

N. Ranjanatham

REPORT

10th Decr. 1910

(Supplementary No. 2)

of the

INDIAN EXCISE COMMITTEE,

1905-06.

President:

THE HON'BLE SIR JAMES THOMSON, K.C.S.I.

Members:

**K. G. GUPTA, Esq.
R. A. LAMB, Esq., C.I.E.
J. M. HOLMS, Esq., C.S.I.
LIEUTENANT-COLONEL C. G. PARSONS.**

Secretary:

C. G. TODHUNTER, Esq.

MADRAS.

PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS.

1907.

Y:411:5(Z)-2-Nost

~~X-14~~-N1t

D7

62747

CONTENTS.

CHAPTER I.—INTRODUCTORY.

PARA.	PAGE
1. Instructions received	1
2. Course of procedure	1
3. Course of tour	1
4. Inspections made	2
5. Witnesses examined	2
6. Discussions with Local Governments	2

CHAPTER II.—ARRANGEMENTS OUTSIDE THE SCOPE OF EXCISE SYSTEMS.

7. Exemptions from taxation are of two kinds	3
8. Personal privileges	3
9. Concessions to backward tribes—	
(1) Spirits	3
(2) <i>Tari</i>	3
(3) Free brewing	3
10. These exemptions are justified by political, social and administrative reasons. The political reasons	4
11. The social and administrative reasons	4
12. Nominal fees for the exercise of privileges	5
13. The question of restriction is mainly political. Advances possible in different Provinces	5
14. The policy of the nominal fee	6
15. The limit of possession	6
16. Conclusion	6

CHAPTER III.—OUTSTILLS.

17. Instructions received	7
18. Definition of the outstill system	7
19. Variations of system in force	7
20. Area and population under outstills in the various Provinces	7
21. The Governments' proposals for restriction of this area—	
Bengal	8
Eastern Bengal and Assam	8
United Provinces	8
Punjab	8
Madras	8
Bombay	9
Central Provinces	9
Baluchistan	9
Cantonments in Native States	10
Summary	10
22. The control of the outstills that remain	10

CHAPTER IV.—DISTILLERY SYSTEMS.

23. Instructions received	11
24. Some preliminary considerations	11
25. The distillery systems may be considered in order of development	12
26. THE SADAR DISTILLERY SYSTEM in its original form is dead	12
27. But there are developments of the system to be considered	13
28. The arguments for and against groups of small distilleries in Government enclosures	13
29. The Committee's conclusions	13
30. Sadar distilleries maintained for the manufacture of special classes of spirits	13
31. The Committee's recommendation in this regard	13
<i>To Distillers Movements Summary</i>	13

CONTENTS.

PARA.	PAGE
33. Its advantages	14
34. The practical difficulties of working it	14
35. The Government's recent orders	15
36. The Committee's conclusions	15
37. THE PUNJAB SYSTEM—An explanation of its terms	16
38. Its advantages	16
39. Its dangers— Undue increase of distillery price	16
Absence of supply of outlying areas	16
40. The Committee's conclusions	16
41. THE CONTRACT SUPPLY SYSTEM—Its objects and advantages	17
42. Some variations in detail— The question of Government or private buildings	17
43. Distribution of the contracts	18
44. Distribution of the cost of carriage	18
45. Objections to the system— That it engenders either a monopoly or a subsidizing of the poorer distillers	18
46. That a distiller has no security for his capital	19
47. That the system involves an unnecessary connection of Government with the trade	19
48. The Committee's conclusion	19
49. Summary of conclusions as to systems	19
50. Their application to Provinces	19
51. ARRANGEMENTS FOR DISTILLERY CONTROL—the English system	20
52. The systems in the various Provinces	20
53. The system in Madras	22
54. The system recommended	22
55. The exemption of the Shahjahanpur distillery from control	22

CHAPTER V.—COUNTRY SPIRITS—WHOLESALE VEND.

56. The connection between systems of wholesale vend and systems of supply	23
57. The systems in force	23
58. The grant of wholesale licenses at a nominal fee	23
59. Free allowances	24
60. Requiring the contractor to distribute	24
61. Bonded warehouses	24
62. Preliminaries to the selection of a system	24
63. The system suggested under contract supply	25*
64. A definition of terms	25

CHAPTER VI.—CONSUMPTION AND DUTY.

65. Instructions received	26
66. THE CAUSES AFFECTING CONSUMPTION OF SPIRITS— Climate	26
Race	26
Religion and caste	26
Social and temperance movements	27
Occupation	27
Famine and Plague	27
Consumption of other intoxicants	27
Extent of excise control— Liquor systems	28
Efficiency of preventive action	28
Number of shops	28
Taxation per gallon	28
These causes have been considered generally—Their consideration by Provinces	28
Bengal	29
Eastern Bengal and Assam	29
United Provinces	30
Punjab	30
North-West Frontier Province	30
Madras	31
Bombay	31
The connection of the District Monopoly system with the high rate of consumption	33

C O N T E N T S .

PARA.	PAGE
86. Sind	33
87. Central Provinces	33
88. Coorg	34
89. Ajmer-Merwara	34
90. Baluchistan	34
91. Cantonments in Native States	34
92. RATES OF DUTY—Some preliminary points—	34
Minimum rate	35
Suggested minimum difference between rates	35
Extent to which differentiation should be carried out	35
Maximum rate	35
93. Proposals for revision	35
94. Bengal	35
95. Eastern Bengal and Assam	36
96. United Provinces	36
97. Punjab	36
98. North-West Frontier Province	37
99. Madras	37
100. Bombay	37
101. Sind	38
102. Central Provinces	38
103. Coorg	38
104. Ajmer-Merwara	38
105. Baluchistan	39
106. Cantonments in Native States	39

CHAPTER VII.—FOREIGN LIQUOR.

107. Instructions received	40
108. The distinction to be drawn between country and foreign liquors	40
109. The reasons for the distinction and the general policy	40
110. Some exceptions to the general policy—	
(1) Rate of duty—	
(a) Special spirits	41
(b) Kashmir liquors	41
(2) Issues to troops	41
(3) The requirement of passes in Bengal	41
(4) Sale of country and foreign liquors on the same premises	41
111. Detailed consideration of the general principles governing transactions in foreign liquors	42
112. LIQUORS MADE IN BRITISH INDIA—	
(1) Potable spirits—	
(a) Levy of duty	42
(b) Control of flavouring and colouring	42
(2) Denatured spirits—	
(a) The possibility of development of this industry	42
(b) Removal of duty	42
(c) Free grant of licenses	42
(d) The denaturing process	42
(3) Beer—	
(e) The question of quality	43
(f) Free interchange between Provinces	43
(g) Control of breweries—Present arrangements	43
(h) The suggested introduction of the English system	43
(i) The Committee's recommendations	44
113. LIQUORS IMPORTED BY LAND	44
114. IMPORTS BY SEA—	
(1) The question of quality	45
(2) Absence of control over exported spirits in England	45
(3) The need for control over compounding in India	45
(4) The limitation of strength	46
115. TAXATION OF VINO	46
116. Wholesale licenses	46
117. Additional payments for bottling or compounding	46
118. Retail 'off' licenses	46
119. 'On' licenses	47
120. Beer licenses	48

PARA.		PAGE
124.	Occasional licenses	48
125.	Other licenses	48
126.	THE RATE OF DUTY—The course of imports	49
127.	Spirits	49
128.	Wines	49
129.	Malt liquors	50
130.	The Committee's conclusions—Spirits	50
131.	Ditto Wines	50
132.	Beer—the necessity for an increase in the duty	50
133.	The grant of facilities for transport in bond of 'foreign' liquors made in India	51
134.	The Government's questions replied to	51

CHAPTER VIII.—TARI OR TODDY.

135.	Instructions to the Committee	53
136.	The belief in the harmlessness of <i>tari</i>	53
137.	Scientific evidence on the point	53
138.	The evidence of drunkenness from this cause	54
139.	The extent of consumption	54
140.	Retail prices	56
141.	The necessity for control	56
142.	Systems of control— (1) A lease to the spirit contractors	56
	(2) The Bengal arrangements	56
	(3) The farming system	57
	(4) Systems of tree-tax	57
143.	The variety in the Bombay arrangements	57
144.	Districts with no toddy system	57
145.	The District Monopoly system	58
146.	Systems in the Deccan and Karnatak	58
147.	The Konkan	58
148.	Bombay City	59
149.	Gujarat	59
150.	Domestic consumption and other special licenses	60
151.	The Committee's recommendations	60
152.	The Madras conditions	61
153.	The Madras system—general principles	61
154.	Rates of tree-tax	61
155.	Disposal of shops	61
156.	Results	62
157.	Objections to the system— That it tends to encourage the consumption of toddy in its most intoxicating form	62
	The large staff employed and the number of prosecutions involved	62
158.	The reply to this charge— That the system superseded a worse one	63
	That the number of prosecutions has greatly diminished with increasing knowledge of the law	63
	That the bulk of them arise out of the exemption of unfermented toddy from taxation	63
159.	The circumstance of a normal area examined	64
160.	The Committee's conclusion— The general results satisfactory	64
	But the system is over-elaborate	64
	And the staff capable of improvement	64
	Licenses for shops and for domestic consumption	65
	The rates of tree-tax can be raised	65
161.	The trial of the system in Bengal	65
	And in the United Provinces	65
162.	Summary of conclusions as to existing systems	66
163.	General line of action recommended to Provinces trying a tree-tax system	66
164.	Its application to Provinces	66
165.	Other uses of <i>tari</i> — As a beverage in its unfermented state	67
	As a base for distillation	67
	For manufacture of vinegar	68
	For making bread	68
166.	The palm sugar industry	68
167.	The Sweet Toddy Rules	68

CONTENTS.

vii

PAGE	
168. The Committee's conclusions	69
169. The destruction of date palms	69

CHAPTER IX.—COUNTRY BEERS.

170. The nature of these beers	70
171. The process of manufacture	70
172. The fermenting agent	70
173. Strength of the liquor produced	71
174. Areas and extent of consumption	71
175. The policy of the Governments	72
176. Results of this policy	72
177. Objections to it—	72
178. Drunkenness and waste of food material	73
179. Other harmful effects of consumption	74
180. The use of these liquors puts difficulties in the way of excise reforms	74
181. The Committee's conclusions	75
And proposals	75

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

182. The importance of this question	76
183. The first principles of excise require the duty to be the main factor of the taxation	76
184. These principles are not at present carried out in practice	76
185. Measures to ensure vend of duty-paid articles at a fair price—	76
186. Fixation of strengths and the check of adulteration	76
187. Check of excessive charges where competition between shopkeepers is inoperative	77
188. Control of shopkeepers by an excise staff	77
189. And prevention of sale of illicit liquor	77
190. The instances in which vend fees have been reduced to a subsidiary item	77
Foreign liquor	77
Country spirits	77
Tari	78
191. The general system of disposal is that of auctions	78
192. This is inevitable when there is no fixed duty	78
193. The advantages of the auction system when combined with a fixed duty	78
194. The disadvantages found in it	79
195. Some of the defects pointed out are due to abuse of the system or such as might be avoided by special arrangements	79
196. But the necessity for such special arrangements is itself a defect and the system a bar to the fulfilment of the Government's policy	80
197. In the revision of systems of twenty years ago the immediate or ultimate replacement of auctions was generally contemplated	80
198. The progress made towards abolition in a single Province reviewed	81
199. The Committee's conclusions	82
200. The essentials of a good system	82
201. A scheme which may secure these essentials suggested for experiment	83
202. The surcharge proposed and the method of fixing it	83
203. Advantages claimed for the scheme	83
204. Preliminaries to its introduction	83
205. Objections to the scheme—	83
206. The creation of vested interests	84
207. Difficulty of selection of the licensee	84
208. Loss of revenue	84
209. The danger of malpractices by shopkeepers	85
210. Another alternative	85
211. Systems for difficult areas—the imposition of a minimum guarantee	85
212. Some suggestions for mitigating the defects of the auction system where it is continued	86
213. The policy of extending the term of the auction license discussed	86
214. The Canteen system	86

CHAPTER XI.—NUMBER AND LOCATION OF SHOPS.

215. Instructions received	88
216. Evidence of the prevalence of drunkenness—some early statements	88
217. The consumption compared with that of twenty years ago	89

PARA.	PAGE
218. The figures of convictions for drunkenness	89
219. Drunkenness among the better classes	90
Among tea-garden coolies	90
And miners	90
220. Number of shops—general considerations	90
221. Bengal	91
222. Eastern Bengal and Assam	92
223. United Provinces	92
224. Punjab	93
225. North-West Frontier Province	94
226. Madras	94
227. Bombay	95
228. Sind	96
229. Central Provinces	96
230. Coorg	96
231. Ajmer-Merwara	96
232. Baluchistan	96
233. Cantonments in Native States	97
234. The policy suggested	97
235. Licenses for sale at fairs and festivals	97
236. Location of shops—the policy of the Governments	98
237. The Committee's recommendations on general principles	99
238. The decision as to location—local option impracticable	99
239. The objections to sites are most prevalent in the Presidency towns	100
240. Their reference to local committees proposed	101
241. The licensing authority should ordinarily be the Collector	101
242. Means of ascertaining reasonable local opinion	101
243. Bodies and persons to be specially consulted	102
244. Procedure in consultation of local bodies	102

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

245. Instructions received	104
246. The restrictions that are desirable	104
247. Conditions relating to buildings—	
(a) Prohibition of back and side entrances	105
(b) Prohibition of private rooms	105
(c) Making the whole shop visible from the doorway	106
(d) Residence on the premises	106
248. Hours of sale	106
249. Persons by whom sale is prohibited	107
250. Persons to whom sale is prohibited—	
(a) Soldiers	107
(b) Officials on duty	108
(c) and (d) European vagrants and insane persons	108
(e) Drunken persons	108
(f) Children	109
(g) Women	108
251. Restrictions on quantity sold	108
252. Restrictions on strength and price	109
253. Prohibition of watering	109
254. And drugging	109
255. Sale in sealed bottles	109
256. Issue strengths	109
257. The prohibition of sale above a fixed low strength is impracticable	110
258. But some changes in present issue strengths are necessary—	
The maximum desirable	110
The minimum proposed	111
259. Differentiation in favour of weak strengths	111
260. Minimum prices	111
261. Maximum prices	111
262. Measures and instruments	112
263. The practice of giving free doles	112
264. Of bartering liquor for goods	112
265. And of sale on credit	112
266. General conduct of licensed premises	112

CONTENTS.

ix

PARA.	PAGE
267. Official control	113
268. The prohibition of 'on' sale in certain districts of the Punjab	113
269. Measures to prevent clandestine purchase by the higher classes	114
270. The tendency to press increase of revenue for its own sake	114

CHAPTER XIII.—ESTABLISHMENTS.

271. Instructions received	115
272. A majority of Governments have already made proposals for increase of staff	115
273. An instance of necessity—the prevalence of illicit distillation	116
274. The local proposals referred to	116
275. And analysed	116
276. Peons and petty officers	116
277. Clerical staff	117
278. Inspecting and preventive officers—	
Relations with the police	118
279. The staff proposed and necessary	118
280. The prosecution of offences	122
281. The large number of prosecutions in Madras discussed	122
282. Distillery and warehouse staff	122
283. The desirability of payment of all establishments by Government	123
284. Some charges that may be imposed on distillers	123
285. The controlling staff—	
General	124
286. Controlling officer's relation to the district authorities	124
287. The officers employed or applied for	125
288. The question of amalgamation of excise with cognate departments	126
289. And of deputation of Land Revenue officers to excise work	126
290. The delegation of excise prevention to local notables	127
291. Technical control	127
292. The head of the department	128
293. Summary of staff employed or proposed	129
294. The committee's conclusions	129
295. The necessity for technical training	130
296. The necessity for an excise laboratory	130
And a store and workshop for excise apparatus	130
The question of site	131
297. The desirability of coordination of effort	131
And the best means of obtaining it	131
298. The prevention of smuggling from Native States	132
299. Some administrative aids to prevention and detection of offences	132

CHAPTER XIV.—LAW AND RULES.

300. Instructions received	134
301. The Excise Acts in force in India may be divided into two groups	134
302. The permissive enactments	134
303. Those which favour specific legislation	135
304. Act XII of 1896	135
305. The Bengal Excise Bill	135
306. The question of a general Act or special Acts for Provinces	136
307. And of the law of the future in Bengal and Eastern Bengal and Assam	136
308. An outline of the general legislation proposed	137
309. The objections to legislation by notification—	137
Are due partly to improper procedure	138
The safeguards that can be adopted and the necessity for a wide power of rule-making	138
310. Subsidiary legislation for special purposes	138
311. The law relating to denatured spirit	138
312. Matters which need amendment in the Bombay law	139*
313. And in the Madras Act	139
314. The need for a good Excise Manual	139
315. And for rules imposing restrictions on sales to be uniform, clear and accessible	140

CONTENTS.

CHAPTER XV.—SUMMARY.

PARA.		PAGE
GENERAL—		
316. Concessions to backward tribes	.	141
317. Outstills	.	141
318. Distillery systems	.	141
319. Wholesale vend	.	141
320. Still-head duty	.	141
321. Sale strengths	.	141
322. Limit of possession	.	141
323. Foreign liquor	.	141
324. <i>Tari</i>	.	141
325. Country beers	.	142
326. Retail vend	.	142
327. Number and location of shops	.	142
328. Restrictions on sale	.	142
329. Establishments	.	142
330. Law	.	142
PROVINCIAL—		
331. Bengal	.	143
332. Eastern Bengal and Assam	.	143
333. United Provinces	.	143
334. Punjab	.	144
335. North-West Frontier Province	.	144
336. Madras	.	144
337. Bombay	.	145
338. Sind	.	145
339. Central Provinces	.	146
340. Coorg	.	146
341. Ajmer-Merwara	.	146
342. Baluchistan	.	146
343. Cantonments in Native States	.	146
APPENDICES.		
I. Draft Excise Bill	.	1
II. Notes explanatory of the draft Excise Bill	.	12
III. Suggestions for the amendment of the Bombay <u>Abkari</u> Act, 1878	.	17