opened, and send to each ward commissioner a list of the shops in his ward.

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* Popular Control of the Liquor Traffic, page 3.

A definite period for receipt of objections being fixed by the Chairman, that authority should forward them with his opinion to the Collector. The latter officer is to submit these objections and any others he may receive direct with his proposals to the Excise Commissioner whose decision will be final. In the case of Calcutta the same method is to be followed except that in the event of the Excise Commissioner not accepting the opinion of the Chairman of the Corporation the point of difference between them is to be referred to the Board of Revenue for decision. A similar procedure is to be applied as far as practicable to the case of mufassal shops outside the limits of municipalities.

While fully approving the principle of laying down definite orders in reference to the manner of ascertaining local opinion, the Committee cannot concur in the proposal to take the decision of questions of location out of the hands of the Collector. They will not attempt to suggest any general procedure. The circumstances of different Provinces and the state of development of local self-government are too various for this to be possible. But they would lay stress on the necessity everywhere for local inspection and inquiry and the maintenance of the authority and enforcement of the responsibility of the local officers, and they would deprecate any attempt to convert into substantive law provisions for consultation which must be experimental in the first place and which can amply be dealt with by executive order.

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## CHAPTER XII.—RESTRICTIONS ON THE RETAIL SALE OF LIQUOR.

Instructions received.

245. Another sanction of the order appointing the Committee is concerned with restrictions on sale designed with the object of checking drunkenness. The Committee are instructed to consider how far it is possible to minimise the dangers arising from the traffic in drink by prohibiting the sale of liquor to children or to drunken persons and by checking the occurrence of drunkenness in the neighbourhood of shops or stills; and to report whether drunkenness might not be discouraged by forbidding the sale of country spirit above a fixed low strength, whether such a general prohibition would be open to objection, and what measures can be adopted to discourage the clandestine purchase of liquor by members of classes whose religion or caste forbids the use of alcohol. They are also to bring to notice cases in which there appears to be a tendency to press increase of excise revenue for its own sake and not merely as a means of reducing consumption and any regulations of the local excise systems which may tend to lead to increase of drinking, the imposition of a minimum guarantee on shopkeepers and the fixation of maximum selling prices being cited as specific instances of such a tendency.

With regard to these considerations the defects which the Committee have to bring to notice lie in practice rather than in precept. It is easy to point to rules or license conditions giving effect to the leading principles accepted as properly restrictive of trade in liquor, but there are many instances in which these have not been carried out in the way intended.

The restrictions that are desirable.

246. The restrictions on the sale of intoxicants which the experience of many years and many places has proved to be desirable are stated by a leading American authority * to be chiefly these :—

"There should be no selling to minors, intoxicated persons, or habitual drunkards.

"There should be no selling on Sundays, election days, or legal holidays in general, such as Christmas Day, Memorial Day, and the Fourth of July. Where, however, such a restriction is openly disregarded, as in St. Louis, it is injurious to have it in the law.

"Saloons should not be allowed to become places of entertainment, and to this end they should not be allowed to provide musical instruments, billiard or pool tables, bowling alleys, cards, or dice.

"Saloons should not be licensed in theatres or concert halls; and no boxing, wrestling, cock-fighting, or other exhibition should be allowed in saloons.

"Every saloon should be wide open to public inspection from the highway, no screens or partitions being permitted.

"There should be a limit to the hours of selling, and the shorter the hours the better. In the different States saloons close at various hours. Thus, in Maine cities in which saloons are openly maintained, the hour for closing is 10 P.M., and in Massachusetts it is 11 P.M., but the county dispensaries of South Carolina close at 6 P.M.

"It has been found necessary to prevent by police regulation the display of obscene pictures in saloons, and the employment of women as bar-tenders, waitresses, singers or actresses.

Under the Gothenburg system spirit is not allowed to be sold in such quantities as are likely to cause intoxication, all sales are to be strictly for cash and the price list is sanctioned by authority.

With the exception of the prohibition of sale on Sundays and holidays which is not applicable to Indian conditions and that of sale to habitual drunkards which is not practicable under the present law, these or similar restrictions are embodied.

* The Liquor Problem in its Legislative Aspects, by the 'Committee of Fifty,' page 11.

in the licenses issued in most Indian Provinces, though undoubtedly they are not always strictly enforced. The Committee propose to consider the possibilities of improvement in this regard under the heads (1) conditions relating to buildings, (2) sanctioned hours of sale, (3) persons by whom sale is prohibited, (4) persons to whom sale is prohibited, (5) restrictions on quantity sold, (6) restrictions on strength and price, (7) general conduct of premises, and (8) official control.

Conditions relating to buildings.

247. Under the head of conditions relating to buildings the questions which arise are whether (*a*) back and side entrances should be prohibited, (*b*) private rooms should be permitted, (*c*) the whole interior should be visible from the doorway, and (*d*) residence on the premises should be allowed.

(a) Prohibition of back and side entrances.

Back and side entrances are prohibited in Calcutta and windows opening into the street are required to be covered with wire netting. In Bombay City a similar regulation is enforced in the case of doors and windows not opening on to a public road. These provisions are necessary for the prevention of secret drinking and sale after hours, and should be general so far as town shops are concerned. An additional police precaution suggested for Calcutta by the local temperance association is a grating in the door to facilitate detection of sale after closing time. An order to the opposite effect is in force in the liquor market of Surat referred to in Sir Frederick Lely's memorandum which was dealt with in the circular letter from the Finance and Commerce Department, No. 2455-S.R., dated the 21st April 1904. There, according to the witnesses who gave evidence before the Committee, Mr. Lely as Collector gave orders that doors opening into the public road should be closed and access to the shop allowed only from the back and side, the purpose being to prevent respectable people being molested by drunken persons.

(b) Prohibition of private rooms.

On the subject of the prohibition of private rooms opinion is not unanimous. It is objected by some authorities that it would only lead to a worse evil in the shape of drinking at home. Another objection is that there are sometimes two classes of frequenters of a liquor shop, of which one would suffer contamination by contact with the other. The Committee have carefully considered the matter, and are of opinion that those who advocate the provision of private accommodation in liquor shops on the score of the danger attendant on home drinking are apt to exaggerate that danger. While not recommending a general prohibition of private rooms they consider that the provision of such accommodation should be restricted and controlled. In the United Provinces private rooms are allowed to exist only on the condition that the entrance to them is through the main shop or bears a notice board indicating that it is an entrance to a liquor shop. This condition might be generally prescribed, and it might further be advisable in most Provinces to require that private rooms be specially sanctioned by the licensing authority.

The case of the Punjab demands special attention. The consumption is large and the shops few and local custom has made them places of assembly. The following account of the ordinary country spirit shop is taken from the Excise Commissioner's letter which has already been quoted (paragraph 237):—"The character of the Indian spirit shop differs greatly in the large centres and in the smaller towns and rural tracts. The typical rural shop is located in a zamindar's house with a yard about it, and those drinkers who wish to linger over their cups squat down in the yard on the bare ground, or at best on a *takht* or dais, of the kind which one sees in the village *chaupal*.* In the larger towns, the shop has a close resemblance to the second-class imported liquor shops . . . . . Sometimes, as in Lahore and Rawalpindi, it is a regular rabbit-warren of passages and chambers, upstairs and downstairs, very difficult to supervise. At Amritsar, where accommodation is cramped, there is often an annexé next door or over the way, where good company congregates in the afternoons. Side doors and back doors are very common, and the evening closing rule has a tendency to become a dead letter. In the cantonments and other places where dhobis, grass-cutters, and other similar

* Guest-house or place of assembly.

castes in European service are numerous, the shop is a regular club-house for *panchayat* meetings. Questions of betrothal and divorce, punishments for offences against caste rule, and other matters of common interest, are settled on the premises with the help of the bottle; and fines are paid in liquor and drunk then and there by the adjudicating tribunal. There is no condition in the license which enjoins, or even justifies, refusal to serve a drunken man; and it is the frankly admitted custom to continue supplying a customer so long as he is conscious and can pay. The *panchayats* sit long and sometimes late; and their *chaudhris* * are persons whom the liquor dealers make a point of keeping in good humour, by presents of liquor and even of money." The Local Government has ordered experiments to be made in the direction of prohibition of private rooms before deciding on any more definite action in the matter. The Committee fully concur in the wisdom of this course, but would suggest that, concomitantly with experiments in the direction of more complete reform, measures should be taken for removing the prominent defects in existing premises as brought to notice by the Excise Commissioner. A regulation has already been issued requiring liquor shops to be opened only in buildings of one storey.

(c) Making the whole shop visible from the doorway.

The only Government that requires shops to contain no angles or recesses or any part not visible from the doorway is that of the Central Provinces. The desirability of such a regulation is generally accepted subject to the exceptions which arise in cases referred to in the previous paragraph, though the difficulty of obtaining new premises may in cases delay its enforcement.

(d) Residence on the premises.

The rules in force in Madras and the Central Provinces require that sales shall be conducted in a suitable building of which the whole or part must be entirely set aside for use as a shop, and that, if there are means of communication between the shop and an adjacent dwelling house, they must be kept closed at night. Some temperance advocates have urged that residence on the premises should be entirely prohibited. The Committee cannot accept this suggestion which would involve the shopkeeper in unnecessary expense and render him unable to safeguard his property. But they think that a rule on the lines quoted might be generally applied.

The Assam and Bombay orders insist on cleanliness, the latter providing for an annual whitewashing. While this rule like the foregoing is eminently desirable, it is hardly necessary to add that the easiest way of ensuring respectable premises is to secure a respectable licensee with some fixity of tenure.

Hours of sale.

248. The hours within which sale is most commonly allowed are between sunrise and 9 P.M., but in towns shops of particular classes are allowed to be kept open till 10, 11, and 12 P.M. As already noticed, sales of foreign liquor are allowed in Calcutta even later than this on payment of special fees, and in Bombay City there is no closing hour for hotels, while some refreshment rooms are specially licensed to sell all night. Sale after hours is alleged to occur almost everywhere, while the effect of enforcing restrictions in Calcutta is reported to have been an enlarged sale in brothels, a result which is facilitated by the high limit of private possession. The Committee consider that as a general rule the closing hour should be fixed at 9 P.M., and that this should be allowed to be exceeded only in special cases in which a special fee should be levied. In some cases earlier closure is desirable. In Assam it has been proposed to close shops frequented by tea-garden coolies at 4 P.M. in the cold weather and 6 P.M. in the hot weather. The gentlemen who conducted the canteen experiment went even further and opened for only two hours in the afternoon on week-days and in the mornings of Sundays. It may be desirable to enforce similar regulations where similar circumstances exist or arise.

It will be useful to note here the cases in which temporary closure is required. All shops may be closed under orders of the Collector when troops are encamped or marching in the vicinity. They may also be closed at times of

* Headmen.

religious excitement, festivals, or disturbances. In Bombay a salutary rule is in force which requires closure on the shopkeeper's own motion on the occasion of a riot or disturbance in the neighbourhood.

Persons by whom sale is prohibited.

249. In Bengal, Eastern Bengal and Assam, the United Provinces, and Bombay no person may be employed in the sale of liquor without the specific approval of the Collector. In Madras and the Central Provinces the Collector may require all employes to be reported for his approval, but he uses the power only where circumstances show it to be necessary to do so. The employment of women except under sanction of the Board of Revenue is prohibited in Bengal. The form of lease for a *tari* farm in the United Provinces prohibits the licensing by the farmer of minors, females, and eunuchs, and the Madras and Central Provinces licenses prohibit the employment of persons suffering from leprosy or contagious diseases. Prohibition of the employment of minors in Bengal is one of the proposals made in connection with the Excise Bill.

On the subject of the general restriction the Committee think it sufficient to quote the evidence of a Bengal Collector:—"I do not know the character of ninety-nine out of a hundred of the vendors, nor could you get other ones in many cases. It is quite impossible to enforce the rule regarding the requirement of approval after enquiry. The men are simply registered and there it ends." It seems to the Committee that it is desirable to have the power of approval in reserve for enforcement if necessary, but that actual approval in every case is apt to result in mere formality. With regard to the specific prohibitions the Committee thoroughly approve that of the employment of minors and diseased persons. The prohibition of the employment of women is a question on which considerable difference of opinion exists. It is urged by persons used to town conditions and refers more particularly to barmaids. There is no doubt that in towns the employment of women at liquor shops is generally undesirable. There is no class of respectable women in the cities of India who look for employment in such a capacity; and the Committee can regard the women who do, whether they are natives of India or foreigners, only as allurements to the larger consumption of liquor. On the other hand, sale by the wife of a licensee or by a respectable female is open to no valid objection on the score of sex; it is a common family division of labour; many a *tari*-drawer is employed the greater part of the day in tapping his trees while his wife sells the *tari* to customers. A prohibition of sale in such cases would be an unwarrantable hardship. In the Committee's opinion a superior revenue authority should be invested with the power of prohibiting the employment of women in liquor shops when they are used to push the sale of liquor or offend against morality and decency.

Persons to whom sale is prohibited.

250. The catalogue of persons to whom the sale of liquors is either prohibited or proposed to be prohibited is a long one. They may be considered under the following heads:—

(*a*) soldiers and persons connected with them;
(*b*) officials on duty, namely, sailors, policemen, excise officers, and servants of railway companies;
(*c*) European vagrants under escort of the police;
(*d*) insane persons;
(*e*) drunken persons and habitual drunkards;
(*f*) children; and
(*g*) women.

Soldiers.

(*a*) Practically all licenses contain conditions against sale to European non-commissioned officers or soldiers or to sepoys in uniform, and some add members of soldiers' families, camp followers, and persons living in barracks. The form of the conditions enforcing the prohibition is very variable, having been expanded from time to time in different areas as evasions showed expansion to be necessary. The Committee do not propose to discuss the variations in detail, but think it would be useful if they were examined by some competent military authority and a general condition prescribed for adoption.

(*b*) The prohibition of sale to policemen, excise officers, and railway servants on duty calls for no remark. In the case of sailors, it appears right to retain or insert a condition prohibiting vend to them when on duty, though the occasions for the application of this condition may be few.

Officials on duty.

(*c*) and (*d*) Sale to European vagrants under escort of the police and to insane persons is doubtless undesirable, but there are next to no instances in the Committee's knowledge in which the condition contained in the licenses has been disregarded.

European vagrants and insane persons.

(*e*) The compulsory refusal of further supply to drunken persons which is already in force in some Provinces should certainly be made general. In the Punjab there is at present no such condition except in the fixed fee licenses for the Sikh districts, and the Committee found on their inspection of shops several cases of drunkenness on the premises. It does not appear to them that the country is ripe for the prohibition of sale to habitual drunkards, if only for the reason that there is no general law under which a man can be convicted for mere drunkenness.

Drunken persons.

(*f*) Sale to children is prohibited in the outstill areas of Bengal and Eastern Bengal and throughout Assam, the United Provinces, the Punjab, Madras, Bombay, and the Central Provinces. The limit of age is 12 in Bengal, the United Provinces, and the Central Provinces, 14 in Madras and in Bombay 14, raised in a few cases to 15. In the Punjab there is no limit nor in fact is actual sale to children prohibited. The condition in the license merely requires that liquor shall not be supplied knowingly for the consumption of minors, and it is reported by the Excise Commissioner to be practically a dead letter. This condition has been amended in the form of license issued for the Sikh districts. The Committee themselves witnessed sale to children under an outstill license in Bengal. In this Province a general prohibition of sale to persons under 14 is proposed. This is the limit of age which is commonly accepted as appropriate, though some temperance advocates would go so far as to prohibit sale to persons under 21. The Committee would recommend a general prohibition of sale to persons under 14.

Children.

(*g*) Restrictions on sale to women are suggested on the grounds that it is contrary to the custom of the country for them to resort to liquor shops, that since the existing extent of sales to women is small restrictions of the kind could be enforced now without provoking any great amount of discontent, and that in towns at any rate the few women who do frequent the shops are usually women of bad character whose presence there should be discouraged. On the other hand it is urged that to prohibit sale to women would probably result in an unde rable traffic in liquor taking place in brothels, or in a resort to worse intoxicants. The Committee recognise the force of this contention and are not prepared to recommend any general regulation on the subject, but see no objection to power being taken for the enforcement of such prohibition in special areas where it is thought to be necessary.

Women.

251. In most areas the largest quantity allowed to be sold for removal at one time is one seer or one reputed quart bottle of country spirity, four seers of *tari* and two gallons of foreign liquor. These are the statutory limits of retail sale prescribed by Act XII of 1896. The limit in respect of foreign liquors follows European precedents, and the high limit in the case of *tari* is open to no serious objection, though it may be mentioned that in Madras, which consumes more *tari* than the rest of India put together, a half gallon limit is found sufficient. The much lower limit which is generally enforced in the case of country spirit is exceeded in parts of Bengal including Calcutta, where quantities up to twelve bottles are allowed, to be removed at one time, in Assam where three bottles are allowed and in the outstill areas of the United Provinces and in Bombay and Sind generally where the limit is one Imperial gallon. The necessity for these high limits arises from paucity of shops and from the habits of the people which demand large quantities for festival or other occasions. On the other hand there is evidence that illicit sales are facilitated by the permission to remove large quantities in Calcutta, in outstill tracts such as Darjeeling, and in parts of Bombay. It seems to the Committee very desirable

Restrictions on quantity sold.

that the limit should be reduced where possible, and they think that progress in this direction would be greatly assisted by the general adoption of rules similar to those in force in some Provinces providing for the ready grant of permits for possession of larger quantities when required for special occasions. The Committee do not propose to suggest a list of officers who may be empowered in this respect since that is a matter for the Local Governments to decide, but they think that generally the power may be granted to officers of a rank not lower than that corresponding to the *kanungo* or revenue inspector, as well as to some non-officials such as the *zaildars* of the Punjab and perhaps planters in Assam. In special cases they would extend the power to shopkeepers and they have in their draft Bill made provision that will admit of this. They would recommend that, as the grant of permits by these persons becomes more general, and as the people become accustomed to resort to them, the limit of possession of country spirit, where it is in excess, should be curtailed. In most distillery tracts it can probably be reduced without trouble to one reputed quart bottle; in some of the more remote outstill tracts it may be necessary for the present to allow the sale of as much as three bottles at a time.

Restrictions on strength and price.

252. Restrictions on strength and price are necessary in two cases: in the first, to check drunkenness or injury to the drinker by sale at too low a price or at too high a strength; in the second, where Government has imposed a high fixed duty and grants a monopoly of sale, to ensure that the poorer consumer gets what he pays for and is not injured or driven to illicit practices by the issue of an adulterated article or by a price that is quite beyond his means.

Prohibition of watering.

253. It is generally accepted that the strength of country spirit should be regulated wherever there is a staff competent to enforce the rule without undue harassment of the vendor. In the case of foreign liquor no exact regulation is possible, but proposals have been made for the control of compounding and bottling and for maintaining the standards of strength observed in England.

And drugging.

254. A regulation which exists in some Provinces and which is strongly recommended for adoption in all is a stringent prohibition of drugging. Though there is no recent analytical evidence of the detection of deleterious drugs in country spirit, the belief that they are added is as widespread and persistent as it was at the time of the Bengal Excise Commission, and the temptation to the vendor to water his liquor and make up its intoxicating properties by the admixture of drugs increases in proportion to the enhancement of the excise duty. Deaths from such practices in the case of *pachwai* have been cited. The Committee would recommend the insertion in all licenses of a condition absolutely prohibiting the addition to the liquor of any drug or other substance, and the issue of instructions to inspecting officers periodically to secure and send for analysis samples of liquor, not as it is stocked by shopkeepers, but in the state in which it is actually sold.

Sale in sealed bottles.

255. A safeguard against such practices which is strongly recommended in several Provinces and is in used in some districts of the United Provinces and the Punjab, where it appears to be giving satisfaction, is the issue of liquor to shopkeepers in sealed bottles. It is objected that this must increase the cost to the consumer. Undoubtedly it does so, but the extra cost of issuing a small proportion of the liquor in this shape will not be great, and if purchasers show a readiness to pay it, it will be a sure sign that the shopkeepers are not dealing honestly. For areas in which drugging or over-much watering is suspected the Committee would commend a regulation requiring shopkeepers to keep a moderate stock of liquor in sealed bottles on sale at a fixed price.

Issue strengths.

256. The strengths at which spirit is issued from distilleries and drunk at shops are very various. In the sadar distillery areas of Bengal and Eastern Bengal there are in all twenty-eight grades of issue strength fixed according to what was supposed to be the taste of the consumers, and these are allowed to be further altered before sale. In the contract distillery

areas of Orissa and Assam fixed strengths of 20°, 50°, 60°, and 70° U.P. are adopted as circumstances require and no watering is allowed. The issue strengths in the United Provinces used to be 25° and 50° U.P. They were altered in 1895 to proof and 25° U.P., but there is no restriction on watering, and liquor is sometimes sold as weak as 75° U.P. Proof and 25° U.P. are the issue strengths in the Punjab and the North-West Frontier Province, but as here again there is no restriction on dilution, although a certain quantity is sold at nearly the strength of issue, the bulk is sold at about 30° U.P. and some even as 65° U.P. In Madras the strengths fixed by rule both for issue and for retail sale are 20°, 30°, and 60° U.P. The accounts, which are not wholly reliable in the earlier years, show a considerable replacement of 60° by 30°, but none of 30° by 20° U.P. Over the greater part of Bombay and the Central Provinces issue and retail sale at 25° and 60° U.P. are enforced. The Bombay rates of duty slightly favour spirit of the latter strength which continues to find a ready market, and speaking generally is most largely used in the districts of highest consumption. The Sind issues vary from proof to 40° U.P. and the rates of duty differ for different kinds of spirit. A preferential rate for weak *mhowra* spirit has not aided it in competition with other spirit. The regulations enforced in Ajmer-Merwara are the same as in Bombay, but the strengths authorised are 15°, 25° and 50° U.P. In Coorg and Bangalore 20° U.P. is the only strength issued.

The prohibition of sale above a fixed low strength is impracticable.

257. The Government of India desire to be informed whether drunkenness could be checked by prohibiting the sale of spirit above a fixed low strength. On this point the Committee have taken a great deal of evidence which is practically unanimous against the proposal. The term "low strength" is of course a relative one, for what is low to the Punjabi is high to the Bihari. On the assumption, however, that consideration was directed towards issue at such a moderate strength that a glass or so of spirit would not be enough to cause intoxication, the officers to whom the question has been referred find two objections to such an arrangement, first, that people who are accustomed to strong spirit would not take the weak liquor at all, but would procure illicitly spirit of the strength to which they are accustomed or would take to the use of imported liquor; second, that the drinker who takes spirit for the purpose of intoxication would not be deterred by having to drink a certain amount of water with it.

But some changes in present issue strengths are necessary.

258. The suggestion, however, raises certain other important questions, *viz.*:— (1) whether some issue strengths are not too high, and what is the proper maximum; (2) whether some others are not so low as to create difficulties in the administration of an advanced excise system, and what is a proper minimum; and (3) whether in areas where the people are accustomed to weak spirit it is not desirable to give some advantage in the duty to the weaker kind, since it is to the interest of the shopkeeper to replace the weaker by the stronger by reason of the higher cost of carriage of the former.

The maximum desirable.

The first of these questions is one to be decided by medical authority. Major Bedford says "undiluted 25° U.P. is too strong to drink 'neat'; such spirit should be diluted. I should say that 35° to 40° U.P. is about as high as liquor should be issued if it is to be drunk 'neat.' I think 30° U.P. is a little too high." The local officers are of opinion that it would not be possible, more particularly in the Punjab, where the Jat Sikh is accustomed to a strong spirit, to reduce suddenly the maximum sale strength to the standard suggested, but it seems to the Committee that it might be done by degrees. As a first step they would suggest the cessation of sale at proof in the United Provinces and the Punjab, at 20° U.P. in Madras, and at any strength above 25° U.P. in Bengal, Eastern Bengal and Assam, Coorg, Ajmer-Merwara, and Bangalore. In Sind, where very strong liquor is drunk at present, if the local authorities consider that a reduction to 25° U.P. in the first instance would create difficulties, a commencement might be made by a reduction to 10° U.P. At a later stage steps might be taken to reduce the 25° U.P., which would be the highest sale strength in the great majority of cases, to 30° U.P. and ultimately perhaps even lower. It is to be

noticed, however, that the practice of dilution before drinking by the customers is spreading, so that it is by no means a universal rule that spirit is drunk at the strength at which it is sold. In the areas where strong spirit is now drunk any experiments made in reduction of strength will need to be very carefully watched to see that illicit practices do not ensue.

The minimum proposed.

The difficulty attaching to issue at a very low strength is that it has repeatedly been found that a very weak spirit will not keep, but turns to vinegar, thus causing the consumers injury as well as dissatisfaction. The Committee have satisfied themselves that a spirit of 60° U. P., if properly manufactured, will both keep and carry, and it seems to them that this is the lowest strength at which issues need ordinarily be allowed. In special cases, as for instance among aboriginal tribes, arrangements may be made for issue of a weaker liquor. In Provinces such as the United Provinces where there is at present no provision for issue at a strength lower than 25° U. P. the Committee would suggest that arrangements should be made for issue at 50°, which might be reduced to 60° when the higher strength is lowered to 30° U. P.

Differentiation in favour of weak strength.

259. In areas where weak spirit is now drunk a small differentiation of duty in favour of the lower strength appears to be necessary to prevent its being ousted by the stronger liquor which is more profitable to the shopkeeper. In Bombay the differentiation involved by taxing 60° at half the rate imposed on 25° U. P. has kept the former in the market, while in Madras under the imposition of taxation exactly proportionate to strength it has almost gone out of use. Another expedient adopted in Bombay and proposed for Bengal is to require the shopkeeper to maintain a stock of the weaker liquor. The Committee see no objection to such an arrangement if it is thought desirable.

Minimum prices.

260. Regulations as to price require sale either above a minimum, at a fixed price, or below a maximum. Minimum prices are imposed commonly in the case of articles which pay no fixed duty, the object being to check excessive indulgence. Though it is generally admitted to be almost impossible to enforce them in specific instances, they have a beneficial effect on the general policy of the liquor sellers by compelling them to take a moderate profit on a moderate sale and restraining them through fear of losing their licenses from a bolder policy of reducing prices and so increasing consumption as to make the trade as a whole more profitable.

Maximum prices.

261. Maximum prices which were in effect fixed prices were imposed in 1905 in the four districts of the Punjab where illicit distillation is especially rife, licensees being required to sell at not more than 12 annas a bottle of 25° U. P. The purpose of the regulation is to put licit liquor on the market at a price which the people consider reasonable and to check an enhancement by the licensees to such a point that the consumers will prefer to run the risks involved in procuring illicit liquor.

A regulation having a similar object is in force in Madras and the Central Provinces where licensees are required to publish their current prices on their notice boards. This acts as a protection to the consumer and informs the inspecting officer of undue reduction or enhancement.

A similar publication of actual prices is generally required in Bombay, and in addition maximum prices are almost universally imposed. Their purpose is to prevent licensees who enjoy an actual or practical monopoly from driving the poorer consumers to illicit practices by putting up prices to a figure which only the respectable class, who are the most paying portion of their *clientèle*, can afford. A regulation of a like nature is imposed in Madras in the rare cases in which shops are opened under a commission system to meet combinations of bidders to defeat the auctions. In such cases the number of shops opened is much below the usual figure, and maximum prices are imposed to ensure that they supply the reasonable demands of habitual consumers. The Committee do not regard the regulation in either case as one tending to increase drunkenness. "The fundamental problems," to quote a writer in the 'Pioneer,' "are (1) to ascertain for each locality a price which will discourage excessive indulgence, but which at the same

time will not be prohibitive for the moderate drinker, and (2) having ascertained that price, to compel the vendor to adhere to it." The imposition of a maximum aims at a solution of one of these problems. Its tendency in effect is to fix prices at a level as high as the poorer consumer can reasonably be asked to pay. The withdrawal of the regulation would only lead to illicit practices.

Measures and instruments.

262. As a corollary to the regulation of strength and prices shopkeepers are required to maintain fixed measures in parts of Bengal and throughout Madras, Bombay, Sind, the Central Provinces, and Ajmer-Merwara, and hydrometers and thermometers in Bombay. Possession of incorrect measures on the premises is penalised in some of these Provinces. The maintenance of correct measures is desirable everywhere and essential wherever any regulations on price are enforced. The Committee do not think it necessary to insist on instruments being kept by shopkeepers, but would recommend a supply of cheap and reliable hydrometers being made available to such as desire to purchase them.

The practice of giving free doles.

263. It follows from the above discussion that the custom of giving free doles of liquor should be prohibited. This practice appears to be a local one in Assam and the Punjab, and may be met by a special condition in the local licenses.

Of bartering liquor for goods.

264. Barter of liquor for goods tends to the impoverishment of the humbler classes, and also to liquor sellers becoming recipients of stolen property. It is not, however, possible effectively to enforce a prohibition in areas where coin does not circulate. On this subject Sir Frederick Lely says :—" However advisable in the more advanced tracts, it is at the best ineffective when no cash is used in the payment of wages or other private transactions, and at its worst it strengthens the hold of the liquor seller over his simple clients. The average man in the remote tracts eats his little crop of grain and for the rest of the year relies chiefly on forest produce. He really pays for his liquor with a basket of *mhowra* flowers or whatever else comes to hand, and it is no advantage to make him go through the form of turning it into money while it gives the shopkeeper a pretext for exacting discount." A general prohibition of receipt of anything but coin in payment of liquor may be accompanied by a provision allowing barter of grain in backward areas.

And of sale on credit.

265. On the subject of sale on credit the Excise Commissioner of the Punjab writes :—" Credit is given freely, sometimes, it would appear, almost recklessly. At most town shops any known resident—down to the sweeper—can obtain liquor without immediate payment. Three or four of the Multan shops have accumulated in one year outstandings of twelve or fifteen hundred rupees apiece, and it is significant that one of the lessees has a money-lending as well as a liquor-selling business. Competition has a tendency to stimulate the giving of credit, because refusal may drive a customer elsewhere, and one or two dealers have complained to me that they are forced to indulge the drinker in consequence. On the other hand, the Delhi monopolist, after many years of business, has extremely large outstanding claims, and after questioning a number of dealers on the subject, I have come to the conclusion that their business benefits by the running account, and that the abolition of credit would reduce their receipts. Ninety per cent. of these men said that there would be less drinking if no credit were given." Rules prohibiting this practice are in force in Assam, Madras, Bombay, the Central Provinces, Coorg, and Baluchistan, and a similar rule has been introduced in the Sikh districts of the Punjab. The Madras rule adds to the general prohibition a proviso that " this condition is not meant to restrict credit sales in the ordinary course of business by shopkeepers or firms of standing and respectability dealing in foreign liquor for consumption off the premises." A rule on these lines appears to be desirable.

General conduct of licensed premises.

266. The licenses generally prohibit the assembling on licensed premises of notorious bad characters, of persons 'wanted' by the police, and in Bengal of two or more prostitutes, and require the licensee to give notice to the nearest police officer of the resort of such persons to his shop. They also require him to permit no gambling

and, except in the Pubjab, no drunkenness. A recent addition to the Assam license which has been adopted in the Bengal Bill makes the licensee responsible for drunkenness in the neighbourhood of as well as on his premises. The necessity for intervening to check entertainments on these premises appears to have arisen only recently. *Tamashas* are prohibited in Assam. In Bombay the bars advertise music by European women. In the south-west of the Punjab it is a common practice for female singers to attend at the shops for the entertainment of customers.

Conditions in check of the assembling of bad characters are commendable so far as it is possible to give effect to them, though it may be doubted whether that effect is great. The prohibition of gambling is useful and necessary. Entertainments on licensed premises may be forbidden as against the general custom of the country, but the Committee are not prepared to recommend the prohibition of the sale of food on such premises as some temperance advocates propose. A penalty for permitting drunkenness on the premises is most desirable. The imposition of a penalty for drunkenness in the neighbourhood of licensed premises is reported to have worked successfully in Assam where shops are isolated, but the Committee see practical difficulties in the way of applying in a city like Calcutta a regulation that would make a shopkeeper liable to lose his license every time a drunken man passed down the street in which his shop was situated. The suggestions made for tracing responsibility, such as enquiry of the drunken person or requiring a medical officer to determine by standards of time and distance at what shop he had been supplied, serve only to show that the rule would be unworkable. The Committee cannot recommend its application elsewhere than in villages with a single shop apiece.

Official control.

267. But however excellent the regulations may be in themselves, they are useless unless there is a force capable of seeing that they are given effect to, and duly instructed in that regard. While the police have in a great measure been relieved of the duty of supervising the interior conduct of liquor shops and are content to deal with drunkenness in the streets, the excise officers who have relieved them are apt to confine their inspections to matters connected with the revenue, and the controlling authorities are reluctant to apply a regulation, the enforcement of which by officers of the class at present employed might result only in the levy of blackmail from shopkeepers. In Assam the difficulty has been met by the appointment of special inspectors whose primary duty is the control of licensed premises and more particularly of drunkenness thereon. The result is stated to have been a large increase of sobriety at weekly markets. The Committee would recommend insistence in all Provinces on the performance of similar duties by officers of the standing of Inspector or Darogha of Excise. They would also suggest that a record should be maintained of convictions for drunkenness in places where laws under which it is punishable are in force as well as of action taken against licensees for permitting it, and that the subject should be noticed in the annual Excise Administration Reports.

The prohibition of 'on' sale in certain districts of the Punjab.

268. Among other special measures and proposals that have in view the reduction of drunkenness is the order issued in the four districts of the Punjab in which illicit distillation is very rife prohibiting from the 1st April 1906 the consumption of country spirit either on the sale premises or in a public place within a hundred yards thereof. A register of purchasers is also required to be maintained. Precedent for such action is to be found in Russia and South Carolina: the Committee are disposed to doubt its efficacy. Given a class in which in the absence of an effective public opinion a substitute for it may be found in the sentiments of a man's own household, prohibition of consumption on the premises may lead to a reduction of the habit, though it is very doubtful whether in some Provinces it has done so in the case of the smoking of opium or *charas*. In the present case there is evidence that among the Jat Sikhs the women also drink; and thus there is danger that the measure adopted will encourage instead of diminishing the consumption of spirits. The Committee are disposed to think that the proper course is to locate the evil and as far as possible minimise it by supervision and control. The experiment is one that needs to be very carefully watched.

Measures to prevent clandestine purchase by the higher classes.

269. The previous paragraphs dispose in a great measure of the Government's instructions to the Committee to consider what measures can be adopted to discourage the clandestine purchase of liquor by members of classes whose religion or caste forbids the use of alcohol. The prohibition of back and side entrances to shops and the regulation of private rooms will remove special conveniences for those who cannot drink without loss of self-respect or be seen drinking without losing the respect of their society. The prohibition of the sale for consumption off the premises of pocket flasks of foreign liquor holding less than a pint will take away another facility. In the redistribution of shops in Calcutta which has been recommended in a previous chapter care should be taken to place them so as not to offer temptation to clerks and others passing to and from their offices as the rum shops do at present. Further than this the Committee have little to suggest. The evidence shows that the habit of drinking among the classes in question is decreasing in several Provinces under the influence of a healthier public opinion and that various social and religious agencies are actively engaged in promoting temperance. The recognized leaders have not asked for assistance or made any proposals, and many of those put forward by irresponsible persons on their behalf can only be characterized as absurd. Such are the suggestions that every man who desires to consume liquor should be required to take a license for a quantity to be fixed with reference to his capacity and strength of mind, and that a register of consumers should be maintained at each shop for communication to the vernacular press and the headmen of the castes. In the words of the Despatch of 1890 : " For Muhammadans and Hindus of certain castes no special restrictions are necessary in order to discourage drinking. The habit is opposed to their religious principles and is discountenanced by the public opinion to which they are subject. It is no doubt true that some Muhammadans and some Hindus, for whom drink is forbidden by their religion, do drink secretly or openly, but this is either because they choose to disregard in this respect the principles of the religion which they profess, or because they have adopted Western habits and modes of life. In such cases any restrictions that Government could impose would be of infinitely less force than those which have been already disregarded." One way in which Government can perhaps exercise an influence is through the Department of Public Instruction. It is in evidence that country lads coming into towns for their education are sometimes corrupted by town habits, and it is thought that a stricter supervision of the management of hostels may do something to check their contamination. It is also understood that the educational authorities in the Punjab and Bombay have agreed to arrange for temperance teaching in schools. This example might be followed elsewhere.

The tendency to press increase of revenue for its own sake.

270. The Committee are also to direct their attention to any cases in which there may seem to be a tendency to press increase of excise revenue for its own sake, and not merely as a means of reducing consumption. They have noticed the question of the maximum price and have discussed in a previous chapter that of imposing a minimum guarantee on shopkeepers. They have nothing new to say on the general aspect of the question. The ideal set before the Excise Departments is the securing of a maximum of revenue on a minimum of consumption. The consumption is affected by a variety of causes of which one of the most important is the adjustment of systems and taxes. In this the subordinate officer has no voice, and it is therefore hardly to be wondered at if he is apt to regard the revenue as the measure of success in his work. No one is more ready than the temperance leaders themselves to acknowledge that the policy of the responsible officers of Government is in agreement with the best temperance sentiment. Their complaint is directed against the subordinates and is that the lower one goes the more does the revenue point of view come into prominence. In the Committee's opinion the remedy for this lies in an improvement of the personnel of the departments and the strict enforcement of their responsibility in the matter of the control of shops and the prevention of drunkenness.

## CHAPTER XIII.—ESTABLISHMENTS.

Instructions received.

271. The matter of establishments is now for disposal, and with regard thereto the orders of Government proceed: "The expansion of distillery areas and the concentration of manufacture at a few centres must necessarily afford temptations to the illicit production of liquor or to its transport from outstill areas. The Committee should, therefore, consider whether the preventive arrangements in the various Provinces are adequate, having regard both to present circumstances and to those which may prevail in the future, and should submit such recommendations for reform as they may consider necessary. Assuming that preventive arrangements can be best carried out by a special excise agency, the Committee should also consider what the relations between that agency and the police ought to be. On the other hand, the extraordinarily high proportion of prosecutions and departmental cases in Madras, where special preventive agencies have been highly developed, has attracted the attention of the Government of India, and the Committee should consider whether this evil is an inevitable feature of the local system of administration, or whether it cannot be remedied by suitable arrangements." Elsewhere in the resolution the Committee are instructed to report whether there is sufficient coördination and coöperation between the various Provinces in the matter of excise work, and, if there is not, to consider in what direction any improvement in this respect can be made, and whether special measures are required to cope with the smuggling of liquor from Native States.

A majority of Governments have already made proposals for increase of staff.

272. The adequacy of their excise establishments has been under consideration by the Local Governments, and—independently of the Committee—proposals for revision have been put forward in Bengal, the United Provinces, the Punjab, Madras, Bombay, and Sind. A former scheme for the old Province of Bengal, of which the present proposals are an instalment, provided for an increase in Eastern Bengal also. The establishments in Assam and the Central Provinces have recently been revised. It is therefore in the minor Administrations only that the need for revision has not already been recognized. If the recommendations of the Committee are accepted in respect of the extension of distillery systems, an increase in the taxation of spirit, the adoption of the tree-tax system and the enforcement of adequate control over shops, the need for stronger establishments will become proportionately greater. To repeat the words of the Bengal Excise Commission of 1884: "All attempts to improve the excise administration must begin with strengthening and improving excise establishments."

An instance of necessity—the prevalence of illicit distillation.

273. This being the case, it is unnecessary to consider in detail the arguments that favour the employment of an adequate staff. But with reference to the extent of increase necessary it may be useful to notice briefly the evidence as to the prevalence of one of the commonest but most serious offences against the excise law. It is sometimes said that illicit distillation is a bogey put forward by Governments unwilling to enhance taxation and improve their systems. That this is not the case was sufficiently shown in the Despatch of 1890 where it was remarked: "The tendency to illicit distillation forms a very real and, at a certain point, an insurmountable obstacle in the way of raising the price of liquor by imposing a heavy duty on it. In some places, the sympathy of the people is distinctly on the side of illicit distillation, and we are not aware of a single instance in which zeal for the cause of temperance has led to the discovery of unlawful practices." Since this was written the rates of duty have increased in a greater degree than the establishments have been improved, and the Committee have received evidence from several Provinces of the wide prevalence of illegal manufacture. In Bengal for many years it was regarded as barring the way to the replacement of the outstill system; in recent times it has been detected in some of the few districts that were believed free of it, for instance the 24-Parganas and Calcutta itself; it is rife in Burdwan and Bankura

and has been responsible for an experiment in the reduction of price in the Sonthal Parganas similar to that in the Sikh districts of the Punjab. A Collector of the United Provinces says that it exists in every district in that Province, and the Committee heard of one illicit distiller who had suffered conviction no less than twenty-three times. Belgaum, Dharwar, Nasik, Khandesh, Broach, Surat, Ratnagiri, and the Panch Mahals are Bombay districts in parts of which it is declared to be rampant, while the Commissioner of Abkari writes of Kaira:—"The consumption of country liquor and the revenue derived therefrom are lower than in any other district in this Presidency. It has for a long time been supposed that this was due to the sober habits of the people, but recent enquiries have shown that, as a matter of fact, a considerable number of the population are hard drinkers and illicit distillation is rife." The worst case of all is that of the Punjab where this offence is reported extremely prevalent in rural tracts over more than one-third of the Province and not uncommon in the towns and has in fact assumed such serious proportions that the Local Government in taking measures for repression is not prepared at present to attempt to do more than put down illicit distillation for sale. The following extract from the Excise Administration Report for 1903-04 graphically describes the wide prevalence of the habits:—"On the roofs of city houses, and in the tanning yards of Delhi; in the secluded wooded reaches of the Ravi and the labyrinth of ravines below the Siwaliks; in plague-smitten villages to which officialdom pays perfunctory visits; at the bottom of the bullock walks beside isolated wells; in respectable European compounds under the very noses of liquor-hating missionaries; on swampy islands cut off from access by flood-water; wherever there is the chance of concealment from the eye of authority; with pickets out to give information of any hostile approach: illicit distillation flourishes. Banias and Kayasths of Delhi; Gurkha soldiers from the Dharamsala cantonment and a trumpeter of the 12th Cavalry at Multan; a Brahman fakir of Hoshiarpur; a Government schoolmaster of Rawalpindi; a family of mission servants; Muhammadans, to whom drink should be anathema: are among those who have been suspected or convicted of the offence in the year under report."

The local proposals referred to.

274. In dealing with the improvements necessary the Committee will, as instructed, take the reforms contemplated by the local authorities as the starting point of their consideration. In the case of Bengal these are set forth in the Excise Commissioner's letter No. 173-E., dated 13th September 1905, but the proposals therein put forward are designed only as an instalment of the more complete scheme which is embodied in his letter No. 51-E., dated 4th June 1900. The establishments for Eastern Bengal and for Assam are not homogeneous. The latter have recently been improved. So far as Eastern Bengal is concerned the Committee propose to consider the scheme contained in the second of the letters above quoted which embodied complete proposals for the whole of the old Province. The proposals for the United Provinces are contained in letter of the Board of Revenue, No. 2084 N. V.-657 A., dated 19th July 1905, and those for the Punjab in the Excise Commissioner's draft letter, dated 14th October 1905, which has yet to be submitted to the Local Government. Those for Madras (embodied in the Madras Government's letter No. 740, dated 11th August 1905) have recently received the sanction of the Secretary of State. The Commissioner of Akbari, Bombay, has submitted a scheme of revision in his letter No. 4779, dated 8th August 1905, and the Commissioner in Sind in his letter No. 6—740, dated 18th November 1905.

And analysed.

275. The establishments as existing and as revised according to these proposals may conveniently be considered under the following branches:—(1) Peons or chaprasis and petty officers, (2) clerical staff, (3) inspecting and preventive staff, (4) distillery and warehouse establishment, (5) general controlling authorities, (6) special officers for control of distilleries, warehouses, breweries, etc., and (7) the head of the department.

Peons and petty officers.

276. The peons and petty officers at present employed are drafted sometimes from the Land Revenue Department, sometimes from the Police, and sometimes they are units of the Excise establishment proper. Drafting from other departments has been found unsatisfactory

in most Provinces; in existing special establishments the peons are commonly part of the close service, and the new proposals for such establishments for the most part make similar provision. It is generally agreed that these men should be given no independent preventive or detective duties, but should be employed under direction for purposes of watch and ward, carrying of papers and assisting in seizures, and in areas under the tree-tax system in the marking of trees. Their pay will vary from Province to Province, but should generally be regulated with reference to that of police constables. They should be as few as is consistent with efficiency, and in Provinces where a close department is organised should wear a suitable uniform and should be taught some elementary drill. Without attempting to lay down a definite standard the Committee would suggest that four for a distillery, one for a warehouse, and two for each preventive or patrolling officer should generally be sufficient. Petty officers with peons under them may be used at fixed frontier posts to check the smuggling of contraband articles and for patrolling palm groves and similar duties under the immediate control of superior officers of the preventive staff. It is also useful to have a class of petty officers in order to ensure prospects of promotion to deserving peons.

The table in the margin shows the number of men of each class employed or proposed to be employed in each Province. In the case of Provinces in which the establishments for excise are or are proposed to be combined with those for other work, the figures include the whole of the preventive staff, whether employed for excise alone or for salt or other duties in addition, and thus the number of men shown is larger than that actually employed on excise duty. The total is small in the United Provinces, the Punjab, the North-West Frontier Province, and Sind. In the United Provinces and Sind this is due to the fact that the existing provision for police guards for the distilleries is continued in the proposals. In the Punjab the Excise Commissioner proposes to have no distillery guards; he considers it improbable that anything worse than petty pilfering will occur from distilleries owned and managed by men for whom detection would connote social and pecuniary ruin, and would trust altogether to the security of the buildings and the proper custody of the revenue keys. This does not appear to the Committee to be at all a proper view of the matter; they are of opinion that the distilleries need guarding with no less strictness than Government treasuries, and would provide generally for guards on the scale suggested above out of the special establishment. The number of petty officers and peons employed in Madras is very much larger than in any other Province and in the case of peons is larger than for all the other Provinces together. This is due in the main to the facts that salt work is combined with abkári, that palm trees are distributed throughout the whole area of this Province in a way that occurs nowhere else in India, and that saline soils are widely distributed. Accordingly a large patrolling staff is necessary if extensive illicit tapping and salt manufacture are to be prevented. At the same time it appears to the Committee, now that the necessity of obedience to the law is clearly coming home to the people, that the time will presently arrive for a gradual reduction in number and improvement in the personnel of the department, and they think that this should commence with the peons.

| Province. | Petty officers. | Peons. |
|---|---|---|
| Bengal | 106 | 1,230 |
| Eastern Bengal | 12 | 248 |
| Assam | .. | 21 |
| United Provinces | .. | 96 |
| Punjab | .. | 104 |
| North-West Frontier Province | .. | 20 |
| Madras | 342 | 4,964 |
| Bombay | * 220 | 1,221 |
| Sind | † 97 | 71 |
| Central Provinces | .. | 409 |
| Coorg | .. | 11 |
| Ajmer-Merwara | 11 | 33 |
| Baluchistan | .. | .. |
| Bangalore | . | 9 |

* Includes four sowars on Rs. 35 each.
† Includes constables on Rs. 10 and Rs. 14 for Inspectors, Karachi, Hyderabad, and Sukkur, 12 daffadars and 73 sowars.

277. Of clerical establishments the Committee have nothing to say except that, so far as they are employed directly under Collectors, they should be merged in the general staff of the Collectorate offices; and that it is a mistake to regard them as a recruiting ground for preventive officers.

Clerical staff.

278. The first question for consideration with reference to the inspecting and preventive staff is the proper relation between such officers and the police. The Committee's opinion is that, though in backward Provinces it may be desirable during the period of development to leave excise prevention in the hands of the police, this is inexpedient in any case as a final arrangement. In addition to their preventive duties the executive excise officers have others which the police cannot properly perform; and even as regards prevention the common experience is that the police attend to it very inadequately. The suppression of fiscal offences is work of a kind quite different from the repression of ordinary crime. The persons who give information are of a different class, and whereas the policemen's posts are fixed and known, it is necessary for an exciseman to move freely about his charge so that illicit distillers may not have knowledge of his whereabouts. Friction and delays inevitably follow any attempt to combine a small excise staff with the general police of the country, and to entrust to police officers the prosecution of excise cases not unfrequently results in failure. In the Committee's opinion the relation to be secured—if not immediately, at least in the ultimate development of the excise establishment—is one in which the responsibility for inspection of shops and prevention of offences should lie with the special excise staff, which should be sufficiently strong to undertake these duties, while the police should coöperate in detection, be liberally rewarded for so doing, and be expected to provide a force when large seizures are in prospect. Prosecutions of excise cases should be instituted directly by excise officers and without the intervention of the police.

Inspecting and preventive officers' relations with the police.

279. It follows that under such an arrangement the inspecting and preventive officers form the most important part of the excise staff. The following table exhibits the number of such officers employed or proposed to be employed in each Province as compared with its area, population, and excise revenue. In preparing it the officers have been divided into two classes according as they are to be paid less or more than Rs. 100 a month, this being roughly the dividing line in Provinces with organized establishments between subordinate officers who work under control and those who have a more or less independent position. Where Rs. 100 represents the pay of the highest grade of an inferior class the officers in that grade are shown in the first column, and where it is that of the lowest grade of a superior class they are shown in the second :—

The staff proposed and necessary.

| Province. | Area in square miles. | Population. | Excise revenue. | Preventive officers | | | |
|---|---|---|---|---|---|---|---|
| | | | | On Rs. 100 and under. | No. | On Rs. 100 and over. | No. |
| | | | Rs. | | | | |
| Bengal ... ... | 106,281 | 50,083,075 | 1,40,70,488 | Sub-Inspectors (30, 40, 50, 60, 70, 80). | 197 | Inspectors (100, 125, 150, 175, 200). (27)<br>Superintendents (250, 300, 350, 400, 500). (26) | 53 |
| Eastern Bengal .. | 44,904 | 24,587,029 | 27,20,164 | Sub-Inspectors (30, 40, 50, 60, 70, 80). | 57 | Inspectors (125, 150, 175, 200). (18)<br>Superintendents (250, 300, 350, 400). (5) | 23 |
| Assam ... ... | 52,959 | 5,759,444 | 30,54,075 | Sub-Inspector (50) ... ... | 1 | Inspectors (150, 175, 250, 400). | 8 |
| United Provinces... | 107,164 | 47,671,375 | 1,02,25,065 | ..... | ... | Inspectors (100, 125, 150, 200, 250). | 45 |
| Punjab ... .. | 97,209 | 20,306,252 | 31,50,820 | *Girdawars* or Sub-Inspectors (30, 40). (18)<br>Naib Tahsildars (60, 80, 100). (29) | 47 | ... | ... |

| Province. | Area in square miles. | Population. | Excise revenue. | Preventive officers | | | |
|---|---|---|---|---|---|---|---|
| | | | | On Rs. 100 and under. | No. | On Rs. 100 and over. | No. |
| | | | Rs. | | | | |
| North-West Frontier Province. | 16,466 | 2,041,493 | 1,92,897 | Daroghas (20, 30, 40—50, 50—60). | 6 | ..... | ... |
| Madras ... ... | 141,699 | 38,195,554 | 1,87,66,957 | Sub-Inspectors (30, 40, 50, 60, 70). | 620 | Assistant Inspectors (125, 150, 175). (26)<br>Inspectors (250, 300, 350, 400). (61) | 87 |
| Bombay ... ... | 75,918 | 15,523,310 | 1,23,84,750 | Sub-Inspectors (30, 35, 40, 50, 60, 75). | 122 | Inspectors (100, 125, 150, 175, 200, 225, 250, 300). | 125 |
| Sind ... ... ... | 47,066 | 3,210,910 | 13,66,672 | Inspectors (75, 80, 90) ... | 6 | Inspectors (100, 125, 150, 175, 250). | 16 |
| Central Provinces... | 100,685 | 12,423,849 | 59,37,019 | Sub-Inspectors (30, 40, 50, 60, 70). | 166 | Extra Assistant Commissioners (200 to 800). | 10 |
| Coorg ... ... | 1,582 | 180,607 | 1,79,128 | Testers ... 25 (3)<br>Inspectors ... 50 (2) | 5 | ..... | ... |
| Ajmer-Merwara ... | 2,711 | 476,912 | 1,62,438 | Sub-Inspector. 50 (1)<br>Deputy Inspectors. 75 (2)<br>Inspector ... 100 (1) | 4 | ..... | ... |
| Baluchistan ... | 47,736 | 342,336 | 1,87,035 | ..... | ... | ..... | ... |
| Bangalore ... ... | ... | ... | ... | Assistant Superintendent. (100) | 1 | ..... | ... |

It will be convenient to examine the details of the table by Provinces.

The Bengal proposals provide for 53 officers drawing Rs. 100 a month and more and 197 drawing less. The number of sub-inspectors to a district varies from two to sixteen and averages six. The direct charge of excise under the control of the Collector is to lie in twenty-five districts with a Superintendent, and in nine, where it is of minor importance, with an Inspector. Eighteen more Inspectors are provided for work in heavy districts under the Superintendent, and a special Superintendent is to be posted to control preventive work in Calcutta. The proposals do not make provision for the tree-tax system which will involve a further increase if it is introduced. The Committee have no further remarks to offer except that it is desirable to make every endeavour to improve the personnel of the sub-inspectors who seem to be of an inferior class, and to insist upon a standard of educational qualification before appointment.

Similar remarks apply to the establishments proposed for Eastern Bengal. In the amalgamation of excise staffs in Eastern Bengal and Assam, it will perhaps be possible to bring on to one list the proposed Superintendents for Eastern Bengal and the present Inspectors in Assam and to provide a duly qualified subordinate service graded in another list.

The chief comment which the proposals for the United Provinces invite is that they are insufficient to provide for the adequate check of excise offences. The Committee are disposed to think that this Province has reached a stage at which the excise staff may relieve the police of the bulk of their preventive and detective duties. The establishment suggested is a very modest one costing as a whole only 1·6 per cent. of the revenue, and the Committee would recommend that the proposed staff of 45 Inspectors for 48 districts should be gradually expanded in a manner commensurate with the work to be dealt with.

The same remarks apply but with more force to the case of the Punjab. In his memorandum on the revision of the excise systems of 1884 Sir William Davies

referred to the maxim of political economy that "no tax should be kept so high as to furnish a motive for its evasion too strong to be counteracted by ordinary means of prevention, and especially no commodity should be taxed so highly as to raise up a class of lawless characters, smugglers, illicit distillers, and the like."* There is no doubt that this point has been reached in the Punjab, and the authorities are attempting to remedy the evil by a reduction of the price of liquor, apparently in the belief that the means of prevention at their disposal are insufficient to counteract the motives for evasion which the present rate of taxation furnishes. The Committee must question the wisdom of this course and they are disposed to agree with a former Excise Commissioner who writes: "My opinion as Excise Commissioner was and still is that we must maintain our high rate of duty and deal with the question of illicit distillation by preventive measures. I do not think there has so far been any real effort in that direction. The preventive establishment is ridiculously inadequate and the matter has never received more than intermittent attention." In submitting his present proposals the Excise Commissioner says: "It is officers rather than rank and file that are needed; men of decent position who will get about the country on horseback serve as a standing reminder that information is wanted and that the risk of discovery cannot with impunity be ignored, and set the police in motion when there are good reasons for doing so;" but the staff actually suggested consists of 47 officers on a pay of Rs. 30 rising to Rs. 100, to be recruited among others from field *kanungoes* and *patwaris*. The Excise Commissioner adds elsewhere that if he had more mony to spend he would employ more head constables and *girdawars* on preventive duty. The Committee agree with him in his statement of principle, but they are obliged to characterize as unsatisfactory his proposals for carrying the principle into effect. The widespread prevalence of illicit distillation in the Province is a very grave evil from the point of view of morality as much as from that of the revenue, and the Committee cannot regard as at all suitable proposals to cope with it by the employment in the worst districts of one officer on Rs. 80 with one or two assistants on Rs. 30 or 40 and an even smaller establishment in others. They think that, as the Excise Commissioner himself says, it is essential to have the officer in charge of preventive operations in a position that commands respect, and for superior control they would have men of a much higher class than those proposed by him, the latter being appointed as their subordinates. They are aware that such an arrangement would be expensive and might involve a percentage of charges to revenue exceeding that of any other Province, but they think that this expenditure should be accepted until the present abnormal state of affairs is brought to some satisfactory settlement.

In the North-West Frontier Province the establishment is required more for control of shops than for any other purpose. The Revenue Commissioner thinks that the personnel might be improved. The cantonment establishments might also be amalgamated with the rest as has been done in the proposals for the Punjab. The Committee have no further suggestions to offer.

The Madras establishment is large in comparison with others. The 630 sub-inspectors are employed chiefly in connection with tree-tax, and a great part of the work of the 87 Inspectors and Assistant Inspectors has to do with the issue of licenses for tree-marking and the like and with the preliminary inquiries into cases reported by sub-inspectors which are features peculiar to this Province. As remarked in dealing with peons and petty officers the Committee think that there may be room for reduction in this staff as the people's respect for the law increases and prosecutions diminish. Some reductions of the kind have already been made. The Committee would recommend that future revisions of the establishment should take the direction of augmenting the number of officers in the higher and reducing that of those in the lower grades. An increase in the number of officers empowered to make inquiry into cases under section 40 of the Madras Abkári Act is desirable in order to reduce the delays in placing accused persons before Magistrates and the difficulties undergone by persons subjected to departmental enquiries.

* Mill's Principles of Political Economy, Book V, Chapter VI.

The staff proposed for Bombay differs from that employed in Madras in that the number of officers on a pay of ₹100 and over exceeds that of officers on less than ₹100 a month. This difference is partly explained by the fact that the cost of living in Bombay is very much higher, so much so that some officers who were examined recommended that no sub-inspector should be paid less than ₹75 a month. The Commissioner of Abkari is of opinion that those of the class at present employed are the most worthless people in Government service and he proposes to employ them only on work that is capable of check, thus remedying a defect in the present arrangements under which a sub-inspector on ₹25 may be in sole charge of one or more talukas. The Committee have no suggestion to make on these proposals except to recommend that the control of tree-marking should be undertaken by the special staff. It is not clear on the papers that this is intended, and if it is not possible for it to be arranged for with the staff suggested, they think that a suitable increase should be made.

The principles on which the scheme for the amalgamated Salt, Excise and Opium staff for Sind has been drawn up are, (*a*) to have a comparatively small establishment of well-paid men of fair education and intelligence with a tolerably high standard of probity instead of a large body of ill-paid men who cannot be trusted to do their work properly, and (*b*) to provide ample and responsible supervision over the establishment. Though the officers are divided in the table into two classes, they are really all grades of a single class. The establishment appears to the Committee to be suitable to the circumstances.

In the Central Provinces sub-inspectors at the rate of two a tahsil working directly under the Excise Officer of the district are on trial. So far as their work can be judged at present, the local officers consider that they have effected an improvement in the administration. The Committee suggest no change pending further experience except that steps should be taken to distribute the staff more exactly with reference to the work to be performed than has hitherto been done.

The Chief Commissioner is of opinion that the Coorg staff needs improvement. Three of the officers, though classed as testers, have preventive duties to do. It is for the local authorities to consider the best means of providing suitable arrangements for this small Province.

The staff in Ajmer-Merwara is reported inadequate to prevent offences and may be suitably increased, especially if the Contract Supply system is introduced and the district monopolist's private establishment disbanded.

Baluchistan has no staff. The Committee fully agree with the local authorities as to the inadvisability of employing an establishment of any magnitude; but if a distillery system be introduced along the railway line they think it advisable to have two or three Inspectors for control of shops.

The Bangalore staff consists of a Superintendent and an Assistant Superintendent for the cantonment, and is adequate. The Committee would recommend that the employment of a similar staff be considered by the authorities responsible for the control of other cantonments in Native States.

In concluding their suggestions with regard to the officers to be employed on preventive and detective duties the Committee desire to make a strong recommendation that officers of the class of sub-inspector should never be employed except under adequate control, and while they recognize the impossibility of fixing a scale of pay suitable to all Provinces, they think it would be well if ₹50, the lowest rate of pay proposed by the Police Commission for sub-inspectors of police, were laid down as the minimum for officers of corresponding rank in the Excise Department. They would add a caution as to recruitment generally. It appears that in some Provinces no rules at present exist prescribing educational or other qualifications for officers entering this department and the evidence shows that many undesirable persons have been entertained. The Committee would strongly urge the application of rules such as are generally in use in the Land Revenue, Police and other departments requiring physical and educational qualifications from all candidates.

The prosecution of offences.

280. The Committee have already recommended that where an adequate special staff is employed the prosecution of offences should be entrusted to it and not to the police. The wisdom of this course is proved by the experience of Bengal and Madras and (in respect of salt cases) of Bombay. Elsewhere there is evidence to show that when prosecutions are conducted by the police many cases fail or are thrown out through departmental jealousy or lack of interest. In making this recommendation for the adoption of direct prosecution the Committee do not propose that provisions on the Madras model should be repeated in other Provinces. While they insure a very high percentage of convictions in cases brought to trial and the release of many persons who might otherwise be placed before the magistracy, they involve much trouble and delay and would be out of the question in Provinces where a smaller departmental establishment is employed. The Committee have therefore thought it better to provide in the draft Bill that the Local Government may give excise officers of any grade that it may think suitable the powers in respect of enquiry into and prosecution of offences arising within their limits which are enjoyed under the Code of Criminal Procedure by the officer in charge of a police station. In many Provinces the practice for some time to come will be for both police and excise officers to undetake the prosecution of excise offences.

The large number of prosecutions in Madras discussed.

281. The cases prosecuted under the Excise and Opium Acts in each Province in 1904-05 are roughly classified in the marginal table. The Committee have in this chapter indicated how in the case of the most important offence against the Excise laws the small number of prosecutions is not due to any lack of offenders throughout the country, and have shown in a previous chapter that in most Provinces the control of shops is insufficient or altogether absent. If illicit practices are to be put down and shops properly controlled a large number of prosecutions for a time at any rate is unavoidable and bound to accompany the first introduction of an advanced system of excise. If the law is vigorously enforced prosecutions will decline as soon as the people learn to respect it. This has been illustrated in the case of Madras in dealing with prosecutions arising in connection with the tree-tax system. It remains to answer the question whether so large a number of prosecutions as have taken place in that Presidency is an inevitable feature of the local system of administration. In the Committee's opinion it is not. A considerable number is inevitable, but if preventive officers will devote themselves more to crime really affecting the revenue and less to technical offences, and if Magistrates will inflict deterrent punishments when serious offences are proved, the number of prosecutions will be largely reduced. In any case it is not to be expected that any other Province will show a number of prosecutions approaching the Madras figure, if only for the reason that 47 per cent. of those arising in that Presidency are connected with toddy, of which Madras consumes more than all the other Provinces of India together. The best means of further reducing prosecutions in Madras is to improve the personnel of the sub-inspectors and to bring this branch of the excise administration more under the direct cognizance of the Collectors than it is at present.

| Province. | Illicit manufacture or import. | Illicit transport, possession or sale. | Breaches of license conditions. |
|---|---|---|---|
| Bengal | 1,088 | 2,096 | 165 |
| Assam | 136 | 148 | ... |
| United Provinces | 694 | 489 | 332 |
| Punjab | 588 | 336 | 152 |
| North-West Frontier Province. | 32 | 4 | 7 |
| Madras | 9,952 | 5,604 | 11,43 |
| Bombay | 1,464 | 724 | 317 |
| Sind | 22 | 47 | 16 |
| Central Provinces | 439 | 634 | 130 |
| Coorg | 53 | 17 | 5 |

Distillery and warehouse staff.

282. The classes of officers now employed for control of distilleries and warehouses have been mentioned in a previous chapter (paragraphs 52 and 53). The necessity for a thorough reform in most Provinces is fully accepted, and the subjoined table exhibits the classes proposed to be employed—

| Province. | Number of distilleries. | Number of warehouses. | Distillery and warehouse officers proposed to be employed. | | | |
|---|---|---|---|---|---|---|
| | | | On a pay of Rs100 and less. | No. | On a pay of Rs100 and over | No. |
| Bengal ... | 27 | 21 | Sub-Inspectors (30, 40, 50, 60, 70, 80). | 14 | Inspectors (100, 125, 150, 175, 200). | 14 |
| Eastern Bengal. | 8 | 11 | Sub-Inspectors (30, 40, 50, 60, 70, 80). | 4 | Inspectors (150) ... ... ... | 1 |
| Assam ... ... | 1 | ... | Clerks (25, 40) ... ... | 2 | ..... | ... |
| United Provinces. | 20 | 16 | Muharrirs (18, 20, 25, 30) ... | 26 | Inspectors (100, 125, 150, 175, 200, 225, 250). | 20 |
| | | | | | Head Inspector (300) ... ... | 1 |
| Punjab ... ... | 5 | ... | Naib Tahsildars (40, 60, 80) ... | 3 | Tahsildars (150) ... ... ... | 2 |
| North-West Frontier Province. | 2 | ... | Muharrirs (20, 25) ... ... | 2 | ..... | ... |
| Madras ... ... | 11 | 17 | Sub-Inspectors (30, 40, 50, 60, 70). | 28 | Assistant Inspectors (125, 150, 175). | 15 |
| Bombay ... ... | 26 | 4 | Sub-Inspectors (14) (30, 35, 40, 50, 60, 75). Gaugers (3) 30—40, 50—65, and 75—100). | 17 | Inspectors (31) (100, 125, 150, 175, 200, 225, 250, 300). Supervisors (2) 150—275, 300—450). | 33 |
| Sind ... ... | 1 | ... | ..... | ... | Assistant Inspectors (100, 150). | 2 |
| | | | | | Inspector (250—20—350) ... | 1 |
| Central Provinces. | 5 | 63 | Sub-Inspectors (30, 40, 50, 60, 70). | 63 | Inspectors (100, 125, 150) ... | 5 |
| Coorg ... ... | ... | 1 | Tester... .. 25 Darogha ... 50—5—75 | 2 | ..... | ... |
| Ajmer-Merwara... | 1 | ... | Darogha ... ... 60 | 1 | ..... | ... |
| Baluchistan ... | ... | ... | ..... | ... | ..... | ... |
| Bangalore ... | ... | 1 | Sub-Inspector... ... 30 | 1 | ..... | ... |

The Committee's recommendations are that the officers for this service should belong to the ordinary excise establishment and should be posted to special duty after a suitable training; that usually the small warehouses (where blending would not be allowed) should be controlled by periodical visits of the nearest officer of the preventive staff, and the larger ones managed by an officer of the lowest class of preventive, officers, that is, generally speaking, a sub-inspector, while officers of the higher classes should be posted to distilleries with due reference to their importance and the character of their management.

The desirability of payment of all establishments by Government.

283. It may be useful to add a recommendation here that all the Government staff should be paid directly by the State. It is a practice in many Provinces to make distillers pay either the whole or part of the salaries of the men posted to their distilleries or a fee based on the gallonage. It does not appear to the Committee that these charges bring any real profit to Government. The small amounts that are realised are undoubtedly more than recouped by the distillers by an addition to the price of the spirit, which ultimately reacts on the revenue, and the system is liable to have undesirable results in other ways. The Excise Commissioner, Punjab, reports that the muharrirs employed in distilleries in that Province are ordinarily treated as servants by the distillers whom they are appointed to supervise, a position which is partly attributable to the fact that their pay though disbursed by Government is actually contributed by the firms concerned, and in recommending that the system should be abolished he observes that it places the supervisor in a false relation towards the distilling firm and hampers the introduction of improvements by complicating the interests of the administration with the claims and protests of the trade.

Some charges that may be imposed on distillers.

284. For special reasons however some charges on distillers are desirable, *e.g.* to prevent petty manufacturers working in private buildings from involving Government in unnecessary expense. To avoid this the Committee would suggest that a distiller should be made liable for establishment charges whenever these amount to more than 10 per cent. of the duty on issues from his distillery. In several Provinces quarters for distillery officers are required to be provided. While not regarding this as necessary in every case, the Committee would recommend the general adoption of the English rule which requires distillers to provide quarters when none are available at a reasonable rent in the neighbourhood. Another rule in force in

Madras and the Central Provinces also borrowed from the English system requires the payment of overtime fees when attendance is required for longer than the prescribed daily period.

The controlling staff—general.

285. In dealing with the question of control it will be useful first to attempt to define the position of the Land Revenue authorities. The Committee are fully agreed with the Local Governments that it is above all things necessary to maintain the authority and secure the co-operation of the Collector. To quote the Excise Commissioner of the Punjab, "the difference between a *darogha* wandering in forlorn obscurity from shop to shop with his little retinue of peons and a *darogha* in touch with Tahsildars, Deputy Inspectors of Police, Revenue *girdawars* and *patwaris* and accompanied or met by *zaildars* and local notables is the difference between weakness and strength and it is the word of the 'district authorities' which makes that difference." But opinion is equally unanimous that under present conditions Collectors have not the time for the detailed control which an organized system requires, and in the words of the Government of India "the formation of a large preventive staff unless adequately supervised and very strictly controlled would constitute a grave administrative evil." The question therefore arises how such detailed control is to be obtained while maintaining the authority and securing the co-operation of the Collectors. The first step in this direction has almost invariably been the devolution of the control of excise to a particular officer of the district staff. The highly organized combined establishment in Madras was developed in the first instance out of Salt Deputy Collectors. In Bombay a system of control through the ordinary Assistant or Deputy Collectors is now giving way to one of control by special Assistants. In Bengal full-time Deputy Collectors of the Land Revenue staff have long been employed in districts in which excise is important, but have shown a tendency to become specialised and to perform functions which the Collectors ought properly to exercise. The Bengal system is now on trial in the Central Provinces. In the United Provinces an Assistant of the district staff, commonly a covenanted Civilian, is placed in charge of excise work. In the Punjab a single officer is deputed to control excise work and try excise cases, but in spite of instructions to the contrary in the Excise Pamphlet, he is too frequently the Treasury Officer who is burdened with routine work and unable to move from headquarters.

As excise work becomes specialised, and this must be the case if systems are to be improved, this combination of functions becomes impossible. In Madras it has long since ceased. In Bombay it is in process of replacement. The necessity for carrying the specialisation of the lower grades of the department through to the higher has been repeatedly urged in Bengal and forms part of the present proposals. In the Central Provinces the Bengal system affords a useful intermediate stage, but the Chief Commissioner is convinced that complete specialisation will ultimately be necessary. The proposals for the United Provinces and the Punjab do not discuss the question because they provide for only a very partial relief of the police in the matter of prevention and detection of offences. When those duties are taken over by the department it seems to the Committee that the appointment of special officers for the control of the preventive staff will certainly be necessary, and if the active measures for the repression of illicit distillation which they regard as the first essential of excise reform in the latter Province are adopted, they would recommend the immediate appointment of one or two Extra Assistant Commissioners to control them.

Controlling officer's relation to the District authorities.

286. The extent of the connection of the controlling officer with the district authorities falls next for consideration. The Punjab and Madras Provinces represent the opposite extremes of policy. In the Punjab the controlling officer is occupied with other duties, is frequently unable to travel and therefore to exercise any proper control and is the trying Magistrate for cases reported by the *daroghas* whom he supervises. In Madras the jurisdictions of the Assistant Commissioners are not coterminous with the Collectorates, and while the Assistant Commissioner sees and confers with the Collector the two officers have in actual work less connection with one another than is desirable. The results show themselves on the

one hand in excess of departmentalism and a tendency among the subordinates to regard statistics of cases and revenue as all-important and on the other in diminished sympathy and co-operation of the general revenue staff with the excise establishment. The proper position of the controlling officer appears to the Committee to be one analogous to that of the Superintendent of Police. He should be subordinate to the Collector in all matters of general policy and in constant touch with him, but he should relieve him of all matters of detail and should report to his departmental head on matters of discipline and internal organization. This is approximately the relation aimed at in the proposals put forward for Bengal and Bombay. It should be clearly defined by rule. Such definition is the more necessary when, as under the Bombay proposals, a single excise officer will have to deal with the Collectors of two or more districts. The Committee would add in conclusion that it is their experience that the appointment of an officer in this position does not, as is sometimes feared, tend to relieve the Collector of his interest and responsibility in excise matters, but rather enables him to put them to much better use than before by supplementing his general knowledge of the needs of his district by an expert and special knowledge of excise conditions.

The position of other revenue and magisterial authorities may be briefly disposed of. Commissioners of divisions in the Committee's opinion should have no direct concern with excise, but should as in Bengal and in the United Provinces be consulted on questions of policy both by Collectors and by superior authority. The co-operation of Sub-divisional Officers is no less necessary than that of Collectors, more particularly in connection with licensing questions; their dissociation from excise functions is to be deprecated. It will be useful if arrangements are made as in the United Provinces for the training of junior covenanted officers in excise matters by their occasional appointment to the control of the district excise. The assistance of Cantonment Magistrates may be very valuable. On this point reference may be made to the rule in force in the United Provinces under which a Cantonment Magistrate may with the permission of the Commanding Officer be placed in charge of the excise revenue under the Collector's superintendence, thus occupying the same position in the cantonment as the officer in charge of excise does in the rest of the district.

The officers employed or applied for.

287. The following table shows the number of controlling officers of the standing of Assistant Collector, Assistant Commissioner, or Superintendent employed or proposed to be employed in the several Provinces as part of the separate excise staff :—

| Province. | Assistant Collectors. | Assistant Commissioners. | Superintendent. |
|---|---|---|---|
| Bengal | ... | 3 (600, 700, 800) | ... |
| Eastern Bengal | ... | 2 do. | ... |
| United Provinces | ... | ... | ... |
| Punjab | ... | ... | ... |
| Madras | ... | 12 (500-30-800, 900, 1,000) | ... |
| Bombay | 7 (400, 600, 800) | ... | ... |
| Sind | ... | 1 (800) | ... |
| Central Provinces | ... | ... | ... |
| Bangalore | ... | ... | 1 (500—30—800) |

In addition to the Assistant Commissioners the Madras Salt, Abkári and Customs Department has three Deputy Commissioners for general control and for making the many personal inspections that are necessary for proper administration.

The question of amalgamation of excise with cognate departments.

288. It will be appropriate to consider here how far the amalgamation of the present excise staff with other establishments is convenient or desirable. It is hardly necessary to insist that all the staffs employed on the excise of liquor, opium or drugs, or the prevention of offences against the excise laws, should be graded together and put under the same control. In respect of the special opium staff this reform has recently been effected in the Central Provinces and amalgamation is proposed in Bombay and Sind where the staffs are already under the same control. There are some small special opium and *charas* establishments in the Punjab which still remain to be absorbed. On the subject of amalgamation with departments not directly concerned with excise the general opinion would appear to be that it is desirable where they are cognate, since a larger cadre facilitates recruiting and ensures a fair flow of promotion, while a periodical change of occupation for excise officers is very desirable and an occasional transfer to sedentary work gives a much-needed rest to preventive officers whose ordinary duties keep them constantly on tour. Such an amalgamation has been carried into effect as between Salt, Abkari and Customs in Madras, and is proposed in the case of Salt, Excise and Opium in Sind and Salt and Excise in Bengal. An absorption of the Salt staff at Chittagong into an amalgamated Excise establishment for Eastern Bengal and Assam is spoken of as possible. In Bombay the Salt and Excise Departments render mutual assistance and under the new scheme some officers will have duties under both. An ultimate amalgamation is anticipated and the Committee think that its evolution might be accelerated. The combination of the Opium and Excise Departments in the United Provinces was recently proposed. On excise grounds the rejection of the proposal is to be regretted. Whether the revised Excise establishments contemplated in Northern India could not with advantage undertake the duties of patrol performed by similar officers under the Northern India Salt Department is a question on which the Committee are not in a position to express an opinion, but they received evidence incidentally that the wandering subordinates of the Imperial Department would be better able to do their work if they were backed by the authority of the local officer.

And of deputation of Land Revenue officers to excise work.

289. Other considerations affect the question of amalgamating the Excise Department with one which is not cognate, as, for example, the Land Revenue Department. In such a combination the advantages above enumerated give place to disadvantages. Service in the Excise Department, if properly performed, is harder, more continuous, more tedious and less interesting than in almost any other branch of the public service. It does not offer the same scope for administrative ability or such prospects of advancement as service in the Land Revenue Department, and when an officer is liable to serve in either branch a deputation to Excise tends to make him lose that general knowledge and training which lead to more profitable and honourable office. Accordingly the attempt to combine the departments which has been made in all the older Provinces has been or is being given up. It will be sufficient to quote the experience of Bengal and the United Provinces. Referring in his Administration Report for 1892-93 to the Special Excise Deputy Collectors the Bengal Commissioner says: "It is hardly to be expected that a special department like excise can be administered with success without an intimate knowledge of a vast amount of details connected with the manufacture of, and trade in, the various articles of excise. To acquire this knowledge is a work of time while it is of little or no use to the officer after he ceases to belong to the Department. The duties, on the other hand, are irksome, and involve a considerable amount of outdoor work. Service in the department is therefore by no means popular, and instances are but too frequent of officers leaving no stone unturned to get back to the general line. In the ordinary course they are permitted to revert after a few years of excise work with the result that all this special knowledge goes for nothing, while the new men who take their places have to go over the same process of training, and in the meanwhile the work suffers." In the United Provinces it is recorded in connection with the recent reorganisation proposals that fifteen Inspectors have been removed on promotion temporarily or otherwise

in two years, each transfer causing a dislocation of the arrangements in several districts. In any arrangement under which one department depends for recruitment upon another the less popular is liable either to become a dumping ground for incompetents or to be officered by a succession of capable but inexperienced men who leave just as they have learnt their work and become useful. An objection raised to the Punjab proposals is that the expansion contemplated by them of the lower appointments on the Land Revenue list will increase a congestion which is already a serious matter of itself.

The Committee lay some stress on the facts and arguments above summarized because they have a direct bearing on the scheme which is shortly to be placed before the Punjab Government. That scheme embodies exactly those principles which the older Provinces have rejected. It is true that it is proposed in drafting Tahsildars and Naib Tahsildars to the excise branch to compensate them by an appropriate pecuniary allowance for the sacrifice which they make and for the risk which they run by diversion to a less promising line of service, and to give them small revenue and magisterial powers in order to enhance their prestige with the people and their own self-respect. Similar allowances have been tried and have failed in Bengal. In any case it seems to the Committee that the fact that the scheme needs bolstering up by special arrangements of this sort is a strong argument against it. In their opinion the proper course to pursue is not to bribe Land Revenue officers to undertake unpopular work which they will despise, but to recognise that the work is unpopular and pay for it accordingly and thus establish a close service which will develop an *esprit de corps* of its own.

The delegation of excise prevention to local notables.

290. Another feature of the Punjab scheme which it is necessary to notice briefly is the reliance placed on local notables for assistance in the prevention and detection of illicit distillation. While fully concurring in the policy of ensuring the co-operation of the respectable portion of the public, the Committee cannot consider it desirable either to make the local notables the main agents in the prevention or detection of offences or to enforce with too much severity their responsibility in case of failure to bring offences to notice. That they are not a wholly reliable agency is clear from the Excise Commissioner's statement that "the native servants of Government and local notables share in the popular feeling of sympathy" with the illicit distiller "and often help to dispose of the liquor." It is also the case that the strict enforcement of this responsibility in the case of actions of which they are presumed to be cognizant or which they are powerless to prevent must ultimately tend to alienate the sympathies of the best elements of the population. It seems to the Committee that it is essential to employ in the first place a sufficient preventive force under efficient control, that the co-operation of the local notables should be regarded as only subsidiary assistance and that punishment of these persons for failure to prevent offences should be resorted to only when it can be shown that they were aware of their commission. Provision to the latter effect has been embodied in the Committee's draft Bill.

Technical control.

291. The next division of the establishment which has to be considered is that required for technical control. No such establishment is provided at present except in Madras where an expert officer obtained from the Inland Revenue Department in England undertakes with the assistance of three Distillery Inspectors the control of all technical operations at distilleries, warehouses and breweries in the Presidency in addition to laboratory work at head-quarters and the training of distillery officers. The Local Governments are unanimous in recommending the appointment of similar officers. A proposal to this effect was submitted from Bengal, but was not sanctioned by the Government of India on the ground that the appointment of an expert would not become necessary until large and well equipped distilleries had been developed. The Committee would respectfully submit that it is in the course of this development that the services of such an officer are most valuable. Many of the distillers in the country are as wanting in technical knowledge as the controlling officers, and neither have a proper understanding of the best means of adapting a new building to the requirements of up-to-date control. It seems therefore to the

Committee that where large distilleries are being built, as in Bengal and the Central Provinces, it is of the utmost importance to have the building adequately supervised from the first so as to avoid the necessity for subsequent alteration possibly at large expense. The thorough overhauling of existing large distilleries such as are found in Bombay is no less urgently needed; the breweries outside Madras and Bangalore are practically free of control; and there are many other directions in which the services of such officers are required. At the same time it does not appear that there is any necessity for so many as one expert to each Province. The Madras officer attends to Bangalore as well as Madras. A second for Bengal and Eastern Bengal and Assam, a third for the United Provinces, the Punjab and the North-West Frontier Province and a fourth for Bombay, Sind and the Central Provinces would probably be sufficient for present requirements. The Committee would suggest that three duly qualified officers should be procured from England, in the first instance on a three years' agreement.

The head of the department.

292. The position of the head of the department has reference naturally to the importance of the Province or Administration. In the North-West Frontier Province and Baluchistan the Revenue Commissioner undertakes control of excise in addition to other branches of the revenue. The Commissioner in Coorg takes direct charge and the Chief Commissioner is both Chief Revenue Authority and Local Government. In the case of Ajmer-Merwara the Collector of one of the districts controls the excise of both under the Agent to the Governor General in Rajputana. The Excise Commissioner for the Central Provinces is a Deputy Commissioner with a local allowance acting directly under the orders of the Chief Commissioner and exercises an authority somewhat similar to though not so extended as that of the Inspector-General of Police. The functions of the Excise Commissioner and the Chief Revenue Authority for Madras and for Bombay are merged in one office and are performed by a Member of the Board of Revenue in Madras and by an officer of corresponding standing in Bombay. In Bengal, Eastern Bengal and Assam, the United Provinces and the Punjab the functions are separated and the Excise Commissioner works under the Board of Revenue or the Financial Commissioner as Chief Revenue Authority. With regard to this arrangement it is of interest to recall some remarks made by Mr. Buckland on the subject in his report on the Madras and Bombay systems in 1888. He said: "It is of the greatest importance again to diminish the number of links in an administrative chain. This is not a special feature of abkari matters, but it is common to all administrative departments. In Madras and Bombay there is no abkari authority except the Commissioner between the Collectors on the one hand and the Government on the other. It is worthy of remark that, in constituting the Abkari Commissionership in Madras, it was originally contemplated by Government to place the appointment under the Board of Revenue, but it was finally decided that the Commissioner of Abkari should be a Member of the Board. Under the original plan the Commissioner's proposals and schemes would all have had to be submitted to two sets of authorities—the Board and Government. It is easy to see that they would have had much difficulty in passing such an ordeal: delays would have resulted; the mutilation of schemes would have discouraged the Commissioner; he would have had no real power or authority; his relations with the Collectors would soon have become embarrassing. The position of the Abkari Commissioner as finally settled in Madras, and as assigned in Bombay in 1878, is the best calculated to develop the usefulness of the appointment. It admits of liberty of action being granted to the Abkari Commissioner, with the necessary control of supreme authority; it is the position accorded to heads of other departments, such as Jails and Registration." The Committee have evidence that the difficulties which Mr. Buckland anticipated with an Excise Commissioner and a superior authority under Government have in fact arisen. Delays have resulted; Excise Commissioners have been much discouraged by the mutilation of their schemes; some have complained that they had no real power or authority, and instances of friction with Collectors have not been wanting. These difficulties have not been sufficient to prevent considerable advances in the administration, but they seem to

the Committee to be such as should be removed when opportunity offers. The alternatives appear to be to invest the Chief Revenue Authority with the responsible control of the department allowing him the assistance of one or two superior inspecting officers, or to put an end to the direct connection between the present Chief Revenue Authorities and the department, giving the head of it a position corresponding to that of the Inspector-General of Police and complete control subject to the Local Government. In Bengal and Eastern Bengal and Assam the former alternative has been suggested as possible now that the work devolving on the Members of the Board of Revenue has been decreased. The cost might be less than that of the present proposals for Bengal if the duties assigned to the Assistant Commissioners of Excise were also performed by the inspecting agency above suggested. In the United Provinces the Member of the Board of Revenue in charge of Excise himself recognises the difficulties of the present position, which he describes by saying that there are now five wheels to the coach, and proposes the adoption of the second alternative. The same solution would very possibly be suitable to the Punjab. It should be added that there is in Bombay under present arrangements too much centralisation of work in the hands of the Commissioner, which is liable to create difficulties to a new incumbent. The amalgamation of the Salt and Excise Departments which is expected to be evolved in course of time will help to remedy this by supplying a deputy in the person of the Collector of Salt Revenue.

It is hardly necessary to add that the head of the department should in all cases be a comparatively senior officer and that changes should be avoided so far as possible. A convenient means of ensuring this is to provide that no new permanent incumbent shall take over charge of the department except on the understanding that he is to take no leave except sick leave for a term of two years.

Summary of staff employed or proposed.

293. The following table summarises the figures in the previous paragraphs and shows roughly the number of men proposed to be employed in each of the large Provinces on menial, executive, technical and supervising duties respectively, and the approximate percentage borne to the excise revenue by the cost of each establishment as shown in the returns or proposals of the Province concerned :—

| Province. | Number of men proposed to be employed. | | | | Percentage of cost of proposed staff to excise revenue of 1904-05. |
|---|---|---|---|---|---|
| | Menial. | Executive. | Technical. | Supervising. | |
| Bengal | 1,336 | 250 | 28 | 2 | 4·1 |
| Eastern Bengal | 225 | 80 | 5 | 2 | 3·6 |
| United Provinces | 96 | 45 | 21 | ... | 1·6 |
| Punjab | 104 | 47 | 5 | ... | 2·9 |
| Madras | 5,306 | 717 | 43 | 19 | 5·7 |
| Bombay | 1,441 | 248 | 45 | 7 | 5·8 |
| Sind | 168 | 22 | 3 | 1 | 2·3 |
| Central Provinces | 409 | 176 | 68 | ... | 4·0 |

The Committee's conclusions.

294. It may be useful to add a brief statement of the Committee's general conclusions. The essence of good excise administration is a well-paid and properly recruited preventive staff, incessant inspection both by it and by active controlling officers, the maintenance of the Collector's authority assisted by the special department, and an adequate provision for technical work and for training of technical officers. The combination of all branches of the Excise Department is strongly recommended and amalgamation with cognate departments is desirable, but the deputation to excise work of officers from departments which possess superior attractions is to be deprecated. The head of the department should be an officer of standing who should have the power of issuing orders both to the Collectors and to the special staff, and reasonable continuity in the office should be secured. If there is a Chief Revenue Authority intermediate between the head of the department and Government the interference of that authority should be confined to important matters of policy. The Commissioner should have superior subordinates of a standing to carry on settled policy who would afford a recruiting ground for future heads of the department. It is

desirable at any rate in the larger Provinces for officers of the department to wear uniform so as to enable them to exercise without hindrance the duties conferred on them by the law and to check attempts at personation. The fitting expenditure on establishments depends on many considerations, but *primâ facie* 5 per cent of the revenue is a justifiable charge, and more may be desirable.

The necessity for technical training.

295. The Committee have recommended the appointment of technical officers for control of distilleries. They now make some further proposals in the same connection. Classes for the training of distillery officers are held in Madras, and in Bombay a laboratory training is given. Elsewhere the officers are self-taught or not taught at all and it is difficult to estimate the results of the ignorance that prevails. The want of knowledge among distillers is illustrated by the fact that Major Bedford found the processes of no less than 38 distilleries radically defective in so simple a matter as the proper dilution of the wash, though in 1884 Dr. Warden had pointed out the proper proportions. If the quality of spirit is to be improved and a considerable loss of revenue that occurs at present is to be checked, it is essential that distillery officers should have a chemical and technical training in their work sufficient to enable them both to control and to instruct. The Local Governments are unanimous in recommending this. The Committee think it would not be out of place if a portion of the course were open to such distillers as desired to take advantage of it.

The necessity for an excise laboratory.

296. Another urgent necessity of the administration is an excise laboratory both for periodical tests and for experimental work. The Committee believe that such laboratories are found in all European countries. The need for one must be felt in any department dealing with manufactures in which chemical processes are involved. The only one at present in India is that in Madras which has fully justified its existence, but there is much ground which it has not attempted to cover. The work which the Committee anticipate would be undertaken by such a laboratory as is recommended by them would include the investigation of distilling materials in use in India, the fixing of standards of outturn, enquiry into native ferments, the determination of the best conditions for working the various materials and yeasts, the adaptation to Indian conditions of processes worked out in temperate climates, the ascertainment of the best means of dealing with the technical difficulties which stand in the way of the production of spirit from *mahua* by modern processes, the scrutiny of proposals regarding plant proposed to be set up in new distilleries, the testing of samples of washes that give unsatisfactory or variable outturn and of samples of liquor produced at distilleries and purchased at shops, the determination of obscuration caused by acids, the preparation of tables of wastages in blending and otherwise and the investigation of chemical 'dyes' as an aid to the detection of illicit liquor. Among cognate industries which might be assisted with advice are those concerned with the production of turpentine, acetone and lemon-grass oil. It is in the Committee's knowledge that in one instance the latter manufacture has had to be given up because of deaths caused by the fumes in the absence of a proper still. In connection with foreign liquor there will be, if the Committee's recommendations are accepted, a variety of samples of liquor to be analysed for purity, samples of flavouring and colouring matters to be investigated and various materials used in the manufacture of beer to be examined. The tests for obscuration used in Customs ports have also been found recently to need thorough revision. Science applied to the toddy trade will, it is hoped, result in the evolving of a test for the detection of lime which will be an efficient check on the admixture of sweet and fermented toddy. The process of manufacture of *pachwai* needs thorough overhauling; great advantage has resulted in Japan from such an enquiry. There is similar scope for the application of science to dealings in opium and *ganja*.

And a store and workshop for excise apparatus.

Another most useful purpose which an excise laboratory could serve, if a small store and workshop were added to it, is in respect of the purchase, issue and standardization of hydrometers and the provision of some other articles commonly used in distilleries. A store and workshop of this kind which is attached to the laboratory at Madras

has been found of great service. In the matter of hydrometers the committee found that there was great waste of money in some Provinces; several in use were set to fixed temperatures, and expensive brass hydrometers which are quite unsuited to acid Indian spirits were employed and issued even to subordinate officers. Major Bedford found 40 per cent of those he observed in his tour incorrect, some by as much as nine degrees. The use of such instruments is liable to result in a very considerable loss of revenue. The Committee would recommend that the stamp of instrument best suited for use by each class of officer should be ascertained and a sufficient supply for all Provinces procured from England and issued after correction at a central laboratory. Arrangements might then be made for periodical return to store and restandardization. The other articles that might be dealt with at a similar store are saccharometers, thermometers, bung-rods, excise safes, cocks, and measures. One great obstacle in the way of revising distillery arrangements is the difficulty of procuring articles of this nature in India.

The question of site.

In deciding where the technical school and laboratory should be established it has to be remembered that Madras is already provided for and that there is a laboratory now working at Kasauli. The facts above set forth and others appearing from Major Bedford's reports indicate that the latter institution should be maintained for some time to come. The school, the Committee are disposed to think, would be best held at one of the larger distilleries in the plains, and the Local Governments would probably prefer that the instructors, one of whom should be a technical officer and the other a chemist from the laboratory, should attend and deal with a class in each Province in turn. Until technical officers are appointed it will perhaps be necessary to hold these schools in the neighbourhood of Kasauli and to require all the instruction to be done by the laboratory staff. The Committee's recommendation is that the Kasauli laboratory should be maintained for another three years at least in order to deal with the matters above alluded to and that the question of its further maintenance should then be considered, possibly in connection with that of the establishment of a general laboratory for commercial investigations.

The desirability of co-ordination of effort.

297. The Committee are instructed to report whether there is sufficient co-operation and co-ordination between Provinces and excise matters. At present there is not; indeed the tendency has been to treat each Province as a watertight compartment. Supply of country spirit by one Province to another was till recent years unknown. The distribution of Rosa rum caused much correspondence and difficulty. Foreign liquors made in the country still lack the privilege of free transit and in some cases are not allowed import at all. Even protective belts of outstills by one Province against another with an outstill system are sometimes employed. Where negotiations with Native States have been conducted, it is not unusual to find that each Province has treated for itself and that the arrangements along the border of a State vary with the jurisdictions which it touches. Co-operation in respect of travelling smugglers is conspicuously wanting, and there are no arrangements for passing on information regarding them such as are employed by the police in the case of important criminals. In respect of co-ordination it would be easy to cite numerous instances in which Provinces have laboriously experimented with systems which have been tried and rejected by their neighbours, only to discard them in their turn.

And the best means of obtaining it.

There are three remedies possible for this state of affairs, the first for Provinces to depute their own officers to study the arrangements of others, the second for the provincial Excise Commissioners to meet in periodical conference, the third for an officer with a general knowledge of systems to be made available by the Government of India for investigation, consultation and advice. All three methods have their advantages. The first has been largely made use of by the deputation of officers from other Provinces to study *ganja* arrangements in Bengal and distillery methods in Madras, and at the Committee's instance two Excise Commissioners have been sent on deputation for the latter purpose in the last three months. But the advantages of such deputations tend to be confined to the officers deputed. Periodical consultations have undoubtedly had advantages in other departments

and would be similarly beneficial in the matter of excise. The appointment of an expert officer to explain systems under trial, to investigate difficulties on the spot and to bring the experience of one Province to the aid of another would greatly facilitate and expedite the widespread reorganization of excise arrangements which the acceptance of the Committee's proposals will involve, and would yield more valuable and permanent results than the other two expedients. Such an officer might also serve a very useful purpose in treating for all the Provinces concerned with Native States which touch a number of different jurisdictions. The Committee think that all three methods might be given a trial, premising in the case of the last that the functions of the officer employed should be purely advisory.

The prevention of smuggling from Native States.

298. The Committee do not propose to discuss in any detail the question of smuggling from Native States. It is a difficulty which is felt in almost every Province and in their opinion might be greatly reduced if it were properly approached. The isolated references by individual Provinces in respect of particular shops or areas, not infrequently couched in somewhat technical language, have not carried conviction to native rulers who possibly did not understand them, and if they did did not recognise that they were put forward in pursuance of the Government of India's policy as a whole, but regarded them as aiming at securing revenue for the Government at the expense of the Native State. What appears to the Committee to be necessary in the first place is an explanation, personal if possible, of the Government's policy to the rulers and an invitation to co-operate. If they are willing to do so, as the Committee believe will frequently be found to be the case, they may be lent the assistance of qualified officers. If with such assistance they bring their systems into line with those of the adjacent Provinces, as some of the more advanced have already done, nothing further is required than to induce them to continue the progress as British administration improves. Should they be unwilling to do this they may fairly be asked to arrange the institution of a mutual shopless zone along their borders. For this purpose a local committee representing the Administrations concerned is desirable for the purpose of travelling along the border and determining the large villages or other places within the zone at which it is necessary to allow sale of intoxicants to continue. In special cases where small isolated areas of Native State territory lie in the midst of British districts it is impossible to arrange a zone of this kind and a more satisfactory means of settlement is the leasing of the excise management of the area in question by the Government within whose territory it lies. This is an arrangement that has been successfully carried out by the Bombay Government and has been imitated in the Central Provinces. In all such arrangements the Committee cannot too strongly recommend personal negotiation and a consideration of the interests of the State as a whole. In the case of the Bundelkhand border for instance they have urged the necessity of negotiation at the same time with all the States concerned, since the removal of shops from the border by one of them would expose it to smuggling from its neighbours if all did not take simultaneous action.

Some administrative aids to prevention and detection of offences.

299. The Committee will conclude with a brief mention of some administrative arrangements in check of illicit practices. One which is in use in Madras is a prohibition of the manufacture of spirit from certain bases which are commonly used for illicit manufacture. Another device enforced in this Presidency known as the Sweet Toddy Rules has been noticed. The Mhowra Flowers Act is one which has been found necessary for local reasons in Bombay, but the Committee do not recommend its extension to any other area. The question of the limitation of strength and private possession of country spirit has been discussed in connection with the prevention of drunkenness. It has also an important bearing on the detection of crime since in order to imitate an exact strength an illicit distiller must be expert as well as possessed of instruments, while the limitation of possession without permit not unfrequently results in the detection of illicit liquor the possession of which under one of the Acts in force is not an offence in itself.

The colouring of liquor is another means of facilitating the detection of illicit practices. This is arranged sometimes by requiring outstill manufacturers to

colour all that they make so as to ensure its detection if it is taken into a distillery area and at others by colouring distillery liquor so as to ensure detection of illicit liquor that is uncoloured. Similar arrangements are made where varying rates of duty are enforced to distinguish the liquor issued under different rates. The regulation regarding outstill liquor is useful though it is impossible to enforce it in all cases. In the case of colouring of distillery liquor most elaborate arrangements were made in Bengal for the use of a chemical 'dye' which would give a particular reaction. They proved a failure under circumstances which have been reported to the Government of India by Major Bedford. The Committee are disposed to doubt whether such elaborate arrangements were called for or will be necessary in any case until it is shown that the illicit distillers have reached the stage of imitating a fixed strength and the simple processes of colouring that are readily available. Such arrangements are successfully enforced in parts of Madras and Bombay.

The grant of rewards is an unpleasant necessity of the prevention of fiscal offences since no private person is likely to give information without such an incentive. Rewards given should be prompt and liberal, and the Committee think that they should be granted by the revenue authorities and not by magistrates and have accordingly omitted from their draft Bill the provisions regarding them which appear in some existing Acts. Formal rules should be drawn up regarding their grant which should include a limitation of the classes of officers to whom they should be awarded. One more arrangement hitherto not commonly adopted is the black-listing of villages in which excise offences are unusually rife. It has been found a useful measure to maintain a record of convictions in particular villages and to secure that those at which fiscal offences are very common are more frequently visited than the others or to post officers in the locality so long as necessity exists. Other aids to prevention will doubtless suggest themselves as the organization and work of the establishment proceeds.

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## CHAPTER XIV.—LAW AND RULES.

Instructions received.

300. The Committee are instructed to consider whether the various defects which have been brought to notice in the Northern India Excise Act (XII of 1896) make a complete repeal and re-enactment of that Act desirable; and if so, to indicate the main lines on which fresh legislation is required. They are also to report whether it would be preferable to have one new Act for the Provinces to which the existing Act extends, or whether Provinces with Legislative Councils might not preferably have local Acts of their own as is already the case in Madras, Bengal and Bombay. In either case they are requested to prepare a skeleton Bill which will serve as a model for the separate local Acts if these are found preferable, and to advise regarding the local modifications which would be necessary. The Central Provinces draft Bill is indicated as a useful basis on which to work.

In a subsequent reference they are desired to consider the control of the methylated spirit traffic by specific legislation in connection with the revision of Act XII of 1896.

The Excise Acts in force in India may be divided into two groups.

301. In carrying out these instructions the Committee have made a minute study of Excise Acts at present in force in India of which, including some Native State enactments, ten have passed under their scrutiny. In the result it appears that, in respect of their material provisions, the Excise Acts in force in India can practically be reduced to two; namely,—

(1) those which proceed on the model of Bengal Act XXI of 1856, including
Bengal Act VII of 1878 with its subsequent modifications,
Act XII of 1896, which is in force in the United Provinces, the Punjab, the Central Provinces, Burma, Coorg, and Ajmer-Merwara and has been extended to Baluchistan and Bangalore,
The Mhow, Neemuch and Nowgong Excise Law of 1898,
The Indore Residency Bazars Excise Law of 1904, and among Native State enactments,
The Bhartpur Excise Law; and

(2) those which are modelled on Bombay Act V of 1878, including Madras Act I of 1886, and the Excise Laws of Mysore and Kashmir.

The permissive enactments.

302. In examining the characteristics of these two groups of enactments the Committee propose to commence with the latter, for the reason that the former are all either under revision or in urgent need of it, while the latter in many respects provide the model on which the revision is proceeding. The principles on which the authors of this group of enactments proceeded are described in a note which was written at the time of the framing of Madras Act I of 1886. It was said of it that "the most striking feature is the permissive character of the enactment; the Act requires that manufacture, possession and sale shall be covered by license granted by due authority, but, speaking generally, it may be said that in other respects it merely indicates the broad lines on which the abkari administration is to be conducted, and the nature of the control which may be exercised, leaving points of detail to be determined by rules framed under the Act which have the force of law. This elasticity is of great value, as it enables the Government to deal with varying circumstances without necessitating frequent recourse to the legislature to amend the law, and leaves the Government free to make control more stringent or relax it by applying the provisions of the Act as may appear desirable with reference to the requirements of different localities, or the necessity for restricting the traffic in different descriptions of liquor." The Act accordingly embodied provisions in respect of country spirits giving power to the Local Government to license or establish distilleries or warehouses, to fix rates of duty on country spirits locally produced or imported, and to prohibit by notification transport from

one local area into another. Foreign liquors were defined so as to cover all which were made liable to the tariff rate of duty. Provision was made for the taxation of toddy under either a tree-tax or a farming system as might be convenient to the Local Government. The provisions relating to intoxicating drugs were similar to those relating to country spirits, cultivation being substituted for manufacture. Power was taken for the creation of an Excise Department and the appointment of an officer to control it, and for enquiry by its officers into offences against the Excise law under powers similar to those conferred by the Code of Criminal Procedure. The miscellaneous sections provided for the making and notification of rules, the compounding of offences, bar of actions, exemption of medicated articles, and the like.

Those which favour specific legislation.

303. The Acts based on the Bengal Act XXI of 1856 proceed on a different conception. Instead of enabling they are restrictive; specific systems are provided for, and it is frequently impossible to develop a system because the law in force provides only for such features as were known at the time of its passing. This form of legislation is carried to the pitch of absurdity in the Bhartpur enactment where the headings of columns of returns and provisions for filling them are entered in the substantive law.

Act XII of 1896.

304. A few instances of such defects in Act XII of 1896 may be mentioned. This Act provides only for the Sadar Distillery system in its crudest form. Though it allows differentiation of duties, it makes no provision for the punishment of the transport of liquor issued under one rate into an area under another. It contains particular provision for every detail of the transactions in warehouses for custody of hemp drugs, but ignores the subject of the wholesale vend of liquor. It leaves the definition of country and foreign liquor to be varied from time to time by Local Governments, and gives wholly inadequate powers for the regulation of the traffic in *tari*. The procedure prescribed for dealing with offences is such as to put great obstacles in the way of detection and arrest. The power of inspection is unnecessarily limited; the punishments prescribed are inadequate; the sections that permit of rule-making are so scattered that it is impossible to frame a coherent set of rules on any general subject; and there is no provision for the notification of rules when made. There are many minor defects. The Committee have no hesitation in saying that this Act should be completely repealed.

The Bengal Excise Bill.

305. Another of this group to which the Committee have given much consideration is the Bengal Excise Bill. They are aware that this represents the results of several years' labour and that it has in a measure received the approval of the Supreme Government; but after careful examination of its provisions and discussion of them with the Bengal Government, they feel it their duty to recommend that it should not become law in its present form. The following are a few of the leading defects they find in it. It retains some provisions which at the time of its inception were still in force, but are now liable to become not only unnecessary but harmful. Of such a nature is the distinction between distilleries worked after the European and those worked after the native method—a distinction which has ceased to exist and might prove an obstacle in the way of the accepted policy of the Government of India to admit to the country spirit—market spirit—made in India in properly equipped distilleries. The matter is further complicated by the omission properly to define country liquor and foreign liquor and by the provision made in clause 5 for the manufacture of country spirit in a distillery licensed under clause 3. Another instance of obsolete provisions that have been retained is that for the grant of foreign liquor licenses to travelling merchants. In its newer provisions the Bill repeats the mistake in the old Act of attempting to provide specifically for systems not yet fully developed. The exact details of the system of Contract Supply vary from time to time and from Province to Province, but the Bill in question attempts to define them in the substantive law of a Province which is still in the very early stages of trial of the system. Other provisions which show a tendency to tie the hands of the Government unnecessarily and might prove very inconvenient in actual practice are those relating to the conduct of warehouses. Clauses which are of much

importance from the point of view of the present inquiry are those relating to inter-provial import and export. These appear to the Committee to be so framed as to be liable to put obstacles in the way of the co-ordination and co-operation between Provinces which the Government of India desire. The Bill contains no provision for the legalization of the tree-tax system, the retrial of which has been recommended both by the local authorities and by the Committee. Excise offences are greatly multiplied, whereas they could have been grouped into a few broad classes. The procedure in respect of detection and arrest is in the Committee's opinion capable of simplification. Above all the Bill is extremely verbose, very much longer than any existing Act, and contains some repetitions which could be avoided and many provisions which do not need to appear in the substantive law, while the provisions under which rules may be made are scattered over no less than forty-eight different clauses and sub-clauses.

The question of a general Act or special Acts for Provinces.

306. If the above recommendations for the repeal of Act XII of 1896 and the recasting of the Bengal Bill are accepted, the way is open for legislation for the whole of India except Madras and Bombay. In considering the form which this legislation should take the Committee are met by the questions whether the new law should be in the shape of separate Acts for Provinces which have Legislative Councils of their own and of a common Act for the rest or of a general law enacted by the Government of India, whether such a general law should apply not only to the Provinces to which Act XII of 1896 now applies but also to Bengal and Eastern Bengal and Assam and whether (though this question is not within the terms of the reference made to them) the general Act should be made applicable to the whole of British India. Of the local Governments which are under Act XII of 1896 and have Legislative Councils, those of the United Provinces and the Punjab do not press for separate Acts of their own; the point was not discussed with the Government of Bengal; the Government of Eastern Bengal and Assam had no decided opinion to offer, and the Committee are not acquainted with the views of the Government of Burma. After full deliberation on the respective merits of one general Act and of a number of local Acts, the Committee have formed a decided opinion in favour of the one Act, provided that its scope be made sufficiently wide and its provisions sufficiently elastic to enable each Local Government to adopt and work whatever system is deemed best for its Province in respect of any article dealt with in excise administration. One of the chief objects of their appointment is to secure the co-ordination of the excise systems, and there is nothing in their opinion which will tend so much to this end as a co-ordination of the main provisions of the law. This is especially necessary in the case of the definition and taxation of foreign liquors made in India, the grant to them of free transit from Province to Province, the freeing of inter-provincial imports and exports from harassing restrictions, and similar matters. The only reason in favour of local Acts is that they are more easily altered and more readily adapted to local circumstances. After examining the operation of the Acts in force the Committee consider that this reason has little weight in the case of excise. The local conditions that need special treatment are not such as are common to whole Provinces, but arise from the fact that general development has been slower in some areas than in others. These are fitly dealt with by orders of Local Governments exempting areas or persons from the operation of the whole or part of the law. The general principles of the excise administration are common to the whole of India, and the broad outlines of the law will be the same whether it is contained in one or in many Acts. There are manifest advantages in having it drawn up in a uniform shape by the highest authority, and manifest disadvantages in working co-ordinated systems under differing laws.

And of the law of the future in Bengal and Eastern Bengal and Assam.

307. The Committee have also come to the conclusion that since the existing Bengal Act must be amended there is no sound reason why Bengal or Eastern Bengal and Assam should remain outside the system of excise legislation which it is proposed to apply to the Provinces under the present general law, and that it is highly desirable that one Act should cover them all. Theoretically it might be deemed preferable that he same Act should extend to the whole of India; but the Committee are of opinion that it need not be extended to Madras and Bombay at present since the Acts in

force in those Presidencies do not stand in need of general revision, though they are capable of amendment in certain details which will be referred to later. The new Act should however be made sufficient for all other parts of British India and capable of extension to the above two Provinces if desired, and all local laws made for special areas should disappear.

An outline of the general legislation proposed.

308. The main lines on which the new legislation should proceed have already been briefly indicated. It must be of such a nature as to provide for the observance, throughout the area of its application, of the principles of excise policy laid down by the Government of India, and for controlling and co-ordinating the various systems of excise administration so that they work harmoniously to the greatest advantage of the whole of that area, while enabling each Province to adopt and carry out such methods within its own limits as are found most suitable to the local conditions. In other words it will follow the model of the enactments of the permissive group, of which the pioneer is the Bombay Act V of 1878, and the Madras Act I of 1886 an improved copy. The draft Bill which the Committee have prepared with a view to giving effect to these objects is contained in Appendix I, and a full explanation of its objects and of the reasons for the provisions which are embodied in its clauses is given in Appendix II. It will be sufficient here to recite the more important of these :—

The only definitions which it is necessary to notice are those of 'country' and 'foreign' liquor and 'intoxicating drug.' The provisions of the Madras Act which define country liquor as liquor which does not pay the tariff rate of duty and foreign liquor as including all liquors that do are adopted with a view to carrying into effect the policy of the Government of India of admitting spirit manufactured in well equipped distilleries into the country spirit market and of abolishing all intermediate classifications. The definition of 'intoxicating drug' has been extended so as to bring cocaine or the like within the purview of the law. Power is given to Local Governments to create Excise departments suitable to their necessities. The Excise Commissioner, if one is appointed, is to be the head of the department and his relation to the Collector is defined. The conditions necessary to facilitate inter-provincial import and export without relaxing proper control are next laid down, the difficulty attending such import and export being one of the greatest defects of the present law. In dealing with manufacture, possession and sale the Committee have entered provisions which, while imposing the necessary restrictions on the public, will enable the Governments to adopt any system of administration that appears most suitable to particular areas. In reproducing the provisions of the Madras Act which allow of the introduction of the tree-tax system, they have extended the power of exemption of unfermented *tari* so as to cover that which is drawn as a beverage as well as that which is intended for conversion into *gur*. The levy of duties or fees in any of the ways in which it is desirable that they should be levied is authorized. The licensing clauses in force in Madras have been extended and provision has been made for cancellation and surrender. The clauses relating to the making of rules are grouped together and full powers conferred in all necessary matters especially in regard to the restrictions on retail sale which have been referred to in a previous chapter. An important change in the clauses relating to the powers and duties of officers is the direct application of the provisions of the Code of Criminal Procedure to the investigation of excise offences instead of the enactment of parallel provisions. The clauses relating to penalties have been brought together, and punishments are on a higher scale than is in force in Northern India. An enhanced penalty has been provided for the repetition of certain offences. Provision is made for Gazette notification of all rules made under the Act.

The objections to legislation by notification.

309. In one of the debates on the Bengal Bill objection was taken to the grant of a general rule-making power and it was urged that the substantive law should embody provisions relating to the employment of particular systems of excise. The Committee as practical administrators must dissent strongly from the view that when a Government has decided on the adoption or abandonment of a particular system it should embody its conclusions, in the former case in great detail, in the substantive law. Such

action would not only tie the hands of Government in a most unnecessary way, but would also almost inevitably end in defeating its own object. Improvement can be effected only by constant trial and experiment, and if a Government is tied to a particular system and specific methods, experiment is impossible without recourse to the legislature, and constant changes in the law are above all things, to be avoided.

Are due partly to improper procedure.

The alternative course of what is sometimes known as legislation by notification can be well or ill pursued. In Bengal there would appear to have been grounds for complaint on this head. The law in force contains no provision for publication in the Gazette of rules made under it; those that have been published are not quoted in full in the Excise Manual, nor is a reference to the original invariably given, while the substance of them is sometimes at fault, as in the matter of sale to children which is prohibited at outstills but not at shops in areas under a distillery system.

The safeguards that can be adopted and the necessity for a wide power of rule-making.

These are defects which can be remedied. The Committee have provided the remedy for one of them in Gazette notification. In a later part of this chapter they make proposals for improving the manuals and for issuing rules imposing restrictions on sales which will be uniform, clear and accessible. They may add here that they have had no complaints of the inadequacy of the law in the Provinces where permissive legislation is in force, that they believe that the interest of the public can be amply safeguarded under the operation of such legislation, and that they regard a wide power of rule-making as absolutely essential to the proper working of excise systems in their present stages of development.

Subsidiary legislation for special purposes.

310. In making this recommendation however they do not intend to suggest any objection to a Local Government undertaking subsidiary legislation (subject to Imperial control) to meet any point which may appear to that Government incapable of adequate treatment by rules and orders, or which it is advisable to deal with by special enactment. If for example it is still thought expedient in Bengal to give legislative sanction to the provisions in regard to the method of ascertaining local opinion concerning the opening of shops, which are embodied in the Bengal Excise Bill but are not contemplated or desired in any other Province, or to make further legal provisions aiming at moral ends, there seems no reason why while accepting the general Excise Act the Bengal Government (or any other Government with a Legislative Council) should not introduce separate legislation of its own to deal with such matters. But the Committee must deprecate Provincial legislatures undertaking amendments or extensions of the general Act which are properly general in their nature. Prominent instances of this have recently occurred in the case of cocaine, in respect of which more than one Province under Act XII of 1896 has legislated in amendment for its own territories, thus aiding the more rapid spread of the evil in the remainder.

The law relating to denatured spirit.

311. The Committee have considered the question of repealing Act XVI of 1863, and of embodying in their Bill provisions dealing with denatured spirit. They see no difficulty in adopting this course for the Provinces to which the general Act will apply. In the case of other Provinces, *i.e.* (if the committee's recommendations be accepted) in the case of Madras and Bombay, Act XVI of 1863 must remain in force until the Governments insert in their Excise Acts provisions corresponding to those dealing with denatured spirit which are included in the Committee's draft Bill. The Committee recommend that amendment of these local Acts should be undertaken in the direction indicated. It is advisable that Act XVI of 1863 should be replaced by more complete provisions, because that Act has no regard to the issue of denatured spirit for purposes other than arts, manufactures and chemistry, gives no power to control possession or sale of such spirit, and prescribes insufficient penalties for breach of the law, with obsolete procedure for the levy of fines imposed. It is convenient that provisions dealing adequately with all these points should find place in the law which treats of all exciseable articles.

312. The Bombay Act stands in need of amendment both in respect of denatured spirit and in some other particulars. Of the latter, the most important relate to the definition of country liquor, the exemption of importers of foreign liquor from taking out licenses, the grant of power to excise officers to prosecute excise cases without the intervention of the police, and the subjection of such officers to discipline similar to that imposed on police officers by the Police Act. The definition of country liquor as including all liquor produced or manufactured in India impedes the policy approved by the Government of India of treating only the plain spirit made in India as country spirit and all sophisticated country spirits as foreign spirit. Under the existing definition the same spirit is at one time treated as foreign spirit, and another as country, or—it may be—is even subjected to the restrictions on both. The Committee suggest that country and foreign liquor should be defined in some such way as in clause 3 of their Bill. The exemption granted by the proviso to section 16 of the Bombay Act to importers of liquor in Bombay City who sell it in original casks and packages exists nowhere else in India, and appears to the Committee not to admit of any sound defence, while it stands in the way of that regulation of the traffic in foreign liquors which is becoming increasingly advisable. For the efficient working of the excise administration it is eminently desirable that the officers of the department should themselves be enabled to take their cases into Court, and that their responsibilities in regard to the discharge of their duty should be defined. These and a number of minor suggestions for improvement are contained in Appendix III which brings together the points in which the Committee recommend that the amendment of the Bombay Act should be taken into consideration.

Matters which need amendment in the Bombay Law.

313. Less room for improvement in the Madras Act has come to the notice of the Committee. The need for embodying in that Act provisions regarding denatured spirit is the same as in the case of Bombay; but the majority of the points in which the Bombay Act may be improved have already been met in the later Madras Act. The Committee would only suggest that the Madras Government, when amending its Act in respect to denatured spirit, might with advantage take into consideration the appendices to this report and introduce such amendments as on consideration appear necessary. A further point to be considered in Madras in connection with the question of law is the inadvisability of retaining in the Agency tracts an Act repealed elsewhere (Act III of 1864). On this subject the Committee have been in correspondence with the Government of Madras, and for reasons which are briefly summarised in Chapter II of this report, have recommended that the Act should be withdrawn, and Act, of 1886 made to apply. The Madras Government is not in agreement, but in the Committee's opinion has not given adequate consideration to the reasons which the Committee in the correspondence have assigned for their recommendation.

And in the Madras Act.

314. Every Province has recognized the need of an Excise Manual, containing the law, rules and orders relating to excise; but very great diversity exists in the form and arrangement of those in use. The Committee acknowledge that in this matter uniformity is unattainable, and that each Government may rightly have its own idea of what a manual properly should be. They nevertheless think it desirable to remark that the cardinal points to be attended to are systematic arrangement, completeness and conciseness, and that no existing manual combines all these requisites. In one the arrangement is unsatisfactory, another is lamentably incomplete, a third is needlessly diffuse. Without therefore entering into great minuteness in their recommendations, the Committee wish to suggest a general outline of the manner in which in their opinion a manual might most conveniently be arranged. They think that the multiplication of volumes should be avoided as far as possible, and that the whole should consist of three parts:—

The need for a good Excise Manual.

Part I—The law, with rulings.
Part II—Rules, Standing Orders and explanation and commentary.
Part III—Forms.

To these may be added as a fourth part the technical matter which, the Committee understand, is to be prepared by Major Bedford, dealing with elementary chemistry, mensuration and technical distillation and brewing. Other technical or special information in regard to hemp drugs and opium may be added. In Part I the law should be printed in large type, with the rulings of courts of law under any particular section printed in small type below that section. It would probably be convenient to divide Part II into three sections :—(*a*) general, (*b*) liquor, (*c*) drugs; and in each section to treat of subjects as far as possible in the order in which they are dealt with in the law. The general section would contain matter relating to all exciseable articles or the excise administration generally; in sections (*b*) and (*c*) each kind of liquor and of intoxicating drugs would be taken up in turn. Notifications and rules having the force of law would be distinguished by different type from standing orders, commentary and explanation. Where the rules and orders relating to excise opium are small in bulk, they would conveniently be brought into a fourth section—(*d*)—of Part II—the Opium Act being inserted in Part I; otherwise all matter relating to opium should be included in a separate volume. It would not be always desirable or necessary to quote notifications in full; their exact effect, with a reference to the publication (usually the Gazette) in which the original is to be found, would be sufficient. Similarly the phraseology of rules might be curtailed, so long as care was taken to give the exact wording of the effective part of each rule, with a reference to the publication containing the original; and standing orders should in like manner be reproduced as concisely as is consistent with clearness, while explanation and commentary should be as brief as possible. In Part III would be collected all prescribed forms arranged and numbered in their proper order according to the sequence of subjects adopted in Part II. All these parts should be supplied with full cross references and there should be a complete index.

And for rules imposing restrictions on sales to be uniform, clear and accessible.

315. The Committee think it desirable that clauses in license and other forms, designed to meet similar or identical conditions should themselves be in similar or identical terms. They find that there is at present a great want of uniformity in this regard and that it is by no means easy to ascertain what are the essential conditions in each Province. They have indicated in the chapter on Restrictions on the Retail Sale of Liquor the matters in respect of which definite regulation appears to be desirable, and they would recommend that after considering the recommendations made on this head each Local Government should frame a clear and concise set of rules for the information of the public and for embodiment in the licenses. The other clauses in the licenses should be framed with the greatest possible simplicity, and as far as may be in the same words in each Province, when the subject-matter is the same and local circumstances require no divergence. By embodying all these forms in Part III of the manual and allowing the manual to be on sale, the desirable object will be attained of affording information as to the forms of licenses to those concerned with or interested in excise matters outside the body of servants for whose instruction it is primarily intended.

When the Act, the rules, and the forms have been settled and a manual complete in its Parts I, II and III has been compiled, it should be the duty of the Excise Commissioner to see that all officers to whom it is supplied are furnished regularly with correction slips, and of all such officers punctually to incorporate the slips received, so that the manual may be kept up to date. Correction slips should equally be made available to the public by purchase. Whether a condensed form of the manual, in English or the vernacular, is required for the use of subordinate officers of the Excise Department is a question which the Committee would leave to each Government to decide for itself according to the strength and quality of its excise establishments. The Local Government of Eastern Bengal and Assam regards this as a point of considerable importance.

## CHAPTER XV.—SUMMARY.

The Committee append a summary of their conclusions.

### General.

316. The majority of the existing concesions of free distilling, tapping and brewing are unavoidable, but as general administration advances the restriction of the area of concession should be kept steadily in view. Para. 13.

Concessions to backward tribes.

317. (*a*) The abolition of the outstill system is in rapid progress. Para. 21.

Outstills.

(*b*) The operation of the system may ultimately be restricted to a block of country between Chota Nagpur and the Gódávari and a few minor areas of little importance. Para. 21.

(*c*) The Committee can suggest no useful changes in the present system of outstill administration. Para. 22.

318. (*a*) The Contract Supply system is the best working distillery system that has yet been devised. Para. 49.

Distillery systems.

(*b*) The District Monopoly system is suitable as an intermediate arrangement in areas of difficult country. Para. 86.

(*c*) The arrangements for distillery control need complete revision in all Provinces except Madras. A system based on English methods is recommended. Para. 54.

319. The arrangements for the distribution of spirit must vary with local circumstances. Bonded warehouses are most suitable under contract supply. Paras. 62 & 63.

Wholesale vend.

320. (*a*) The fixed duty should be the main factor in the taxation. Para. 183.

Still-head duty.

(*b*) In most instances the rates of still-head duty can be increased without giving rise to uncontrollable illicit practices. Paras. 93 to 106.

321. (*a*) Country spirits should be sold at fixed strengths wherever a staff is employed that is capable of enforcing this regulation without undue harassment of the shopkeepers. Paras. 136, 253 & 299.

Sale strengths.

(*b*) The strengths fixed should not ultimately be higher than 30° U.P. or lower than 60° U.P. Para. 258.

322. The limit of retail sale and of possession of country spirit for private consumption should be reduced where possible to one quart. Para. 251.

Limit of possession.

323. (*a*) The consumption of all classes of foreign liquor has largely increased. Paras. 127 to 130.

Foreign liquor.

(*b*) The recognition of any class intermediate between country and foreign spirit should cease in all Provinces as early as possible. Para. 108

(*c*) 'Foreign' liquor made in India should be put on the same footing as that which is imported. Paras. 109 & 133.

(*d*) Strict control over compounding and bottling arrangements should be enforced. Paras. 112 & 116.

(*e*) The inferior limits of strength for foreign spirit which are imposed in some Provinces should be reduced to those enforced under the English law, and the regulation made general. Para. 116.

(*f*) Licences for sale of foreign liquor for consumption on the premises should be strictly limited. Para. 121.

(*g*) The rate of duty on beer should be increased and the arrangements for control of breweries improved. Paras. 114 & 132.

324. (*a*) The consumption of *tari* unless properly controlled is liable to lead to much drunkenness. Para. 138.

*Tari.*

(*b*) The tree-tax system is the best method of control where consumption is considerable. Para 162.

Para. 163. (*c*) The system can be so worked as to avoid undue harassment of the people.

Para. 163. (*d*) The provisions made should be such as will facilitate the procuring of *tari* for consumption in a fresh state.

Paras. 178 & 179. 325. (*a*) The consumption of country beers is causing much drunkenness in certain areas and the beers made are sometimes very deleterious.

Country beers.

Para. 181. (*b*) Greater control over manufacture and vend is desirable.

Paras. 121, 168, 194 to 196, 237, 240 & 247. 326. (*a*) The disposal of privileges by auction is responsible for many defects in present arrangements.

Retail vend.

Para. 192. (*b*) It is inevitable where no fixed duties are levied.

Para. 199. (*c*) Where fixed duties are imposed they should be the main factor of the taxation, and as efficient control is secured the auction system should be replaced by one which gives a better guarantee of respectable management.

Paras. 230 to 233. 327. (*a*) The number of shops can be reduced in some areas ; in others reduction has gone too far.

Number and location of shops.

Para. 240. (*b*) A scrutiny of both number and sites of town shops is very desirable and should be conducted in the Presidency towns by special committees.

Para. 234. (*c*) For the future a maximum and minimum standard for each local area should be fixed within which discretion should be given to local officers.

Para. 242. (*d*) Due provision should be made for ascertaining public opinion as to the location of shops, but reliance should be placed and action should proceed on the enquiries of trustworthy officers.

Para. 246. 328. (*a*) The conditions of the licenses which aim at checking drunkenness need thorough scrutiny.

Restrictions on sale.

Para. 247. (*b*) All back and side entrances to shops should be closed.

Para. 247. (*c*) Private rooms should be allowed only under special sanction.

Para. 248. (*d*) The closing hour should be strictly enforced.

Para. 269. (*e*) The Committee are not convinced of the necessity or the practicability of any further measures for the prevention of clandestine purchase by the better classes.

Para. 249. (*f*) The employment of women should be prohibited where it is objectionable.

Para. 250. (*g*) Sale to children or drunken persons should everywhere be put a stop to.

Para. 265. (*h*) Sale on credit should be allowed only under special conditions.

Para. 267. (*i*) All shopkeepers' transactions should be properly controlled.

Para. 261. (*j*) The fixing of maximum prices as practised at present has no tendency to lead to increase of drunkenness.

Para. 272. 329. (*a*) The Governments are practically unanimous in desiring stronger establishments.

Establishments.

Para. 294 (*b*) The Committee recommend the employment of a force more or less on the model of the police force to attend to both excise work and the check of drunkenness.

Para. 286. (*c*) It is essential that the authority and co-operation of the Collectors should be maintained.

Paras. 295 & 296. (*d*) Special provision for training of officers in technical work is necessary and a general excise laboratory is desirable.

Para. 297. (*e*) The appointment of a special officer to advise on and to co-ordinate excise administration throughout India is recommended.

Paras. 301 & 302. 330. (*a*) The laws in force are on two different models, but the revisions in progress tend to follow one model.

Law.

Para. 307. (*b*) The Committee recommend a single law for all India outside Madras and Bombay and anticipate that the law of these two Provinces will ultimately be assimilated to it.

Paras. 314 & 315. (*c*) The manuals and license forms of some Provinces stand in much need of amendment.

## PROVINCIAL.

The following are the more important of the recommendations that are special to particular Provinces :—

Bengal.

331. (*a*) In Bengal the restriction of home manufacture of *pachwai* may gradually proceed. Para. 13.

(*b*) The arrangements for levying fees for the privilege should be revised and put under better control. Para. 14.

(*c*) The restriction of the outstill area is in hand and the ultimate abolition of the system is hoped for. Para. 21.

(*d*) The Contract Supply system with bonded warehouses as a means of distribution has been adopted as the system of the Province. Paras. 50 & 56.

(*e*) A thorough revision of the rates of duty is recommended as the abolition of outstills proceeds. Para. 94.

(*f*) The limits of retail sale and possession of country spirit should be revised and generally reduced. Para. 251.

(*g*) The country and foreign liquor businesses should be separated. Paras. 110 & 221.

(*h*) So also should licenses for 'on' and 'off' sale of foreign liquor. Para. 120.

(*i*) The number of places licensed for 'on' sale should be reduced. Para. 121.

(*j*) The system of passes for foreign liquor should be abolished. Para. 110.

(*k*) The gradual introduction of simplified form of the tree-tax system is recommended. Para. 164.

(*l*) The traffic in fresh *tari* used for drinking purposes should be brought under stricter control. Para. 165.

(*m*) The manufacture and sale of *pachwai* should be put under closer regulation. Para. 181.

(*n*) *Tari* shops are too numerous in Bihar. Para. 221.

(*o*) A redistribution of country spirit shops as between urban and rural areas and a strict scrutiny by a special committee of the shops in Calcutta City are desirable, Paras. 221 & 240.

(*p*) A reorganisation of the Salt and Excise departments on the lines proposed is recommended. Both Collectors and Sub-divisional Officers should give more attention to excise work than they do at present. Paras. 279, 286 & 288.

(*q*) The Province will do well to adopt the general law proposed for all India outside Madras and Bombay. Para. 307.

(*r*) The license conditions can be simplified and improved and the manual should be recast. Paras. 314 & 315.

Eastern Bengal and Assam.

332. (*a*) The systems in the two parts of the Province should be made more uniform.

(*b*) It is not at present practicable to limit the concessions granted in respect of home manufacture of country beers in Assam, but the privilege of free distillation in the Khasi and Jaintia Hills may be somewhat restricted. Para. 13.

(*c*) The outstill system can be abolished gradually throughout the Province. Para. 21.

(*d*) The Contract Supply system with bonded warehouses has been adopted as the future system of supply. Para. 50.

(*e*) There is no room at present for any increase in existing still-head duties in Eastern Bengal. A still-head duty can be imposed at a moderate rate to commence with in the planting districts. Para 95

(*f*) The number of shops needs no change. The question of location in Assam requires particular scrutiny. Paras. 222 & 237.

(*g*) No further trial of the Canteen system is recommended. Para. 214.

(*h*) A re-organisation and amalgamation of the staff employed is necessary. Para. 279.

(*i*) It is suggested that this Province should adopt the law proposed for those now under Act XII of 1896. Para. 307.

United Provinces.

333. (*a*) The concessions granted are of small importance and no change in respect of them is feasible. Para. 13.

(*b*) The outstill area can be largely reduced, but the system must be retained in some inaccessible and isolated tracts. Para. 21.

(*c*) The number of sadar distilleries and of distillers in them should be reduced and their processes improved. Para. 29.

Para. 24. (*d*) Private firms should be admitted to the country spirit market.

Para. 50. (*e*) The development of the arrangements so modified into a system of Contract Supply is for consideration.

Para. 59. (*f*) The present system of wholesale shops is not a success and needs radical alteration.

Para. 96. (*g*) The question of the general increase of the still-head duty should be taken up with the return of more favourable seasons.

Para. 110. (*h*) The allowance for wastage after issue from breweries should be abolished.

Para. 164. (*i*) The question of the re-introduction of the tree-tax system is for consideration when the taxation on country spirit is increased.

Para. 223. (*j*) There is room for some reduction of country spirit shops in outstill areas and of *tari* shops in the eastern districts.

Para. 279. (*k*) The staff needs considerable increase. The proposals now before the Local Government should be taken as a first instalment of reform. Ultimately the establishment should be sufficiently improved to relieve the police of preventive and detective duties.

Paras. 54 & 55. (*l*) The distillery staff should be strengthened and the exemption of the Rosa distillery from control withdrawn.

Para. 13. Punjab. 334. (*a*) The concessions are unimportant.

Para. 21. (*b*) The outstill system has been practically abolished.

Paras. 39 & 50. (*c*) The safeguards provided under the distillery system do not appear sufficient to prevent an undue enhancement of the price. It is recommended that an understanding with the distillers on the subject of price should be arrived at, the system of Contract Supply being held in reserve.

Para. 59. (*d*) The arrangements for wholesale vend need considerable modification to make them efficient.

Paras. 81 & 97. (*e*) Consumption is increasing rapidly, but there is no room for increase in the rate of duty until illicit distillation has been got in hand.

Para. 110. (*f*) Regulations imposing the tariff rate on all 'foreign' liquor made in the country should be brought into force as soon as possible.

Para. 121. (*g*) 'On' sale under 'first class' licenses should be prohibited.

Para. 110. (*h*) The allowance for wastage after issue from breweries should be abolished.

Para. 224. (*i*) The number of country spirit shops in towns and of *lugri* shops on the Kulu road should be scrutinised.

Paras. 247 & 250. (*j*) The nature of the buildings used for shops and the license conditions imposed in check of drunkenness need special attention.

Paras. 279 & 285. (*k*) The extreme prevalence of illicit distillation in the Province is the greatest problem before the Government and the matter should be taken thoroughly in hand by a competent staff, an experiment in such action being made in the first instance in a selected district or districts.

Para. 289. (*l*) The Committee advise recruitment of a staff for the purpose otherwise than by the temporary deputation of Land Revenue officers.

Paras. 26 & 50. North-West Frontier Province. 335. (*a*) The general distillery system will follow that of the Punjab. Of the two sadar distilleries in out-of-the-way districts, one will be abolished and the other improved.

Para. 98. (*b*) An increase in duty is possible.

Paras. 225 & 279. (*c*) Shops are few, illicit distillation is unknown and the general majority of the population are abstainers. A very moderate staff is therefore sufficient.

Para. 13. 336. (*a*) The area in which concessions are granted can be reduced. Concessions in the remainder cannot at present be interfered with.

Para. 21. Madras. (*b*) The outstill area in the Agency tracts can be diminished and that in the Chavakkat Deputy Tahsildar's division should be brought under better control.

Paras. 50 & 99. (*c*) The Contract Supply system is already in force and the rates of duty have recently been raised. There appears to be room for further increase in some districts.

Para. 121. (*d*) The foreign liquor 'taverns' should be reduced in number.

Para. 114. (*e*) A sufficient standard of quality should be fixed for all beer produced.

(*f*) The administration of toddy should be improved by the employment of more Assistant Inspectors and simplification of the regulations relating to sweet toddy. The rates of tree-tax should be raised. Paras. 160 & 168.

(*g*) The number of shops particularly in towns and large villages should be reduced. Para. 226.

(*h*) The reduction and re-arrangement of those in Madras Town should be taken in hand by a special committee. Para. 240.

(*i*) The question of the reduction in number and the improvement of the personnel of the staff employed should be taken into consideration as reduction in the number of offences shows that the people are learning to respect the law. Paras. 279 & 281.

(*j*) The law in force is capable of amendment in certain particulars. The whole Presidency should be brought under Act I of 1886 and the administration of the Agency tracts dealt with more fully in the annual reports. Paras 13, 21 & 313.

Bombay.

337. (*a*) The existing variety in systems and rates of duty should be reduced where possible. Paras. 100 & 151.

(*b*) The concessions to the Kaliparaj should be gradually withdrawn as their condition improves. Para. 13.

(*c*) One of the two outstill areas may be brought under a better system of supply. Para. 21.

(*d*) The conditions of the Presidency are very variable and extreme difficulties prevail in preventing illicit practices in certain areas. For these the District Monopoly system is suitable. Paras. 33 & 36.

(*e*) Elsewhere the extension of the system of Contract Supply is recommended. Para. 50.

(*f*) The arrangements at the distilleries at Dadar and Uran need thorough overhauling. Para. 52.

(*g*) The toddy distilleries on the South Coast should be gradually abolished. Para. 31.

(*h*) Consumption is very large in the coast districts and Khandesh, and measures should be taken to reduce it by enhancement of duties and suppression of illicit practices. Paras. 84 & 100.

(*i*) The prohibition of the sale of foreign liquor at a lower strength than 15° U. P. should be cancelled and the limits in force in the United Kingdom substituted. Para. 116.

(*j*) The exemption from license of importers in Bombay City who sell in the original packages should be annulled. Paras. 118 & 312.

(*k*) The toddy system is suitable but needs a better staff to enforce it. Paras. 151 & 279.

(*l*) The system of disposal of shops on a minimum guarantee is suitable, like the District Monopoly system, as an intermediate arrangement in difficult areas. Para. 211.

(*m*) The number of shops can be reduced in Bombay City and with this object a special committee is proposed. Elsewhere the number and distribution of shops should be scrutinised. Paras. 227 & 240.

(*n*) The proposals for the improvement of the excise staff are suitable, but the amalgamation of the Salt and Excise establishments should be expedited. Paras. 279 & 283.

(*o*) The law is capable of amendment in several particulars. Para. 312.

(*p*) A proper Excise Manual is an urgent necessity. Para. 314.

Sind.

338. (*a*) Precautions are necessary under the present distillery system to prevent the undue enhancement of prices. The system of Contract Supply should be kept in view. Paras. 28 & 50.

(*b*) The taxation on spiced liquors should be gradually raised to the tariff rate and when this point is reached they should be treated as foreign spirit. Paras. 31 & 108.

(*c*) The duty should be made proportionate to strength and gradually raised, and the scale of fees for retail vend revised so as to make them correspond more closely to the value of the shops. Paras. 101 & 190.

(*d*) The change in the limit of strength of foreign liquor recommended for Bombay should be adopted. Para. 116.

(*e*) The improvement of the staff and its amalgamation with the Salt and Opium establishments on the lines proposed is recommended. Paras. 279 & 288.

Paras. 102 & 229.

339. The Government of India have already issued orders with reference to this Province. The Committee have suggested no changes, but have advised caution in carrying the reforms into effect.

Central Provinces.

Para. 103.

340. (*a*) The duty on country spirit can be raised.

Coorg.

Paras. 190 & 207.

(*b*) It should be considered whether the scale of surcharge for retail vend should not be revised so as to differentiate between the circumstances of different shops or groups of shops.

Para. 132.

(*c*) The method of taxation of beer is not in accordance with the present law.

Para. 164.

(*d*) A very simple form of tree-tax might perhaps be introduced.

Para. 230.

(*e*) The number of shops might be reduced.

Para. 279.

(*f*) The establishments should be improved.

Para. 8.

341. (*a*) The concession to the *tazimi istimrardars* should cease with the lives of the present holders.

Ajmer-Merwara.

Para. 50.

(*b*) The introduction of the Contract Supply system is suggested.

Para. 104.

(*c*) The duty in the Ajmer city might be increased.

Para. 116.

(*d*) The recommendation made for Bombay in respect of the limit of strength of foreign liquor should be adopted.

Para. 279.

(*e*) The establishment should be increased.

Para. 50

342. (*a*) A simple form of distillery system for areas on the railway line is suggested.

Baluchistan.

Para. 279.

(*b*) A small establishment will be necessary to carry it into effect.

Para. 106.

343. (*a*) In Bangalore an increase of duty is recommended.

Cantonments in Native States.

Para. 114.

(*b*) A sufficient standard of quality for locally made beer should be imposed.

Para. 50.

(*c*) For other cantonments an efficient system of spirit supply on the lines of that in force in Bangalore is suggested.

Paras. 233 & 279.

(*d*) There is much room for improvement by reduction of shops and in other particulars in these areas.

J. THOMSON, *President.*

K. G. GUPTA,
R. A. LAMB,
J. M. HOLMS,
C. G. PARSONS,
} *Members.*

C. G. TODHUNTER, *Secretary.*

OOTACAMUND,

*The 4th July 1906.*

# APPENDICES.

सत्यमेव जयते

# APPENDIX I.

## DRAFT EXCISE BILL.

NOTE.—The corresponding sections of Act XII of 1896 and of the Madras Abkari Act, 1886, are noted on the margin.

### *An Act to consolidate and amend the Excise Law in certain Provinces.*

WHEREAS it is expedient to consolidate and amend the law in certain Provinces relating to the import, export, transport, manufacture, sale, and possession of intoxicating liquor and of intoxicating drugs; It is enacted as follows :—

### I.—PRELIMINARY AND DEFINITIONS.

Short title.

**1.** This Act may be cited as "The Excise Act, 190 ."

Extent.

It extends to the whole of British India except the Presidencies of Madras and Bombay.

Commencement.

And it shall come into force in any local area within the territories administered by any Local Government to such extent and from such date as the Local Government by notification shall direct. Section 1, Madras.

Repeal of enactments.

**2.** From the date on which this Act comes into force in any local area, the enactments and law mentioned in the schedule hereto annexed shall be repealed to the extent specified in the third column of the said schedule.

Interpretation.

**3.** In this Act, unless there be something repugnant in the subject or context—

"Excise revenue."

(1) "Excise revenue" means revenue derived or derivable from any duty, fee, tax, fine (other than a fine imposed by a court of law) or confiscation imposed or ordered under the provisions of this Act, or of any other law for the time being in force relating to liquor or intoxicating drugs. *Cf.* section 3 (1), Madras.

"Excise officer."

(2) "Excise officer" means a Collector, or any officer or other person appointed or invested with powers under section 7. *Cf.* section 3 (2), Madras.

"Excise Commissioner."

(3) "Excise Commissioner" means the officer appointed by the Local Government under section 7, clause (*a*). *Cf.* section 3 (3), Madras.

"Chief Revenue Authority."

(4) "Chief Revenue Authority" means the authority or officer declared by the Local Government, subject to the control of the Governor-General in Council to be the Chief Revenue Authority for the purposes of this Act. *Cf.* section 3 (1) (n), Act XII.

"Magistrate."

(5) "Magistrate" means any Magistrate exercising powers not less than those of a Magistrate of the second class, or any Magistrate of the third class, specially authorized in this behalf by the District Magistrate. *Cf.* section 3 (1) (*d*), Act XII.

"Tari."

(6) "Tari" means fermented or unfermented juice drawn from a cocoanut, palmyra, date, or any other kind of palm tree. section 3 (7), Madras.

"Spirit."

(7) "Spirit" means any liquor containing alcohol obtained by distillation, whether it is denatured or not. *Cf.* section 3 (1) (i), Act XII. and section 3 (8), Madras.

"Denatured."

(8) "Denatured" means effectually and permanently rendered unfit for human consumption. *New.*

"Beer."

(9) "Beer" includes ale, stout, porter and all other fermented liquors made from malt. *Cf.* section 3 (10) Madras.

"Liquor."

(10) "Liquor" includes spirits of wine, spirit, wine, tari, pachwai, beer and all liquid consisting of or containing alcohol; also any substance which the Local Government may by notification declare to be liquor for the purposes of this Act. *Cf.* section 3 (9), Madras.

"Country liquor."

(11) "Country liquor" means any liquor manufactured in British India on which duty of excise has not been levied or is not leviable at the full rate of duty chargeable on like liquor imported into British India from foreign countries by sea. *Cf.* section 3 (11), Madras.

*Cf.* section 3 (12), Madras. "Foreign liquor." (12) "Foreign liquor" includes all liquor other than country liquor.

Provided that in any case in which doubt may arise the Local Government, with the previous sanction of the Governor-General in Council, may by notification declare whether for the purposes of this Act or any rules made thereunder any particular liquor shall be deemed to be "country liquor" or "foreign liquor."

"Intoxicating drug." (13) "Intoxicating drug" includes—

*Cf.* section 3 (13) Madras. (*a*) cocaine, ganja, bhang, charas, and every preparation and admixture of the same, and every intoxicating drink or substance prepared from any part of the hemp plant (*Cannabis sativa* or *Indica*), from grain or from other material and not included in the term "liquor", but does not include opium or anything included within the meaning of that word as defined in the Indian Opium Act, 1878;

No 9. (*b*) any other substance which the Local Government, subject to the control of the Governor-General in Council, may specify by notification, together with every preparation and admixture of the same.

The Local Government, subject to the control of the Governor-General in Council, may by notification declare what shall be deemed to be ganja, bhang, charas or other substance specified as an intoxicating drug.

Section 3 (14), Madras. "Sale" or "selling". (14) "Sale" or "selling" includes any transfer otherwise than by way of gift.

*New.* "Exciseable article." (15) "Exciseable article" means and includes any liquor or intoxicating drug as defined by this Act.

Section 3 (15), Madras. "Import." (16) "Import" means to bring into any Province to which this Act applies from sea or from foreign territory or from any other part of British India.

Section 3 (16), Madras. "Export." (17) "Export" means to take out of any Province to which the Act applies to sea or to foreign territory or to any other part of British India.

Section 3 (17), Madras. Transport." (18) "Transport" means to move from one place to another within any Province to which this Act applies.

*Cf.* section 3 18), Madras. "Manufacture." (19) "Manufacture" includes every process, whether natural or artificial, by which any exciseable article is produced or prepared, and also redistillation and every process for the rectification, flavouring, blending or colouring of liquor.

Section 3 (20), Madras. "Place." (20) "Place" includes also a house, building, shop, tent and vessel.

*Cf.* section 3 (1) (*n*), Act XII. Limits of sale. **4.** The Local Government, subject to the control of the Governor-General in Council, may by notification declare, with respect either to the whole Province or to any local area, and as regards purchasers generally or any specified class of purchasers, and generally or for any specified occasion, what quantity of any exciseable article shall, for the purposes of this Act, be the limit of sale by retail and sale by wholesale respectively.

*Cf.* section 4, Act XII. Saving of enactment. **5.** Nothing contained in this Act shall affect the provisions of the Cantonment Act, 1889.

## II.—ESTABLISHMENT AND CONTROL.

*Cf.* section 4, Bombay Abkari Act, 1878. The collection of the excise revenue to lie with the Collector. **6.** Except as otherwise provided by this Act, the collection of the excise revenue shall be under the charge of the Collector.

*Cf.* sections 4 and 5 (1), Madras. The Local Government may appoint an officer to control the administration of the Excise Department; **7.** The Local Government may, by notification applicable to the whole Province or to any district or local area in which this Act is in force,

(*a*) appoint an officer who shall, subject to the orders of the Chief Revenue Authority, if any, have the control of the administration of the Excise Department and of the collection of the excise revenue;

may appoint persons other than the Collector to exercise all or any of his powers; (*b*) appoint any person other than the Collector to exercise all or any of the powers and to perform all or any of the duties of a Collector in respect of the excise revenue, either concurrently with or in exclusion of the Collector, subject to such control as the Local Government may direct;

may appoint officers to take action under sections 34, 36 and 47 (*a*);

(*c*) appoint officers or persons to perform the acts and duties mentioned in sections 34, 36 and 47 (*a*);

and other officers;

(*d*) appoint officers of the Excise Department of such classes and with such designations, powers and duties under the Act as the Local Government may think fit;

may appoint any Government officer or other person to act as above;

(*e*) order that all or any of the powers and duties assigned to any officer under clauses (*c*) and (*d*) of this section shall be exercised and performed by any Government officer or any person;

may delegate any of its powers to the Chief Revenue Authority or an Excise officer;

(*f*) delegate to the Chief Revenue Authority or any Excise officer all or any of its powers under the Act;

may withdraw powers;

(*g*) withdraw from any officer or person any or all of his powers in respect of the excise revenue;

and may permit delegation of powers.

(*h*) permit the delegation by the Excise Commissioner or by Collectors of any powers conferred by this Act or exercised in respect of excise revenue under any Act for the time being in force.

Collector to be subject to control of Excise Commissioner.

**8.** (1) The Collector shall in all proceedings under this Act be subject to the control of the Excise Commissioner, and all orders passed by a Collector under this Act shall be appealable to the Excise Commissioner in manner provided by the rules for the time being in force relating to appeals from the orders of Collectors in the Land Revenue Department. *Cf.* section 64 Act XII.

(2) All orders passed by the Excise Commissioner otherwise than on appeal shall be appealable to the Chief Revenue Authority or to the Local Government, if there be no Chief Revenue Authority.

## III.—IMPORT, EXPORT AND TRANSPORT.

Import of exciseable articles.

**9.** (1) No exciseable article which is liable to the payment of duty under the Indian Tariff Act, 1894, or any other law for the time being in force relating to the duties of customs on goods imported into British India, shall be imported unless the duty prescribed by such law has been paid. *Cf.* section 6, Madras, and section 31, Act XII.

(2) No liquor manufactured in British India which is liable to the payment of a duty equal to the duty of customs chargeable on like liquor under the Indian Tariff Act, 1894, or other law as aforesaid shall be imported unless such duty has been paid or a bond executed for the payment of such duty.

(3) No other exciseable article shall be imported unless the Local Government of the Province of import shall have given permission, general or special, for its import, subject to such conditions as it may think fit, and unless the duty, if any, leviable under this Act has been paid or a bond executed for the payment of such duty.

Export of exciseable articles.

**10.** No exciseable article referred to in sub-section (2) or sub-section (3) of section 9 which has been imported and was, upon importation, subject to duty, and no exciseable article which has been manufactured in any Province in which this Act is in force shall be exported unless the duty, if any, leviable under this Act has been paid or a bond executed for the payment of such duty. *Cf.* section 7, Madras.

Prohibition of transport of exciseable articles.

**11.** The Local Government may by notification prohibit the transport of any exciseable article from any local area into any other local area. Section 9, Madras (*Cf.* section 12(2)(c), Act XII).

Import, export or transport of exciseable articles.

**12.** No exciseable article exceeding such quantity as the Local Government may prescribe by notification, either generally for the whole Province or for any local area, shall be imported, exported or transported except under a pass issued under the provisions of the next following section: *Cf.* section 10, Madras.

Provided that in the case of duty-paid foreign liquor other than denatured spirit such passes shall be dispensed with, unless the Local Government shall by notification otherwise direct with respect to any local area.

Passes for import, export or transport.

**13.** Passes for the import, export or transport of exciseable articles may be granted by the Collector. *Cf.* section 11, Madras, and section 20, Act XII.

Such passes may be either general for definite periods and kinds of exciseable articles or special for specified occasions and particular consignments only.

Passes granted under this section shall be in such form, and shall contain such particulars and be granted to such persons, as the Local Government may by notification prescribe.

Provided that a pass granted to cover any exciseable article exported from one Province into another shall cover it from the place of export to the place of import.

## IV.—MANUFACTURE, POSSESSION AND SALE.

*Cf.* section 12, Madras, and sections 5 and 12, Act XII.

Manufacture of exciseable articles prohibited except under provisions of this Act.

**14.** (*a*) No exciseable article shall be manufactured ;

(*b*) no hemp plant (*Cannabis sativa* or *Indica*) shall be cultivated or collected ;

(*c*) no tari-producing tree shall be tapped ;

(*d*) no tari shall be drawn from any tree ;

(*e*) no distillery or brewery shall be constructed or worked ; and

(*f*) no person shall use, keep or have in his possession any materials, still, utensil, implement or apparatus whatsoever for the purpose of manufacturing any exciseable article other than tari ;

except under the authority and subject to the terms and conditions of a license granted in tha behalf by the Collector, or by the Excise Commissioner under section 15, or under the provisiont of section 20.

*Cf.* sectio 15, Madras.

Provided that the Local Government may by notification declare that the provisions of this section shall not apply in any local area to trees tapped, or tari drawn, under such conditions as the Excise Commissioner may prescribe.

*Cf.* section 14, Madras, and sections 6 and 14, Act XII.

Establishment or licensing of distilleries and warehouses.

**15.** The Excise Commissioner may—

(*a*) establish a distillery in which spirit may be manufactured under a license granted under section 14 on such conditions as the Local Government deems fit to impose ;

(*b*) discontinue any distillery so established ;

(*c*) license, on such conditions as the Local Government deems fit to impose, the construction and working of a distillery or brewery ;

(*d*) establish or license a warehouse wherein any exciseable article may be deposited and kept without payment of duty ; and

(*e*) discontinue any warehouse so established.

*Cf.* section 13, Madras, and sections 18 and 30, Act XII.

Possession of exciseable articles in excess of the quantity prescribed by Government prohibited.

**16.** No person not being a licensed manufacturer or vendor of any exciseable article shall have in his possession any quantity of any exciseable article in excess of such quantity as the Local Government under section 4 may declare to be the limit of sale by retail, unless under a permit granted by the Collector in that behalf.

Provided that—

No fee to be charged for permit for possession for private consumption.

(1) no fee shall be charged for any such permit granted for the possession of such exciseable article for *bonâ fide* private consumption or use ;

Proviso as regards foreign liquor.

(2) nothing in this section extends to any foreign liquor, other than denatured spirit, in the possession of any common carrier or warehouseman as such, or purchased by any person for his *bonâ fide* private consumption and not for sale.

Provided further that—

*Cf.* section 18, Act XII.

Prohibition of possession in certain cases.

(3) the Local Government may by notification prohibit the possession by any person or class of persons, either throughout the whole Province or in any local area, of any exciseable article, either absolutely or subject to such conditions as it may prescribe.

*Cf.* section 15, Madras, and section 21, Act XII.

Sale of exciseable articles without license prohibited.

**17.** No exciseable article shall be sold without a license from the Collector ; provided that—

(1) a person having the right to the tari drawn from any tree may sell the same without a license to a person licensed to manufacture or sell tari under this Act, and a cultivator or owner of any plant from which an intoxicating drug is produced may sell without a license those portions of the plant from which the intoxicating drug is manufactured or produced to any person licensed under this Act to deal in the same, or to any officer whom the Excise Commissioner may prescribe ;

*New.*

(2) a license for sale in more than one district of a Province shall be granted by the Excise Commissioner ;

*New.*

(3) a license for sale in more than one Province shall be granted by such authority and subject to such conditions as the Local Governments of the Provinces concerned may determine ;

Proviso (*a*), section 21, Act XII.

(4) nothing in this section applies to the sale of any foreign liquor legally procured by any person for his private use and sold by him or by auction on his behalf or on behalf of his representatives in interest upon his quitting a station or after his decease.

Exclusive privileges of manufacture, etc., may be granted.

**18.** The Local Government may grant to any person on such conditions and for such period as it may deem fit the exclusive privilege— *Cf.* section 16, Madras.

(1) of manufacturing or of supplying by wholesale, or of both, or

(2) of selling by wholesale or by retail, or

(3) of manufacturing or of supplying by wholesale, or of both, and of selling by retail any country liquor or intoxicating drug within any local area.

No grantee of any privilege under this section shall exercise the same until he has received a license in that behalf from the Collector.

In such cases, if the Local Government shall by notification so direct, the provisions of section 14 relating to *tari* and *tari*-producing trees shall not apply.

Manufacture and sale of spirits, etc., in military cantonments.

**19.** Within the limits of any military cantonment, and within such distance from those limits as the Local Government in any case may prescribe, no licenses for the manufacture or sale of liquor and no exclusive privilege in respect of liquor under section 18 shall be granted, unless with the knowledge and consent of the Commanding Officer. *Cf.* section 62, Act XII.

Grantee of *tari* privileges may grant license.

**20.** When any exclusive privilege of manufacturing *tari* has been granted under section 18, the Local Government may declare that the written permission of the grantee to draw *tari* shall have the same force and effect as a license from the Collector for that purpose under section 14. *Cf.* section 21, Madras.

Grantee may let or assign.

**21.** Subject to any conditions imposed by section 18, any grantee of any exclusive privilege may let or assign the whole or any portion of his privilege; but no lessee or assignee of such privilege shall exercise any rights as such unless and until the grantee shall have applied to the Collector for a license to be given to such lessee or assignee, and such lessee or assignee shall have received the same. *Cf.* section 22, Madras, and section 25, Act XII.

Recovery by grantee of rents due to him.

**22.** It shall be lawful for any such grantee, lessee or assignee as aforesaid to proceed against any person holding under him for the recovery of any money due to him as if it were an arrear of rent recoverable under the law for the time being in force with regard to landholder and tenant. *Cf.* section 23, Madras, and section 28, Act XII.

Provided that nothing contained in this section shall effect the right of any such grantee, lessee or assignee, to recover by civil suit any such amount due to him from any such person as aforesaid.

## V.—DUTIES AND FEES.

Duty on exciseable articles.

**23.** A duty, at such rate or rates as the Local Government shall direct, may be imposed, either generally or for any specified local area, on any exciseable article— *Cf.* section 17, Madras, sections 7, 8 and 13, Act XII, and section 1, Act XVI of 1863.

(*a*) imported in accordance with the provisions of section 9 (2); or

(*b*) permitted to be imported or exported in accordance with the provisions of section 9 (3) or section 10; or

(*c*) permitted to be transported; or

(*d*) manufactured under any license granted in respect of clauses (*a*), (*b*), (*c*) and (*d*) of section 14; or

(*e*) manufactured in any distillery established, or any distillery or brewery licensed, under section 15.

Provided that the duty on denatured spirit or beer manufactured in India shall be equal to the duty to which denatured spirit or beer respectively imported into British India by sea is liable under the Indian Tariff Act, 1894, or any other law for the time being in force relating to the duties of customs on goods imported into British India.

*Explanation.*—Duty may be imposed under this section at different rates according to the places to which any exciseable article is to be removed for consumption.

How duty may be levied.

**24.** Subject to such rules regulating the time, place and manner of payment as the Local Government may prescribe, such duty may be levied in one or more of the following ways— *Cf.* section 18, Madras.

(*a*) with reference to clause (*a*) of the foregoing section—

(i) by payment of duty either in the Province of import or in the Province of export, or

(ii) by payment upon issue for sale from a warehouse established or licensed under section 15 (*d*);

(*b*) with reference to clause (*b*) of the foregoing section—

(i) by payment of duty either in the Province of import, or in the Province or territory of export, according as the Local Government of the Province of import may direct, or

(ii) by payment upon issue for sale from a warehouse established or licensed under section 15 (*d*);

(*c*) with reference to clause (*c*) of the foregoing section—

(i) by payment in the district from which the exciseable article is to be transported, or

(ii) by payment upon issue for sale from a warehouse established or licensed under section 15 (*d*);

(*d*) with reference to clause (*d*) of the foregoing section—

(i) in the case of intoxicating drugs by an acreage rate to be levied on the cultivation of any plant from which any intoxicating drug may be produced or manufactured, or by a rate to be charged upon the quantity produced or manufactured, or issued from a warehouse established or licensed under section 15 (*d*), or

(ii) in the case of *tari*, by a tax on each tree from which the *tari* is drawn;

(*e*) with reference to clause (*e*) of the foregoing section—

by duty to be charged in the case of spirit or beer either on the quantity produced in or issued from the distillery or brewery, as the case may be, or issued from a warehouse established or licensed under section 15 (*d*); or in accordance with such scale of equivalents, calculated on the quantity of materials used or by the degree of attention of the wash or wort, as the case may be, as the Local Government may prescribe.

*Cf.* section 18 (*e*), Madras.

Payment for privileges.

**25.** Instead of or in addition to any duty leviable under this chapter the Local Government may accept payment of a sum in consideration of the grant of any exclusive privilege under section 18.

## VI.—LICENSES, ETC.

Section 24, Madras.

Form and conditions of licenses, etc.

**26.** Every license, permit or pass granted under this Act shall be granted—

(*a*) on payment of such fees, if any,

(*b*) for such period,

(*c*) subject to such restrictions and on such conditions, and

(*d*) shall be in such form and contain such particulars,

as the Local Government may direct either generally or in any particular instance in this behalf.

Section 25, Madras.

Counterpart agreement to be executed by licensee.

**27.** Every person taking out a license under this Act may be required to execute a counterpart agreement in conformity with the tenor of his license, and to give such security for the performance of his agreement as the authority granting the license may require.

*Cf.* section 26, Madras.

Power to cancel or suspend licenses, etc.

**28.** (1) Subject to such restrictions as the Local Government may prescribe, the authority granting any license, permit or pass under this Act may cancel or suspend it—

(*a*) if any duty or fee payable by the holder thereof be not duly paid; or

(*b*) in the event of any breach by the holder of such license, permit or pass, or by his servants, or by any one acting with his express or implied permission on his behalf of any of the terms or conditions of such license, permit or pass; or

(*c*) if the holder thereof is convicted of any offence under this Act or any other law for the time being in force relating to revenue, or of any cognizable and non-bailable offence, or of any offence under the Merchandise Marks Act, 1889, or under any section which has been introduced into the Indian Penal Code by section 3 of that Act; or is punished for any offence referred to in clause 8 of section 167 of the Sea Customs Act, 1878; or

(*d*) where a license, permit or pass has been granted on the application of the holder of an exclusive privilege under this Act, on the requisitions in writing of such person.

(2) When a license, permit or pass held by any person is cancelled under clause (*a*) or clause (*b*) of sub-section (1), the authority aforesaid may cancel any other license, permit or pass granted to such person under this Act or under any other law for the time being in force relating to excise revenue or under the Opium Act, 1878.

(3) The holder shall be entitled to no compensation for the cancellation or suspension of his license, permit or pass under this section nor to refund of any fee paid or deposit made in respect thereof.

Cf. section 26, Act XII.

Further power to cancel licenses.

**29.** (1) Whenever the authority stated in section 28 considers that a license should be cancelled for any cause other than those specified in that section, he shall remit a sum equal to the amount of the fees payable in respect thereof for fifteen days, and may cancel the license either—

(*a*) on the expiration of 15 days' notice in writing of his intention to do so, or

(*b*) forthwith without notice.

(2) If any license be cancelled under clause (*b*) of sub-section (1) the aforesaid authority shall, in addition to remitting such sum aforesaid, pay to the licensee such further sum by way of compensation as the Excise Commissioner may direct.

(3) When a license is cancelled under this section, any fee paid in advance or deposit made by the licensee in respect thereof shall be refunded to him, less the amount, if any, due to Government.

Cf. section 24, Act XII.

Surrender of license.

**30.** Any holder of a license to sell under this Act may surrender his license on the expiration of one month's notice in writing given by him to the Collector of his intention to surrender the same and on payment of the fee payable for the license for the whole period for which it would have been current but for such surrender.

Provided that, if the Excise Commissioner is satisfied that there is sufficient reason for surrendering a license, he may remit to the holder thereof the sum so payable on surrender, or any portion thereof.

## VII.—GENERAL PROVISIONS.

Cf. section 27, Madras.

Certain licensees required to keep instruments for testing, etc.

**31.** Every person who manufactures or sells any exciseable article under a license granted under this Act shall be bound—

(*a*) to supply himself with such measures, weights and instruments as the Local Government may prescribe and to keep the same in good condition : and

(*b*) when such measures, weights and instruments have been prescribed, on the requisition of any excise officer duly empowered in that behalf, at any time to measure, weigh or test any exciseable article in his possession in such manner as the said Excise officer may require.

Cf. section 28, Madras, and section 34, Act XII.

Recovery of excise revenue.

**32.** All excise revenue, including all amounts due to Government by any person on account of any contract relating to the excise revenue, may be recovered from the persons primarily liable to pay the same, or from his surety (if any), as arrears of land revenue or in the manner provided for the recovery of public demands by any law for the time being in force. In case of default made by a holder of a license or by a grantee of an exclusive privilege the Collector may take the grant under management at the risk of the defaulter or may declare the grant forfeited and resell it at the risk and loss of the defaulter. When a grant is under management under this section, the Collector may recover as excise revenue any monies due to the defaulter by any lessees or assignee.

*New.*

Cf. sections 5 and 29, Madras, and sections 9, 10, 12, 19, 29 and 65, Act XII.

Power to make rules.

**33.** (1) The Local Government may make rules for the purpose of carrying out the provisions of this Act or other law for the time being in force relating to excise revenue.

(2) In particular and without prejudice to the generality of the foregoing provision, the Local Government may make rules—

(*a*) regulating the delegation of any powers by the Excise Commissioner or by Collectors under section 7 (*h*);

(*b*) prescribing the powers and duties of officers of the Excise Department;

(*c*) regulating the import, export or transport of any exciseable article;

(*d*) regulating the manufacture, supply or storage of any exciseable article, including—

(i) the erection, inspection, supervision, management and control of any place for the manufacture, supply or storage of such article, and the fittings, implements and apparatus to be maintained therein;

(ii) the cultivation of the hemp plant and the collection of the spontaneous growth of such plant and the preparation of any intoxicating drug from such growth;

(iii) the tapping of tari-producing trees and the drawing of tari from such trees;

(*e*) regulating the deposit of any exciseable article in a warehouse and the removal therefrom of such article;

(*f*) regulating the periods and localities for which licenses for the wholesale or retail vend of any exciseable article may be granted;

(*g*) prescribing the procedure to be followed and the matters to be ascertained before any license for such vend is granted for any locality;

(*h*) prescribing in the case of any exciseable article the way in which the duty on such article shall be levied;

(*i*) prescribing the scale of fees or the manner of fixing the fees payable in respect of any privilege, license, permit or pass or of the storing of any exciseable article ;

(*j*) regulating the time, place and manner of payment of any duty or fee ;

(*k*) prescribing the restrictions under and the conditions on which any license, permit or pass may be granted, including—

(i) the prohibition of the admixture with any exciseable article of any substance deemed to be noxious or objectionable.

(ii) the fixing of the strength, price or quantity in excess of or below which any exciseable article shall not be sold or supplied, and the quantity in excess of which denatured spirit shall not be possessed, and the prescription of a standard of quality for any exciseable article ;

(iii) the prohibition of the employment by the license-holder of any person or class of persons to assist him in his business in any capacity whatsoever ;

(iv) the prescription of the persons to whom any exciseable article may or may not be sold ;

(v) the prohibition of sale except for cash ;

(vi) the prevention of drunkenness, gambling or disorderly conduct in or near any licensed premises, and the meeting or remaining of persons of bad character in such premises ;

(vii) the prescription of the days and hours during which any licensed premises may or may not be kept open, and provision for the closure of such premises on special occasions ;

(viii) the prescription of the nature of the premises in which any exciseable article may be sold and the notices to be exposed at such premises ; and

(ix) the prescription of the accounts to be maintained and the returns to be submitted by license-holders ;

(*l*) (i) declaring the process by which spirit manufactured in British India shall be denatured ;

(ii) for causing such spirit to be denatured through the agency or under the supervision of its own officers ;

(iii) for ascertaining whether such spirit has been denatured ;

(*m*) providing for the destruction or other disposal of any exciseable article deemed to be unfit for use ;

(*n*) regulating the disposal of confiscated articles.

## VIII.—POWERS AND DUTIES OF OFFICERS, ETC.

Section 32, Madras, *Cf.* section 35, Act XII).

Power to enter and inspect places of manufacture and sale.

**34.** The Excise Commissioner or a Collector or any Excise officer not below such rank as the Local Government may prescribe, or any police officer duly empowered in that behalf, may enter and inspect, at any time by day or by night, any place in which any licensed manufacturer carries on the manufacture of or stores any exciseable article ; and may enter and inspect, at any time during which the same may be open, any place in which any exciseable article is kept for sale by any licensed person, and may examine, test, measure or weigh any materials, stills, utensils, implements, apparatus, or exciseable article found in such place.

*New.*

Powers of Excise officers in matters of arrest and enquiry.

**35.** Within such specified area as the Local Government by notification may direct, any Excise officer not below such rank as the Local Government may prescribe, shall, within the limits of the area to which he is appointed (which area, for the purposes of section 156 of the Code of Criminal Procedure, shall be regarded as the limits of a police station), and as regards all offences under this Act, exercise powers similar to those exercised by an officer in charge of a police station under the provisions of the Code of Criminal Procedure, 1898.

*Cf.* section 34, Madras, and sections 36 and 37, Act XII.

Cases in which offenders may be arrested, and contraband liquor and articles seized, without warrant.

**36.** Any officer of the Excise, Police, Salt, Customs, Opium or Land Revenue Departments, not below such rank and subject to such restrictions as the Local Government may prescribe, and any other person duly empowered, may arrest without warrant any person found committing an offence punishable under section 45 or section 46 ; and may seize and detain any exciseable or other article which he has reason to believe to be liable to confiscation under this Act or other law for the time being in force relating to excise revenue ; and may search any person upon whom, and any vessel, vehicle, animal, package, receptacle, or covering in or upon which, he may have reasonable cause to suspect any such article to be.

*Cf.* section 30, Madras, and section 40, Act XII.

Collector or Magistrate may issue a search warrant.

**37.** If a Collector or a Magistrate, upon information obtained and after each enquiry as he thinks necessary, has reason to believe that an offence under section 45 or section 46 has been or is likely to be committed, he may issue a warrant for the search for any exciseable article, materials, still, utensil, implement or apparatus in respect of which the alleged offence has been or is likely to be committed.

Power of Excise officers to search without a warrant.

**38.** Whenever a Collector, or any Excise officer not below such rank as the Local Government may prescribe, has reason to believe that an offence under section 45 or section 46 has been, is being, or is likely to be, committed, and that a search warrant cannot be obtained without affording the offender an opportunity of escape or of concealing evidence of the offence, he may, after recording the grounds of his belief, at any time by day or night enter and search any place and may seize anything found therein, which he has reason to believe to be liable to confiscation under this Act; and may detain and search and, if he thinks proper, arrest any person found in such place whom he has reason to believe to be guilty of such offence as aforesaid. *Cf.* section 31, Madras, and section 38, Act XII.

Arrests, searches, etc., how to be made.

**39.** The provisions of the Code of Criminal Procedure, 1898, relating to arrests, searches, search-warrants, the production of persons arrested and the investigation of offences shall be held to be applicable to all action taken in these respects under this Act; provided that an offence punishable under section 45 or section 46 may be investigated without the order of a Magistrate. *New. Cf.* section 36, Madras.

Offences to be bailable.

**40.** All offences under this Act shall be bailable within the meaning of the Code of Criminal Procedure, 1898, and the provisions of that Code in respect of bail shall be applicable thereto. *New.*

Officers of certain departments bound to report offences and to assist.

**41.** Every officer of the Police, Salt, Customs, Opium and Land Revenue Departments shall be bound to give immediate information to an Excise officer of all breaches of any of the provisions of this Act which may come to his knowledge, and to aid any Excise officer in carrying out the provisions of this Act upon request made by such officer. *Cf.* sections 37 and 38, Madras, and section 43, Act XII.

Landholders and others to give information.

**42.** (*a*) All zamindars, proprietors, tenants, undertenants and cultivators who own or hold land on which— *New. Cf.* section 39 Madras.

(*b*) all zaildars in whose zail, and

(*c*) all lambardars, village headmen and chaukidars in whose village—

there shall be any manufacture of any exciseable article not licensed under this Act, or the unlawful cultivation or collection of any plants from which an intoxicating drug can be produced, shall in the absence of reasonable excuse be bound to give notice of the same to a Magistrate or to an officer of the Excise, Police or Land Revenue Departments immediately the same shall have come to their knowledge.

Police to take charge of articles seized.

**43.** All officers in charge of police stations shall take charge of and keep in safe custody, pending the orders of a Magistrate or of the Collector, all articles seized under this Act which may be delivered to them; and shall allow any Excise officer who may accompany such articles to the police station, or may be deputed for the purpose by his superior officer, to affix his seal to such articles and to take samples of and from them. All samples so taken shall also be sealed with the seal of the officer in charge of the police station. Section 53, Madras.

Closing of shops for the sake of public peace.

**44.** The District Magistrate by notice in writing to the licensee may require that any shop in which any exciseable article is sold shall be closed at such times or for such period as he may think necessary for the preservation of the public peace. Section 54, Madras.

If a riot or unlawful assembly is apprehended or occurs in the vicinity of any such shop, a Magistrate of any class, or any police officer above the rank of constable who is present, may require such shop to be kept closed for such period as he may think necessary.

## IX.—PENALTIES.

For illegal import, etc.

**45.** Whoever, in contravention of this Act, or of any rule or order made under this Act, or of any license, permit or pass obtained under this Act— *Cf.* section 55, Madras, and sections 45, 46, 48, 49 and 51, Act XII.

(*a*) imports, exports, transports or possesses any exciseable article; or,

(*b*) manufactures any exciseable article; or

(*c*) cultivates or collects the hemp plant (*Cannabis sativa* or *Indica*); or

(*d*) taps any tari-producing tree; or

(*e*) draws tari from any tree; or

(*f*) constructs or works any distillery or brewery; or

(*g*) uses, keeps, or has in his possession any materials, still, utensil, implement or apparatus whatsoever for the purpose of manufacturing any exciseable article other than tari; or

(*h*) sells any exciseable article;

shall, on conviction before a Magistrate, be punished for each such offence with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

For illegal possession.

**46.** Whoever without lawful authority has in his possession any quantity of any exciseable article knowing the same to have been unlawfully imported, transported or manufactured, or knowing the prescribed duty not to have been paid thereon, shall, on conviction before a Magistrate, be punished with imprisonment for a term which Section, 58, Madras.

may extend to six months, or with fine which may extend to one thousand rupees, or with both.

*Cf.* section 56, Madras and sections 50 and 52, Act XII.

For misconduct by licensee, etc.

**47.** Whoever, being the holder of a license, permit or pass granted under this Act, or being in the employ of such holder and acting on his behalf,—

(*a*) fails to produce such license, permit or pass on the demand of any Excise officer or of any other officer duly empowered to make such demand; or

(*b*) wilfully contravenes any rule made under section 33; or

(*c*) wilfully does or omits to do anything in breach of any of the conditions of the license, permit or pass not otherwise provided for in the Act;

shall, on conviction before a Magistrate, be punished for each such offence with imprisonment which may extend to three months, or with fine which may extend to two hundred rupees, or with both.

*Cf.* section 62, Madras.

For Excise officer refusing to do duty, or being guilty of cowardice.

**48.** Any Excise officer who without lawful excuse shall cease or refuse to perform, or shall withdraw himself from, the duties of his office, unless expressly allowed to do so in writing by the Excise Commissioner, or unless he shall have given to his superior officer two months' notice in writing of his intention to do so; or who shall be guilty of cowardice; shall, on conviction before a Magistrate, be punished with imprisonment which may extend to three months, or with fine which may extend to six months' pay, or with both.

*Cf.* section 63, Madras, and section 47, Act XII.

For offences not otherwise provided for.

**49.** Whoever is guilty of any act or intentional omission in contravention of any of the provisions of this Act, or of any rule or order made under this Act, and not otherwise poovided for in this Act, shall, on conviction before a Magistrate, be punished for each such act or omission with fine which may extend to two hundred rupees.

*New.*

Enhanced punishment after previous conviction.

**50.** If any person, after having been previously convicted of an offence punishable under section 45 or section 46 or under the similar provisions in any enactment repealed by this Act, subsequently commits and is convicted of an offence punishable under either of those sections, he shall be liable to twice the punishment which might be imposed on a first conviction under this Act.

Provided that nothing in this section shall prevent any offence which might otherwise have been tried summarily under Chapter XXII of the Criminal Procedure Code, 1898, from being so tried.

*Cf.* section 57, Act XII.

Prosecution restricted.

**51.** (1) No Magistrate shall take cognizance of an offence punishable—

(*a*) under section 45 or section 46 except on his own knowledge or suspicion, or on the complaint or report of an Excise officer, or

(*b*) under section 47, section 48 or section 49 except on the complaint or report of the Collector or an Excise officer authorized by him in that behalf.

(2) Except with the special sanction of the Local Government, no Magistrate shall take cognizance of any offence punishable under this Act, unless the prosecution is instituted within a year after the commission of the offence.

Section 64, Madras.

Presumption as to commission of offence in certain cases.

**52.** In prosecutions under section 45 it shall be presumed, until the contrary is proved, that the accused person has committed an offence under that section in respect of any exciseable article, or any still, utensil, implement or apparatus whatsoever for the manufacture of any exciseable article other than tari, or any such materials as are ordinarily used in the manufacture of any exciseable article, for the possession of which he is unable to account satisfactorily;

and the holder of a license, permit or pass under this Act shall be punishable, as well as the actual offender, for any offence under section 45 or section 46 or section 47 committed by any person in his employ and acting on his behalf as if he had himself committed the same, unless he shall establish that all due and reasonable precautions were exercised by him to prevent the commission of such offence.

Provided that no person other than the actual offender shall be punished with imprisonment except in default of payment of fine.

*Cf.* section 65, Madras.

What things liable to confiscation.

**53.** Whenever an offence has been committed under this Act the exciseable article, materials, still, utensil, implement or apparatus in respect of or by means of which an offence has been committed shall be liable to confiscation.

Any exciseable article lawfully imported, transported, manufactured, had in possession or sold along with, or in addition to, any exciseable article liable to confiscation under this section and, the receptacles, packages and coverings in which any such exciseable article, materials, still, utensil, implement, or apparatus as aforesaid is found, and the other contents, if any, of the receptacles or packages in which the same is found, and the animals, carts, vessels, or other conveyance used in carrying the same, shall likewise be liable to confiscation.

Confiscation how ordered.

**54.** (1) When in any case tried by him the Magistrate decides that anything is liable to confiscation under the foregoing section, he may order confiscation or may give the owner of the thing liable to be confiscated an option to pay, in lieu of confiscation, such fine as he thinks fit. *Cf.* section 66, Madras, and section 61, Act XII.

(2) When an offence under this Act has been committed, but the offender is not known or cannot be found, or when anything liable to confiscation under this Act and not in the possession of any person cannot be satisfactorily accounted for, the case shall be enquired into and determined by the Collector, who may order confiscation ;

Provided that no such order shall be made until the expiration of one month from the date of seizing the thing intended to be confiscated or without hearing the person, if any, claiming any right thereto, and evidence, if any, which he produces in support of his claim ;

Provided further that if the thing in question is liable to speedy and natural decay, or if the Collector is of opinion that the sale would be for the benefit of its owner, the Collector may at any time direct it to be sold ; and the provisions of this sub-section shall, as nearly as may be practicable, apply to the nett proceeds of such sale. *Cf.* section 525, Code of Criminal Procedure.

Power to compound offences.

**55.** Any Excise officer specially empowered by the Local Government in that behalf may accept from any person whose license, permit or pass is liable to be cancelled or suspended under clauses (*a*) and (*b*) of section 28, or who is reasonably suspected of having committed an offence under section 47 or section 49, a sum of money not exceeding two hundred rupees in lieu of such cancellation or suspension or by way of composition for the offence which may have been committed, as the case may be ; and in all cases whatsoever in which any property has been seized as liable to confiscation under this Act may release the same on payment of the value thereof as estimated by such officer. Section 67, Madras.

On the payment of such sum of money, or such value, or both, as the case may be, to such officer, the accused person, if in custody, shall be discharged, the property seized shall be released, and no further proceedings shall be taken against such person or property.

## X.—MISCELLANEOUS.

Exception of medicated articles.

**56.** Nothing in the foregoing provisions of this Act applies to the import, manufacture, possession, sale or supply of any *bonâ fide* medicated article for medicinal purposes by medical practitioners, chemists, druggists, apothecaries or keepers of dispensaries ; but the Local Government may by notification prohibit throughout the Province, or within any local area, the import, manufacture, possession, supply or sale of any such article except under such conditions as it may prescribe. *Cf.* section 71, Madras.

Power of Local Government to exempt exciseable articles from the provisions of the Act.

**57.** The Local Government may by notification either wholly or partially exempt any exciseable article from all or any of the provisions of this Act, either throughout the Province or in any specified area, or for any specified period or occasion, or as regards any specified class of persons. *Cf.* section 66, Act XII.

Publication of rules and notifications.

**58.** All rules made and notifications issued under this Act shall be made and issued by publication in the Government Gazette, and shall thereupon have the force of law and be read as part of this Act, and may in like manner be varied, suspended or cancelled. *Cf.* section 69, Madras.

Bar of actions.

**59.** No action shall lie against the Secretary of State for India in Council, or against any Excise officer, for damages in any Civil Court for any act *bonâ fide* done or ordered to be done in pursuance of this Act, or of any law for the time being in force relating to excise revenue : Section 72, Madras.

and all prosecutions of any Excise officer, and all actions which may be lawfully brought against the Secretary of State for India in Council or against any Excise officer, in respect of anything done, or alleged to have been done, in pursuance of this Act, shall be instituted within six months from the date of the act complained of and not afterwards.

## SCHEDULE.

(*See Section 2.*)

| Enactment or law. | Title or subject. | Extent of repeal. |
|---|---|---|
| Act XVI of 1863 .. . | Making special provision for the levy of the excise duty payable on spirits used exclusively in arts and manufactures or in chemistry. | The whole except in so far as it affects the Presidencies of Madras and Bombay. |
| Act XII of 1896 .. .. Etc. | The Excise Act, 1896 .. .. .. Etc. | The whole. Etc. |

# APPENDIX II.

## NOTES EXPLANATORY OF THE DRAFT EXCISE BILL.

[The corresponding sections of Act XII of 1896 or of the Madras Abkári Act, 1886, are noted in the margin of the draft. When a clause is based on a section of the Madras Act, only important variations from the provisions of that Act are dealt with in this note. As the draft is framed as an Imperial enactment, its construction is affected by the General Clauses Act, 1897.]

It is deemed convenient to extend the Act to the whole of British India except Madras and Bombay instead of specifying particular territories to which it applies. If its extension to the Provinces of Bengal and of Eastern Bengal and Assam be not accepted, they also will have to be specifically excluded.

It has been left to the Local Government concerned to apply the Act or portions thereof to different areas at such times as it thinks fit. The general control of the Government of India in this matter can be exercised without specific provision in the Act.

In view of section 6 of the General Clauses Act, 1897, a provision similar to section 2 (*2*), Act XII of 1896, is not needed.

*Clause 3.*—Unless otherwise stated the definitions follow the wording of those in the Madras Abkári Act with a few verbal changes.

*Clause 3* (*1*).—Judicial fines have been excluded from the scope of the definition of "Excise revenue." It is unnecessary that the Collector or his excise subordinates should have power in respect of their collection.

*Clause 3* (*4*).—It is left open to the Local Government, subject to the control of the Government of India, to declare who is to be the Chief Revenue Authority, if any, for the purposes of the Act.

*Clause 3* (*5*).—It is deemed advisable to have statutory provision as to what Magistrate should try excise cases, and not to leave the matter to executive order. The definition of "Magistrate" in Act XII of 1896 has been adopted.

*Clause 3* (*7*).—The definition of "spirit" in Act XII of 1896 has been amplified so as to make it clear that it includes denatured spirit.

*Clause 3* (*8*).—"Denatured" is defined.

*Clause 3* (*9*).—The definition of "beer" in the Madras Act has been adopted, the word "usually" being omitted. It is not desirable to make the definition of "beer" too wide.

*Clause 3* (*10*).—"Methylated spirits" are not mentioned in the definition of "liquor," as they are now specifically included in that of "spirit," which "liquor" includes. In Bengal there has been some difficulty in determining what the term "pachwai" includes, and an addition has been made to give the Local Government power to declare what is liquor for purposes of this Act. [*Cf.* clause 2 (*1*) (*j*) and clause 2 (*1*) (*o*) of the Bengal Excise Bill, 1904.]

*Clauses 3* (*11*) *and 3* (*12*).—The distinction in the Madras Abkári Act between "country" and "foreign" liquor has been adopted and the wording has been altered to make it clear that "foreign" liquor includes all liquor made in Madras and Bombay which has paid the full tariff rate of duty, as well as such liquor made in Provinces to which this Act relates.

To ensure uniformity of practice the previous sanction of the Government of India is made necessary to the declaration by a Local Government in case of doubt whether any particular liquor is "country" or "foreign."

*Clause 3* (*13*).—"Cocaine" is included in the definition of "intoxicating drug" and power is given to the Local Government, subject to the control of the Government of India, to declare any substance to be an intoxicating drug. The word "substance" is used in place of the word "drug" which is not defined. To meet difficulties which have arisen, a provision is added enabling the Local Government, under the same control, to declare what shall be deemed to be a particular drug specified as an intoxicating drug.

*Clause 3* (*15*).—It is convenient to have a definition of "exciseable article."

*Clause 3* (*19*).—The definition of "manufacture" has been recast to avoid the need of a separate definition of "rectification."

*Clause 4.*—This is modelled on clause 2 (*3*) of the Bengal Excise Bill, 1904, but the decision is an important matter of the kind which may affect neighbouring Provinces is vested in the Local Government, subject to the control of the Government of India.

*Clause 5.*—It is proposed to repeal the Excise Spirits Act, 1863, except as regards Bombay and Madras, as the necessary provisions are embodied in the present draft. The reference to that Act is therefore omitted.

*Clause 1.*—This is based on sections 4 and 5 (*l*), Madras Abkàri Act, with slight alterations, mostly verbal. Section 5 (1) of the Màdras Abkari Act is covered by clause (*d*) of the draft, and power to make rules regulating the delegation of powers finds place in clause 33.

*Clause 7* is modelled on section 64 of Act XII of 1896, an appeal being given from original orders of the Excise Commissioner. It is not considered advisable to allow a second appeal, and the power of revision by the Chief Revenue Authority, if any, can be exercised under the general powers of control conferred by clause 7 (*a*). The right of appeal to the Local Government against certain orders of the Excise Commissioner in no way affects the general power of control inherent in the Local Government.

*Clause 9.*—The first part of this clause relates to the import of exciseable articles which have paid the full taraiff rate of duty. The second part deals with liquor manufactured in British India which, having paid the full tariff rate of duty, is treated as foreign liquor under this Act. It is considered desirable to allow import of such liquor either in bond or after payment of duty as may be most convenient to the importer, and for import in either way the permission of the Local Government of the Province of import is not required. The third part of the clause provides both for the case of country lipuor or intoxicating drugs imported into one Province from another and for that of similar exciseable articles imported from a Native State which has not been declared to be "foreign territory" under section 5 of the Indian Tariff Act, 1894. In both cases a condition precedent to import is the permission of the Local Government of the Province of import.

*Clause 10.*—In view of the general power of exemption given by clause 57 of this Bill, a provision safeguarding the power of exemption similar to that in section 8, Madras Abkári Act is not required.

*Clause 11.*—This clause read with clause 33 (*2*) (*c*), which gives power to make rules to regulate transport, is sufficient to meet the case of prohibition of transport except under certain specified conditions.

*Clause 12* has been amplified to make passes necessary for import and export as well as for transport of exciseable articles over a certain quantity. Denatured spirit has been excluded from the operation of the proviso, as it is desirable to control its movement. As liquor made in India which has paid the full traiff rate falls within the definition of foreign liquor, it will ordinarily, once it has paid duty, be allowed to be exported, imported or transported without a pass. The words in section 10 of the Madras Abkári Act limiting the exemption of foreign liquor have not been reproduced, because it is difficult to determine for what purpose such liquor is transported, and, if there is any abuse of the exemption, the Local Government may direct that passes be required.

*Clause 13.*—This clause has been enlarged so as to cover passes for export and import as well as for transport. The words "or by any person duly empowered in this behalf" in section 11, Madras Abkári Act, have been omitted, as under clause 7 (*h*) the Collector may be authorised to delegate his powers as to granting passes.

The proviso is added to facilitate inter-provincial export and import.

*Clause 14.*—An addition have been made to meet the case of the collection of the hemp plant, which should, unless an exemption be allowed, be under license. Reference is made in the clause to the licenses granted under the following clause by the Excise Commissioner for a distillery, brewery, or warehouse.

The proviso to section 12 of the Madras Abkári Act has been omitted, as clause 57, giving general power to exempt, is sufficient, but a modification of the lost proviso to section 15 of the Madras Abkári Act has been inserted, as it is wider in its operation than clause 57. It is drafted so as to cover the case of sweet *tari* as well as *tari* drawn for the manufacture of gur or jaggery.

*Clause 15* is based on section 14, Madras Abkári Act, but the licensing of a private distillery, as well as the power of establishing a public distillery, is entrusted to the Excise Commissioner, who will be subject to the orders of the Chief Revenue Authority, as well as of the Local Government in this as in other respects.

*Clause 16* embodies the substance of section 13, Madras Abkári Act, excluding denatured spirit from the exemption conferred on foreign liquor. A new proviso has been added. It will meet the case of cocaine and other intoxicating drugs deserving of special restriction and will also be of use in tracts bordering on foreign territory where smuggling of illicit spirit is rife.

*Clause 17* is based on section 15 of the Madras Abkári Act. Provision is made for the sale without a license of the produce of the hemp plant to Government officers, if deemed advisable. The first proviso to section 15 is imitted as covered by clause 57. The second and third proviso to the clause provide for licenses granted in respect of river steamers and through dining cars on railways. The last proviso reproduces section 21 (*a*), Act XII of 1896.

*Clause 18.*—The terms of this clause are comprehensive enough to cover the grant of all farms, of a district monopoly and of a contract to supply spirit under the Contract Supply system. The reference made in section 16 of the Madras Abkári Act to the grant of a privilege within a ocal area other than an exclusive privilege has been omitted, as such a privilege must be an

exclusive one. The grant of a license to sell, by wholesale or by retail, at a definite place, but not within a definite local area, is separately provided for by clause 17.

*Clause 19* reproduces section 62, Act XII of 1896, with a slight alteration in wording It seems unnecessary to make statutory provision for the immediate cancellation of a license on the requisition of the Commanding Officer of a cantonment.

*Clause 20.*—This and the two following clauses have been removed from the chapter as to duties and fees to that regarding manufacture, possession and sale, as they more conveniently follow clause 18.

*Clause 21* provides for the case of a farm, when farm is permitted.

Section 20 of the Madras Abkári Act, which authorises the farm of duties, has been omitted such authorisation is never given.

*Clause 23.*—This clause has been recast so as to follow the wording of the preceding clauses referred to. It is not considered necessary to provide for a duty on exciseable articles sold. In practice no such duty is levied and revenue can more conveniently be raised from license fees for the privilege of sale.

As the proviso to this clause lays down that the duty on denatured spirit or beer made in India shall be equal to the tariff rate, an alteration of the tariff rate will not necessitate an amendment of the Act. If the recommendation of the Committee to remove the duty on denatured spirit made in British India is accepted, this proviso will require alteration. It is not considered advisable to allow Local Governments to impose on beer a rate of duty lower than the tariff rate.

An explanation has been added on the lines of section 7, Act XII of 1896, as to the duty varying according to the places to which the exciseables article is removed for consumption. It is understood that a Local Government has power to impose a rate of duty on spirit according to its strength. A proviso enabling a Local Government to exempt from duty in special cases is no longer needed in view of clause 57.

*Clause 24.*—This clause has been recast and the order of treatment in the foregoing clause followed.

*Sub-clauses* (*a*) and (*b*) provide in the case of inter-provincial import that duty may be paid either in the Province of import or in that of export or may be paid on issue from bond, as the Local Government of the Province of import may direct, in the case of exciseable articles other than liquor made in British India which has paid the full tariff rate of duty. In the case of such liquor it will rest with the importer to decide in which of the ways specified be will pay the duty. If paid in the province of export, the duty will be credited to that Province; and it is not suggested that the system of inter-provincial account transfers should be revived. Sub-clause (*b*) further covers the case of exciseable articles imported from Native States.

The remaining changes explain themselves.

*Clause 25.*—It is desirable to distinguish between duty and fees, and no reference to the fees mentioned in section 18 (*c*) and (*d*) of the Madras Abkári Act has been made in the foregoing clause. Fees on licenses for manufacture or sale are sufficiently provided for by clause 26, and the present clause repeats section 18 (*c*) of the Madras Act with slight alterations.

The heading of the chapter has been altered to cover both duties and fees

*Clause 28.*—In this clause provision is made for the cancellation or suspension of a permit as well as a license or pass, and the reference to recall has been removed. The cancellation of farms is not specially referred to, as under clause 18 every farmer has to take out a license.

*Sub-clause* (1) (*c*) is based on clause 43 (1) (*c*) of the Bengal Excise Bill, 1904, though the reference to a cognizable and non-bailable offence is retained. To meet the cause of convictions under the Sea Customs Act or other similar Act, the limitation of convictions to those under the law relating to the excise revenue has been enlarged. The provision allowing cancellation or suspension at will if the conditions of the license provide for it has been removed, as this is a pure matter of contract. When a license is cancelled because of the non-payment of duty or fee or because of a breach of its condisions, it is desirable that the Collector should have power to cancel any licenses of a similar nature held by the licensee: and sub-clause (2) confers this power. If a licensee has been convicted as mentioned in sub-clause (1) (*c*), the Collector is empowered by that sub-clause to cancel all or any of his licenses granted under this Act.

*Sub-clause* (3) provides specifically that in the event of a license, permit or pass being cancelled the holder is not entitled to the refund of a fee or deposit.

*Clause 29* is based on section 23, Act XII of 1896, and clause 44 of the Bengal Excise Bill 1904. Some such provision is deemed equitable.

*Clause 30* is based on clause 45 of the Bengal Excise Bill, 1904 *Cf.* section 24, Act XII of 1896). It is advisable to retain some provision relating to surrenders, and the keeping of remissions in the hands of the Excise Commissioner is a safeguard against any undue leniency.

*Clause* 31 has been extended to cover the case of the manufacture or sale of any exciseable article, as it may be advisable to require sellers of intoxicating drugs to keep weights. In view of the extension of the provision the Local Government alone is given power to prescribe measures, weights and instruments, though it is at liberty to delegate such power, if it think fit

*Clause 32.*—Specific reference is made to default by the holder of a license, to make it clear that Government has the same power in respect of the grant covered by that license as it has in the case of a grant of an exclusive privilege under clause 18.

*Clause 33.*—In this clause the order of the preceding clauses of the Bill has been followed, and endeavour is made to bring together all the rule-making powers which in other Acts are scattered over several sections. It is made clear that the specification of certain of the more important matters as to which rules may be made does not limit the generality of the power of the Local Government to make rules to carry out the provisions of the Act. The Local Government under clause 7 (*k*) may delegate its power to make rules to the Chief Revenue Authority or Excise Commissioner or other authority, and in practice will no doubt make extensive use of this permission to delegate.

No provision is made for rules for the grant of compensation to persons released or acquitted, or for the grant of rewards, as in the Committee's opinion these matters can be more suitably dealt with by executive instructions.

*Sub-Clause* (2) (*c*).—The Committee do not consider it necessary to provide specially for the previous sanction of the Government of India being requisite to rules governing inter-provincial import and export, as the general power of control of that Government seems sufficient.

*Sub-Clause* (2) (*g*).—Under the clause as drafted can be made *inter alia* rules governing the conduct of auctions or other methods of disposal of shops, and rules for ascertaining public opinion in the matter of the grant of licenses. If the Government of Bengal accept the draft Bill, it may desire to have supplementary legislation to meet the requirements of that Province, where it has been decided that there should be statutory provision for the ascertainment of local opinion and for giving due weight to such opinion when ascertained.

*Sub-Clause* (2) (*k*) specifies the more important matters for consideration when rules are made declaring what the conditions of licenses are to be.

*Sub-Clause* (2) (*l*) gives power to the Local Government to make rules as to denatured spirit and will replace section 2, Act XVI of 1863; while sub-clause 2 (*k*) (ii) enables a limit to be fixed for possession of denatured spirit by a licensed vendor. It is not considered necessary to make provision in the Bill for the amendment of section 155 of the Sea Customs Act, 1878, to bring it into line with clause 33 (2) (*l*). The section as it stands gives sufficient power to make rules, and it can be remodelled when the Sea Customs Act next comes under revision.

*Clause 35* limits the power of investigation of the Excise officer of superior rank to specified areas prescribed by the Local Government. This power has not been conferred before in the Provinces in which Act XII of 1896 is in force, and it may be desirable to be cautious in conferring it. The Committee consider that clauses 35, 39 and 40 sufficiently provide for the matters dealt with in sections 44 to 49 of the Madras Abkári Act and that a general reference to the necessary provisions of the Code of Criminal Procedure is a more convenient arrangement than their reproduction in the Bill.

*Clause 36.*—The power of arrest without warrant is at present in most provinces in which Act XII of 1896 is in force confined to officers above the rank of an excise peon or police constable: and it is deemed desirable to allow the Local Government to declare by what officer and under what restrictions this power shall be exercised. The Salt, Customs, Opium and Revenue Departments also are included in the departments mentioned. If it should be deemed proper to give statutory power to *any* officer of the Excise or Police Departments to arrest for any offence committed in his presence, a slight modification of the first few words of the clause would suffice: "Any officer of the Excise or Police Departments, and any officer of the Salt, Customs, Opium or Land Revenue Departments not below such rank, etc., etc."

*Clause 37.*—Power to issue a warrant is given to a Collector as well as to a Magistrate. The word "Collector" under the General Clauses Act, 1897, includes the Collector of Calcutta, who has no magisterial powers.

*Clause 38.*—As the operation of clause 35 is now limited, this clause becomes necessary. It is based on section 31 of the Madras Abkári Act (*Cf.* section 38, Act XII of 1896), with an alteration in wording which makes for clearness.

*Clause 39.*—The provisions of the Code of Criminal Procedure as to the investigation of offences have also been made applicable to investigations under this Act; and it is made clear that offences under clause 45 or clause 46 may be investigated without the order of a Magistrate. Without special direction they could not be so investigated, as they are offences for which only a specified class of police officers can arrest without warrant, and are therefore not cognizable offences.

*Clause 41* is based on sections 37 and 38 of the Madras Abkári Act, which are much wider than section 43 of Act XII of 1896. It is deemed advisable to confine the obligation to give information of excise offences to the officers of the departments most intimately connected with police or revenue matters; and not, as in Madras, to oblige all officers employed by Government to give immediate information of any breach of the condition of a license, however petty.

*Clause 42* is based on section 39 of the Madras Abkári Act and goes further than section 53 of Act XII of 1896, which limits responsibility to authorisation of or connivance at illegal

dealings. It has been expanded to meet the needs of the Punjab, where difficulty has arisen in case of illicit distillation within the village site, and also to cover the case of unlawful cultivation or collection of hemp.

*Clause 44.*—A magistrate of any class is specified in view of the restricted definition of Magistrate; and it is deemed prudent to give power to close a shop in the emergency stated only to a police officer above the rank of constable.

*Clause 45.*—The collection of the hemp plant, as well as its cultivation, is mentioned.

*Clause 47.*—A permit is referred to, as well as a license or pass, and with advertence to the third ruling printed under section 56 of the Madras Abkári Act in the Madras Excise Manual provision is specifically made for the misconduct of the servants of licensee.

*Clause 47* (*c*) follows the wording of the Bombay Abkári Act, as it is advisable specially to provide for omissions. Clauses (*d*) and (*e*) of section 56 of the Madras Abkári Act have not been reproduced, as these matters will ordinarily be provided for by conditions in the licenses under rules made under clause 33 (*k*) (vi).

Similarly if a licensed vendor employs a person whom he is prohibited from employing or sells to any person to whom he is prohibited to sell, or receives any wearing apparel or other thing in barter in contravention of the terms of his license, he is punishable under this clause, and no specific reference to these matters is required.

*Clause 48.*—The provision for punishment for unwarrantable violence to a person in custody which section 62 of the Madras Abkári Act contains has not been reproduced, as it is believed that the ordinary criminial law is sufficient.

*Clause 50* enables enhanced punishment to be given in case of previous conviction of the more serious offences under the Act. It is not considered necessary to provide for enhanced punishment in cases of offences under clauses 46, 47 and 48. After a first conviction licenses are not likely to be renewed nor are Excise officers likely to be retained in the service.

*Clause 51* has been drafted so as to permit a Magistrate to take cognizance of the more serious offences under the Act on his own knowledge or suspicion, or on the information of an Excise officer; while, to prevent harassment of licensed vendors and of the public, he can take no action in respect of the less serious offences, breaches of conditions of licenses and the like, except at the instance of the Collector or an Excise officer authorised by him. To meet difficulties which have arisen, the period after the commission of the offence within which a prosecution may ordinarily be instituted has been raised to one year, while this limit may be extended in exceptional cases by the Local Government.

*Clause 56.*—In view of the increasing use as intoxicants of medicated articles sold by druggist it is deemed advisable to give power in special cases to prohibit import, manufacture, possession and supply as well as sale.

*Clause 57* enlarges the scope of section 66, Act XII of 1896, and follows the wording of clause 107 of the Bengal Excise Bill, 1904, providing for whole or partial exemption and exemption for any specified period or occasion, in addition to the exemption now covered by section 66.

*Clause 58.*—Owing to the extensive scope of clause 49 the distinction between rules and notifications whereby the doing or not doing of anything is made punishable and other rules and notifications is a distinction not easy to observe in practice, and section 69 of the Madras Act has been modified accordingly.

# APPENDIX III.

## SUGGESTIONS FOR THE AMENDMENT OF THE BOMBAY ABKARI ACT, 1878.

*Section 3 (1).*—"Fine" might be limited as in the draft Bill.

*Section 3 (3).*—"Commissioner" should be defined as the officer appointed to be the Commissioner for the purposes of this Act, and in subsequent sections "Commissioner" might be substituted for "Commissioners." The Divisional Commissioners have long ceased to do what the Act lays on them; the Commissioner of Customs, Salt, Opium and Abkari in the Presidency proper and in Sind the Commissioner in Sind are the only Commissioners who exercise powers under the Act.

*Section 3 (5).*—"Magistrate" might include a third class Magistrate specially empowered by the District Magistrate, as in the draft Bill.

*Section 3 (8).*—"Country liquor" and "foreign liquor" should be defined as in the draft Bill for reasons given in the report.

*Section 3 (10).*—Perhaps the definition of "import" and "export" would be better expressed in the form adopted in the draft Bill; and definition of transport should be added.

A definition of "exciseable article" and the use of that phrase in subsequent sections, as in the draft Bill, would shorten the wording in many places.

"Denatured" should be defined; and if necessary, definitions of "sale" and "place" may be included.

A clause similar to clause 4 of the draft Bill would enable the legal prescription of limits of wholesale and retail vend. Section 17 contains power to limit retail; but does not define wholesale or retail or give power to fix limits for wholesale.

*Sections 9, 10 and 11.*—It is suggested that in order to facilitate the inter-provisional import and export of exciseable articles, the provisions relating to these might be remodelled on the lines of the draft Bill.

*Section 14.*—It might be well to insert "no toddy-producing tree shall be tapped," as in clause 14 (*c*) of the draft Bill.

The proviso to clause 14 might be inserted; also a provision for the regulation of bottling.

It seems desirable that there should be a specific "possession" section, on the lines of clause 16 of the draft Bill.

*Section 15*—provides for "public" distilleries only, *i.e.*, those "established by the Collector."

*Section 14*—contains the only provision for licensing private distilleries, which are dealt with further by rules under section 35, and there is no provision for establishing or licensing warehouses —except for intoxicating drugs under section 27-A. Clause 15 of the draft Bill might be followed.

*Section 16.*—For reasons given in the report the first proviso should be repealed.

*Section 19.*—The section might be amended on the model of clauses 23 and 24 of the draft Bill, "fee" being distinguished from "duty" and differentiation of rates provided for.

*Section 24*—seems to be time-expired.

*Section 27*—could be included in a remodelled section 19.

*Section 27-A*—makes no provisions for warehouses for liquor. Compare note on section 15.

*Section 27-B, C, D*—contain more detail than is perhaps necessary in an Act, and such matters are usually dealt with in rules.

*Section 28*—seems to cover section 23, though the latter goes into greater detail on the particular subject with which it deals.

*Section 32.*—For "recall or cancel" it seems better to read "cancel or suspend."

The words "any Criminal offence" at the end of the section are exceedingly wide, and might be restricted as in the corresponding clause of the draft Bill (clause 28).

Offences against his license committed by a licensee are punishable under section 45 read with section 56 only on conviction by a Magistrate. It has been suggested, and the Committee approve the suggestion, that it would be useful to give the Collector power to impose fine for petty breaches of license conditions. One way of providing for this would be by a clause similar to clause 55 of the draft Bill. The advisability might be considered of adopting clauses 28 and 29 of the draft Bill.

*Section 35.*—It is suggested that the section might with advantage be amplified in the manner adopted in clause 33 of the draft Bill. In any case power should be taken to make rules regulating the traffic in denatured spirit.

*Sections 36 to 42.*—The Committee think it highly desirable that officers of the Excise Department should be empowered to take excise cases into court themselves (compare paragraph 280 of the report) ; and recommend that provision should be made accordingly by the insertion of sections similar either to those contained in the Madras Act (section 40 *et seq.*) or to clause 35, 39 and 40 of the draft Bill, as may be found most convenient.

*Section 43.*—I clause (*d*) it would be well to insert "taps any toddy-producing tree" (compare note on section 14) in order that to establish the offence of illicit tapping it may suffice to show that the tree was tapped, without proof of toddy being actually drawn.

*Sections 45, 47 and 49.*—The scale of penalties might be raised, as in the Madras Act and the draft Bill.

In section 47 amendment is greatly needed, in order to penalise the possession of illicit liquor in any quantity, whether within the limit of possession or otherwise (compare clause 46 of the draft Bill).

*Section 48*—seems to be covered by the Indian Penal Code.

*Section 49.*—No similar provision has been included in the draft Bill, as the Committee think that the acts referred to are sufficiently met by the provisions of the Indian Penal Code relating to trespass, mischief, wrongful restraint and confinement. On the other hand it seems desirable to insert a clause similar to clause 48 of the draft Bill—see section 62 of the Madras Act.

*Section 45 (b)*—provides for wilful acts and omissions of a general nature by holders of licenses, etc. It is for consideration whether provision should be made for such acts and omissions by others, as in clause 49 of the draft Bill and sections 63 of the Madras Act.

*Section 53.*—It might be better to provide, as in clause 52 of the draft Bill and section 64 of the Madras Act, that only the actual offender may be punished with a substantive term of imprisonment.

*Section 55.*—It is suggested that confiscation may conveniently be ordered by the Magistrate when a case is sent to him, and by the Collector in other cases. Compare clause 54 of draft B and Madras Act, section 66.

*Section 58*—could be brought under a general rule-making section. Compare note on section 35.

*Section 59.*—The Committee think it distinctly preferable that the grant of rewards should not be limited by the proceeds of fines and confiscations under the Act, and that the rules regarding them should be issued as standing orders by Government in its executive capacity and not as rules under the Act.

*Section 61.*—The reference to Act XVI of 1863 should be omitted, and the Act repealed for the Presidency of Bombay, the provisions of the draft Bill regarding denatured spirit being included in the Bombay Act.

A section on the lines of clause 58 of the draft Bill should be added providing for the publication in the *Bombay Government Gazette* of all rules made and notifications issued under the Act.