

Dhananjayrao Gadgil Library



GIPE-PUNE-069856

---

A HISTORY OF THE EXCISE SYSTEM  
IN THE PUNJAB  
(1846—1884).

---

X7294. 236. M8  
69856 G0

## Revised List of Agents for the Sale of Punjab Government Publications.

### ON THE CONTINENT AND UNITED KINGDOM.

Publications obtainable either direct from the High Commissioner for India, at India House, Aldwych, London, W. C. 2, or through any book-sellers.

### IN INDIA.

The GENERAL MANAGER, "The Gaumi Daler" and the Union Press, Amritsar.

MESSRS. D. B. TARAPOREWALA. SONS & Co., Bombay.

The MANAGING PARTNER, The Bombay Book Depôt, Booksellers and Publishers, Girgaon, Bombay.

MESSRS. W. NEWMAN & Co., Limited, Calcutta.

The PROPRIETOR, The Book Company, Calcutta.

MESSRS. THACKER, SPINK & Co., Calcutta.

MESSRS. CHATTERJI & Co., Booksellers, 204, Cornwallis Street, Calcutta.

MESSRS. RAMA KRISHNA & SONS, Lahore.

The SECRETARY, Punjab Religious Book Society, Lahore.

The MANAGER, Standard Book Depôt, Lahore.

The MANAGER, University Book Agency, Lahore.

L. RAM LAL SURI, Proprietor, "The Students' Own Agency," Lahore.

L. DEWAN CHAND, Proprietor, The Mercantile Press, Lahore.

The MANAGER, Mufid-i-Am Press, Lahore.

The PROPRIETOR, Punjab Law Book Mart, Lahore.

MR. D. PESTONJI, Stockists' Representative, Lahore.

The MANAGING PROPRIETOR, The Commercial Book Company, Lahore.

R. S. JAURA, Esq., B.A., B.T., The Students' Popular Depôt, Anarkali, Lahore.

The PROPRIETOR, Aftab Punjab General Law Book Agency, Lahore.

The MANAGER, Oxford Book and Stationery Co., The Mall, Lahore.

The PROPRIETOR, City Book Co., Post Box No. 283, Madras.

The MANAGER, The New Book Depôt, No. 79, The Mall, Simla.

MESSRS. THACKER, SPINK & Co., Simla.

## PREFACE.

The subject of my monograph is so vast that this work cannot even pretend to be a summary, much less a complete account of the development of the excise system.

The material that was available for this thesis was mostly scattered here and there in the Punjab Administration Reports, in the Reports of the excise administration and in those submitted by various officers. Very little non-official information about this period could be found anywhere, and whatever there was has been studied with the utmost care and caution.

I am afraid I have not been able to do full justice to the subject.

•

•• I cannot claim to have made a thorough study of all the acts passed and circular orders issued in this period, but their bearing on the working of the system has been studied and given. Details have been avoided as far as possible. A certain amount of repetition could not be avoided.

In the end I gratefully acknowledge the guidance and valuable suggestions that I have received from my respected teachers, Lieutenant-Colonel H. L. O. Garrett, Lala Sita Ram Kohli, Lala Kahan Chand Khanna, and Lala Amolak Ram Khanna.

R. K. K.

LAHORE :

December 1930.

## CONTENTS.

	Page.
Preface .. .. .	
Chapter I.—Introductory .. .. .	1
Chapter II.—The Excise system at the advent of our period and after .. .. .	15
Chapter III.—Drugs .. .. .	55
Chapter IV.—Indian States .. .. .	79
Chapter V.—Administration .. .. .	89
Chapter VI.—Conclusion .. .. .	103
Appendix .. .. .	i—iv
Bibliography .. .. .	v

## CHAPTER I.

### Introductory.

THE subject of my monograph is quite new in itself, because before the advent of the British rule there was no regular excise system existing in this country. The attempt was a new one, and was striking success, as the following pages will reveal. But before coming to the history of the excise administration under the British rule, it is necessary that we should have some idea of the system as it existed during the Sikh times in the Punjab.

*Excise and Custom under Ranjit Singh.*—Under Ranjit Singh the whole country was threaded with a net-work of preventive lines. These lines were dotted with innumerable posts for the collection of every kind of tax, direct or indirect. At the same set of stations, excise and custom taxes, town duties, transit duties, capitation imports, artizans fees, were all levied. The principle was to extract taxation' from everything indiscriminately. No distinction was made between domestic and foreign industry, between articles of indigenous and extraneous production, between (manufactures) home and foreign. The artizans of Lahore and Amritsar were taxed together with the goldsmiths and ironmongers of Kabul. The silks of Multan and the cloth of the Punjab were no less dutiable than the cotton goods of Europe, the shawls of Kashmir, the groceries of Kabul, the dried fruits of Central Asia. The cotton, indigo and sugar of the Punjab had to pay an excise about equal in amount to the customs levied on the same produce imported from Hindustan. Nor was the salt the only necessary of life subject to taxation, but all the poor man's luxuries were placed under contribution. Every Doab being intersected by these lines, no article, home or foreign, could traverse the kingdom in its length or breadth, nor could enter any great market without paying duty a dozen times over. Those inequalities in price, which must always be created by distance, were aggravated by this perpetually recurring taxation. The inhabitants of the Sutlej States, if they wished

to procure the products of Kabul—or the dwellers on the Indus, if they wished to, procure the products of Hindustan,—had to bear not only the additional cost of transit, but also the burden of Inland duties, in fact, the one increased *pari passu* with the other.

*Paid by all classes.*—The taxes now treated of were, of course, quite distinct from the land-tax and its accessories. Yet many agricultural commodities of domestic production were exempt having already paid their full share to the State, in the shape of land-tax; but, on the whole, the taxation could not be called uneven, inasmuch as it embraced everything, every class from the richest to the poorest, every locality, every thoroughfare, every town and village, every article wherever sold, imported or exported, domestic or foreign. That such a multiform system of taxation did not harass the people, fetter trade, and produce oppression, can scarcely be supposed, but, still commerce did somehow thrive, which, under such disadvantages, European political economists would have thought hardly possible.

*The Excise on country-spirits.*—Efforts have often been made to obtain detailed information regarding the excise system prevailing in the Punjab previous to its annexation, and a search was made about the year 1883 for papers bearing on the subject both in the Secretariat offices and that of the Financial Commissioner, but without success. The then Secretary to the Government of the Punjab, however, was good enough to cause inquiry to be made from some Indian gentlemen at Lahore acquainted with the old state of things, and obtained from them the following information :—

There was no regular excise system during the Sikh times, and duty on liquor was not levied like the present<sup>1</sup> still-head duty, except in the shape of a license-fee. Under the late government there were two leases of duties on spirituous liquors, one for the district of Lahore and the other for the rest of the Punjab including

---

<sup>1</sup> The still-head duty is a duty levied on the spirits as they are removed from the godown and distillery for the supply of the retail shops.

the territories under the *ex-Nazim* of Multan. In rural circles there were no licensed monopolies for the sale of liquors, and any one who wished could distil liquor at his own house without let or hindrance. No duty was levied for minor shops established for the sale of liquor ; but in large cities like Lahore, Amritsar, Jullundur, etc., an annual fee was levied for distillation and sale. This duty was collected by officials appointed for the purpose. There was no fixed scale to regulate the duty, but the distillers used to pay a fee in the shape of *Nazrana* which was fixed by the *Sagarwala* at the principal stations and by the *Kardars* (agents) in outlying places. The Sikh chiefs were allowed to distill liquor in their own houses for themselves and their dependants, and were not required to pay any duty or obtain permission for doing so even at the principal stations.

#### GOVERNMENT UNDER RANJIT SINGH AND UNDER THE REGENCY.

*Fiscal department paramount.*—To this department all other branches of the civil administration were subordinate appendages. Men of wealth and influence, who had distinguished themselves by their courage and capacity, were deputed to remote places as farmers of the revenue, and were armed with pretorian and proconsular power. So long as their remittances to the royal treasury were regular, they might exercise plenary authority over life and property. Of these governors the most able and most celebrated was *Sawan Mal* of Multan ; next after him stood *Gulab Singh*, the then sovereign of Jammu. The best were *Desa Singh* and his son *Lehna Singh*, who ruled Amritsar with a mild sway. The sternest were *General Avitabile*, who held down Peshawar with an iron hand, and *Hari Singh*, whose prowess and cruelties kept *Hazara* in unwilling submission. The military chiefs who held feudal demesnes (*jagirs*) on the condition of sending contingents into the field, had also unlimited authority within their jurisdictions.

*Local tax-gatherers.*—In those districts which were neither granted nor farmed out, the local tax-gatherers were called *Kardars* or agents. The powers enjoyed by these individuals

described above varied greatly according to their personal influence at the Court ; but they were all directly responsible to the King and Council, whereas the Kardars in the provincial governorships were responsible to the governor, who must in turn account to the central authority. It would be unsafe to say that the Kardars never acted with a free hand, but, as a rule, their most important proceedings were subject to review by the Lahore ministry.

*Board of Administration.*—After the annexation of the Punjab in 1849 the administration was placed under a Board consisting of three members, who although acting jointly in matters of importance, took each the special charge of one of the functions of the Board, divided under the heads of Political, Judicial and Revenue. The Province was divided into seven divisions each administered by a Commissioner. In 1850, the present districts of Peshawar, Kohat and Hazara, which had hitherto been under the direct control of the Board, were formed into a separate division. The divisions were sub-divided into twenty-seven districts, each in charge of a Deputy Commissioner, who was provided with a staff of covenanted Assistant Commissioners and uncovenanted Extra Assistant Commissioners. Each district was further divided into tahsils for the collection of revenue, and into Police circles. The Commissioners were to be Superintendents of Revenue and Police, and to exercise the civil appellate and original criminal powers of a Sessions Judge. The Deputy Commissioners were given subordinate civil, criminal and fiscal powers, combining in one person the different aspects of administration, and thereby much increasing its vigour.

*Abolition of the Board.*—In 1853 the Board of Administration was abolished, and in its place Sir John Lawrence was appointed first Chief Commissioner as the head of the local executive administration with control over the Punjab Frontier Force. Subordinate to him were appointed a Judicial and a Financial Commissioner who were the chief authorities in the Judicial and Revenue departments, respectively.



*Creation of Lieutenant-Governorship.*—In February 1858 the Divisions of Delhi and Hissar were formally incorporated in the Province of the Punjab and at the commencement of 1859 the Punjab, together with the Delhi territory, was placed under a separate Lieutenant-Governor, Sir John Lawrence being the first to hold this office.

*Temporary increase of drinking sometimes due to spread of English education.*—One of the earlier effects of the spread of education and enlightenment in such countries as India may sometimes be an increase in intemperance. Old checks based on imaginary sanctions lose their power of restraint, and the result is excess. But this result is, we believe, only temporary : education in time establishes more solid and enduring restraints against intemperance than those which it destroys. The gradual growth of a healthy public opinion, it seems, often reduces intemperance in a wider, surer and more lasting manner than the most severe restrictive measures which the Government could adopt. It seems to be better to await with confidence this result of education and to assist in the formation of sound public feeling than to be hurried by alarm at a temporary evil into hasty attempts at repression. A change of this nature in public opinion occurred in the nineteenth century among large classes of the people of Great Britain : habits of intemperance which formerly prevailed among certain classes in England without disgrace were condemned as disgraceful. The enlightened public opinion has already begun to work in the direction of sobriety and moderation among the class of educated natives of Bengal.

*The use of spirits among the ancient Hindus.*—Dr. Rajendralala Mitra, in a very learned and interesting paper contributed by him to the Asiatic Society's Journal, Volume XLII, Part I for 1873, shows conclusively, by a profusion of instances taken from Sanskrit literature, ancient and mediæval, that spirits and other intoxicating drinks have been extensively used in India at all times and by all classes. He states indeed that their use had been condemned by moralists and law-givers, but he proves

that rice-spirit was sold and drunk and used in sacrifices in the earliest Vedic times ; that the leading characters of the Mahabharat, were addicted to strong drinks ; that the Ramayana frequently notices spirit-drinking with evident approbation. That in the time of Kalidasa drinking seems to have been very common not only among men, but even among women of high rank ; that the Puranas abounded in description of spirits and of drinking ; and that the Tantras afford the most indubitable proofs of a strong attachment on the part of a large section of the Hindus to over-indulgence in spirituous drinks. He also gives descriptions of the different kinds of spirits and of the materials of which they were made, and the manner of making them which will be referred to later on. He does not, however, write on the question of their being made a source of revenue in Hindu India, and it is understood that he was of opinion that they were not taxed. Other authorities, however, of great weight are of a contrary opinion ; but there seems to be no direct evidence on this point beyond the alleged fact that all articles sold in shops were subject to taxation. Now in the Buddhist drama ' Naga Nanda ' there is a mention of a spirit-shop, and there are similar references by Kalidasa and elsewhere noticed by Dr. Rajendralala. There are also many references to the use of spirit in Buddhist works, though it was stringently prohibited in Buddhist scripture. The paper goes on to state that under Muhammadan administration, which immediately preceded the British rule, the facilities for drinking were very much greater than have ever since existed, and the prevalence of drinking habits quite as much a subject of complaint.

*Regulation of the drink traffic during the reigns of the Mauryas.*— Among<sup>1</sup> other affairs of civic life Kautiliya, Chandragupta's great minister, provides in his Artha-Sastra for the regulation of the drink traffic and gambling.

Though Chankya was himself a Brahman, he does not exalt his class to divine rank or exempt it from heavy punishment. A

---

<sup>1</sup> The history of the Aryan rule in India, E. B. Havell pages 69—79.

Brahman was not to be tortured, but he would be heavily fined and even his whole property might be confiscated, while for worst offences he could be condemned to work in the mines—for him a particularly degrading form of punishment. Brahmans were placed under severe penalties for indulging in liquor: Neither taverns nor gambling halls were allowed in villages and those in towns were limited in number and under strict supervision. The former had to be decently furnished and provided with scents, flowers, water and “other comfortable things” according to the season, so that the lure of the drink should not be the only attraction. Inspectors or “spies” stationed in the taverns took note of the habitués and ascertained whether they drank moderately or excessively. They also noted the value of jewellery and other valuables in possession of customers who were intoxicated, for in the event of robbery the tavern-keeper had not only to make good the loss, but was liable to the fine of the same amount.

*Excise under the Mughal Emperors.*—In Gladwin’s translation of the Ain-i-Akbari, paragraphs 288 and 289, there is a list of taxes which were remitted by Akbar, among which were taxes on salt and spirituous liquors; but both these taxes, as well as several others of those enumerated, must have been subsequently reimposed, for they are included in the later fiscal statements.

It appears from Mr. Grant’s Analysis of the Finances of Bengal, written in 1789, and from Mr. Shore’s minutes, that in the accounts of the revenues of Bengal, as settled by the Nawab Jaffar Khan in 1722 A. D. and confirmed by his successor, Sujah Khan, 7 years afterwards, the taxes on spirituous liquors were treated in two ways. In some parts of the country they were realized by zamindars and then formed part of the *sayer*, which was consolidated with the *Mal* in the total assessment. In other parts they were collected by what Mr. Grant calls the more immediate temporary officers of Government and were then partly included in the *Chunakhali Mahal*, one of the great divisions of the separately managed miscellaneous revenue in Mir Jaffar’s system, and partly shown under other headings. This distinction was clearly main-

tained up to the assumption of the Dewani by the East India Company in 1763, and it may be gathered from the section of Mr. Grant's Analysis relating to the sayer of the dewani territory that it did exist in some form at the date of his report. This opinion seems also supported by allusions in the early Regulations to a separate system of excise management obtaining in the cities of Moorshadabad, Patna and Dacca. It does not appear clearly that this system was very effective, but in the tracts where the sayer was collected by the zamindars it is probable that there was a practically unrestricted system of outstills paying very low rates in many places, though it may be conjectured that the ordinary rent was not less than Rs. 10 monthly, or the equivalent in liquor when required for social or ceremonial purposes in Behar and parts of Bengal. The price of spirit under these arrangements was less than it has ever been anywhere in Bengal since the modern excise system was introduced in 1890. This statement regarding the cheapness of spirit is corroborated in a paper written about the same time by a Mr. Keir. Complaints were then rife about the spread of drunkenness among the lower classes of people.

The fact that drink was well-known in ancient India is also borne out by the following evidence given before the Commission of 1883.

“ I wish to make a few general remarks about drinking among respectable and educated men. It is a mistake to say, as is often said, that English education has introduced drink in India. Drink was well-known in Ancient India, and we know enough of the facts of the last century to be able to assert that drinking was a fashionable vice among the courtiers and retainers of princely zamindars. Devout Shaktu worshippers have also been partial to drink for many centuries in Bengal, and semi-aboriginal castes have always been addicted to drink. There can be no doubt, however, that with the introduction of education in Bengal in the early part of this century a sort of impetus was given to drinking among the higher classes. Educated men who broke through the

prejudices against forbidden food disregarded at the same time the salutary restraint against drink. Drink was regarded as a sort of index to liberal ideas and reformed ways—as a commendable accomplishment in an educated gentleman. When there is reaction against ancient prejudices and senseless social restraints it is difficult to confine it within exact and proper bounds, and the first distinguished men from the Hindu College, who took part in all the commendable political and educational reforms a generation or two ago, were generally men who were not admired for their sober habits in private life. The example of these distinguished men was, of course, followed by a large number of educated men in Calcutta.

“ I have noticed with pleasure a salutary change in Calcutta Society within the last 20 years or less. A closer knowledge of English society, derived from a more careful study as well as by the frequent visits of our young men to Europe, has convinced our educated country men that drinking is not a necessary accomplishment in English Society, and that drunkenness is simply not tolerated. The public men of the present generation, who take a lead in most political and social agitation, and whom the great majority of educated men almost instinctively follow to some extent, are setting a commendable example of temperance, which is different from the example which was set thirty years ago. The thousands of school boys who flock to public places to listen to the speeches of their leaders in political and social matters are intimately acquainted with their habits and thoughts in private life, and instinctively adopt many worthy and amiable habits in their conduct.”

On the other hand the evidence of other members who appeared before the Commission proved just the contrary :—

<sup>1</sup> “ The habit of drinking has extended to all classes. The quantity drunk is larger owing to the cheaper price at which it is sold. Persons who were previously satisfied with a dram are

---

<sup>1</sup> Metcalf's evidence—Additional Commissioner of Patna.

now able to afford a bottle or two. A workman now drinks his bottle of spirit as regularly as he eats his food."

<sup>1</sup> "Drunkenness has greatly increased during the last few years. Whereas it used to be most difficult to get spirits anywhere except at the distilleries, it can now be procured within reach of nearly every hamlet."

There is, however, a danger of taking isolated portions of evidence, or the evidence of particular persons as conclusive. India is so vast that nobody can possess a thorough knowledge of more than a comparatively small portion of it; and anyone who makes a general assertion on the strength of a few cases which have come to his own notice is liable to fall into serious error. There is a special reason for accepting with caution extreme statements made with reference to a question like that of the traffic in drink. Men's minds are in that matter greatly influenced by sentimental considerations, and there is a risk of the judgment being misled by preconceived ideas, especially when statistics are not employed to test loosely formed opinions.

*Alleged untrustworthiness of official evidence.*—Mr. Smith asserted that as regards Excise matters, "The officials are tied to the system, and we can place no more reliance upon their opinions than on the question of the abolition of slavery we could have followed the advice of West Indian Planters as to the moral effects of the system." With reference to this charge, however, it is better to observe that the officials in India have no pecuniary interest of any kind in encouraging drinking; that the position of officials in this matter differs, *toto coelo*, from that of the slave owners who had a personal pecuniary interest in the continuance of the institution of slavery. Even the Local Governments, who are charged with the administration of the Excise Department, have a comparatively small pecuniary interest in the increase of Excise revenue, of which Provincial revenues now receive only one-fourth, the remainder going to the Government of India.

---

<sup>1</sup>Evidence of Mr. Hudson.

It will be obvious that when the Government is thus charged with not sufficiently discouraging drinking a wide door is opened for difference of opinion and profitless discussion as long as there is no general agreement as to the extent to which it is possible and expedient to go in this direction. The entire prohibition of the use of stimulants and narcotics (if it could be carried out) would be the most effectual means of preventing the evils which undoubtedly result from their excessive use. And there are some who advocate this extreme measure. But others are of opinion that the evil to be prevented is not of sufficient magnitude to call for, or justify, any such interference on the part of Government, and that the remedy might be attended with evils even greater than those which it was intended to prevent. It may not unreasonably be argued that, as a rule, people are able to decide for themselves what habits are beneficial or the reverse, and absolute prohibition would by many be regarded as an intolerable interference with the liberty of the subject.

*Prohibition impossible in India, even if desirable.*—If, in disregard of the considerations just stated, it were decided that it was expedient to attempt entire prohibition, the question would arise whether it would be possible to enforce it. Whatever might be the answer to this question in regard to such a country as England, one should feel no hesitation in saying that for this country the answer would be in the negative. The facilities for manufacturing and obtaining spirits are so great, and the desire of many classes for stimulants so strong, as to forbid any hope that universal prohibition could be enforced. A law so much at variance with the stronger laws of habit and desire would in some cases merely create a contempt for law and a spirit of lawlessness in large classes of the population. We are not prepared to say that the use of stimulants in moderation is harmful, and total abstinence, due simply to the impossibility of obtaining liquor, and lasting only so long as that impossibility could be maintained, would be far less satisfactory from every point of view than

moderation in the use of stimulants due to conviction and enforced by public opinion.

It has been alleged that no native of India uses stimulants in moderation, that he either abstains altogether or drinks to excess, and for the purpose of producing intoxication. This assertion, though not without foundation in reference to certain classes, is far too sweeping in character when applied to the whole population.

*Difficulty of ascertaining public opinion on the question of drink.*—The difficulties in the way of ascertaining what public opinion on the question of drink really is, and of determining the amount of deference that may reasonably be paid to it, are very serious. The widest divergence exists both in respect of the extent to which the habit of drinking is practised and of the degree of disapprobation with which it is viewed, and it is difficult to determine what meaning to attach to public sentiment on the question of drinking in a locality where one portion of the community regards drinking as a social, or even religious duty, while another portion regards the consumption of spirits in any form or quantity as a positive sin.

At one end of the scale there are the Muhammadans and some of the higher castes of Hindus, whose religion forbids them to consume spirit in any form. This religious precept is largely, but not by any means universally, observed by these classes, and the obligation imposed on them by caste or religion to abstain from drink is weakened where English education has made progress, and European habits and modes of thought been applied to a greater or less extent.

At the other extreme there are classes who not only drink whenever they are able to do so, but in some instances, consider the consumption of liquor as a part of their religion.

Between the two extremes to which we have referred there exist in India classes of all shades and degrees of opinion and practice in regard to the habit of drinking, for whom drinking



is neither enjoined nor absolutely forbidden by their religion. For example, the Sikh religion permits drinking, and some classes of Hindus, of some standing in the social scale, are not forbidden to drink either by caste rules or custom, and do in practice resort to the use of stimulants in a greater or less degree. In addition to the numerous classes falling under this intermediate head, whose religion and opinions are of an origin independent of European influence, there are also the Europeans, the Anglo-Indians, and the native Christians, whose habits and opinions must be considered in framing Excise regulations.

In many places these classes live side by side, and restrictions on drink which would be viewed as beneficent by one class would be viewed by others as tyrannical, while it is obvious that an Excise system, which might be suitable for, and approved by, one of these numerous classes, would be unsuitable for the majority of other classes.

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 their 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 already been disregarded.

On the other hand, almost all Europeans and Anglo-Indians and many natives of India, especially the aboriginal tribes, would regard severe restrictions on drinking as an unnecessary and tyrannical interference with their modes of living. Such restrictions would be frequently disregarded by these classes and would provoke a spirit of opposition, the strength of which is ignored by those who favour prohibition, whether enforced universally

by Government, or locally and partially through the means of local option.

The considerations that have been stated point to the conclusion that it is not merely impracticable and impossible to prohibit the use of stimulants ; but to show also that it is impossible to introduce any Excise system that would be equally well adapted to all classes of the population and would be in complete accord with such public opinion as may be said to exist in the different parts of the country. Nor could distinct and separate systems be applied to each of the several classes described or to groups of them. These classes are not distributed simply with reference to geographical considerations. The inhabitants of some districts are no doubt more given to the habit of drinking than those of others ; but many of the varying degrees of disapprobation of the practice of drinking are presented in every district, and everywhere, or almost everywhere, there are both people to whom drinking is forbidden by their religion and also people for whom it is permissible and who do as a fact drink more or less whenever they can afford to do so. Any Excise regulations which could be adopted for a particular locality must necessarily fail to be suitable and acceptable in respect to at least some portion of the inhabitants.

## CHAPTER II.

**The Excise system at the advent of our period and after.**

From the foregoing sketch it will be seen that by the year 1846 there was no regular excise system existing in the Province. The British resident, considering that the system had a tendency to annoy the people, to depress trade and to impair the resources of agriculture, proposed to the Durbar to remodel it. The reformation was planned on the principles that while foreign and import trade was a fair object of taxation, internal trade should be set free ; that the produce of the country should be sold in the country, without the imposition of duties, that the native born subjects of the State should pursue their trades and professions, without the exaction of imports ; that agricultural produce, which had already contributed to the land revenue, should as much as possible be exempt from further taxation ; that those articles which were to remain dutiable, should pay a consolidated tax on one line and no other ; that the whole country, instead of being cut up into endless fiscal divisions, should be encircled with a single line.

*Details of the changes introduced.*—Duties were abolished on 27 articles, chiefly the products of domestic industry, indigenous agriculture or internal commerce. They were also reduced on 9 articles, which were produced partly at home and partly abroad. All the interior lines were swept away, and the town and transit duties were abolished. The three grand frontier lines were kept up, one along the Indus to intercept goods coming from the west, one along the Beas and the Sutlej, for goods chiefly British, coming from the east, and the third running along the base of the Himalayan range, to meet the imports from Kashmir and Jammu.

*Financial effects of the change.*—The province of Multan was exempted from these arrangements, which might otherwise have interfered with existing pledges between Moolraj, the Governor,

and the Council of Regency. Thus remissions and reductions being taken together, taxes, amounting to upwards of six lakhs, had been abandoned. To compensate in part for this deficit, three plans were adopted, namely, the imposition of one new duty and the remodelling of two existing duties. The excise on drugs and spirituous liquors was to be improved by a system of licenses ; and was thus to produce nearly a lakh in addition to its former yield. The long pending demands were to be realized from leases ; and all the confused accounts were to be wound up and closed.

*Estimated results for the future.*—Of an original deficit of six lakhs, nearly four lakhs was made good, and the net sacrifice of revenue amounted to a little more than two lakhs. But it was reasonably hoped that, in future years, these 2 lakhs would be more than compensated for, by the increase of consumption and the reduction of establishments, as experience on the North-West Frontier line had abundantly shown that a simple and lenient system of taxation is, in the end, the most productive, simplified taxes are more easily and cheaply collected, and offer the least temptation to smuggling. It was known that in England, owing to the enhancement of consumption, excise and customs duties had been frequently reduced, without any perceptible diminution of revenue ; and although the revolution of the ensuing year destroyed many branches of the revenue, yet, even then, the confidence felt in the buoyancy of trade and the elasticity of the internal resources was fully justified ; while the excise and customs fell off in those districts which were the seat of rebellion, and in the hands of insurgents, they increased beyond their previous and estimated yield, in all those districts which were undisturbed by revolution.

*The new budget takes effects.*—The Lahore Council of Regency gladly acquiesced in the proposed arrangements, when they found that such great and beneficial changes could be effected, that an impetus could be imparted to trade and agriculture, that the people could be relieved of a burden of taxation, impediments and extortion, for so slight a sacrifice of revenue as two lakhs, which deficit might be prospectively wiped out, and an increase substituted,

The revised budget accordingly took effect during the year 1847, with the approbation of all parties.

*Trans-Sutlej States how affected by the Sikh and British customs.*—But there was one Province of the Punjab, which in some respects suffered from this division. The Trans-Sutlej States, though originally forming an integral portion of the kingdom, was bound up with the other Doabs in interest and association; had, since the cession, been treated as foreign territory, with respect to the Punjab proper; and under the new arrangements, a Sikh line had been established, west of the Beas river also. The British North-West Frontier line had been extended *via* Kot Kapoora and Ferozepore, along the eastern bank of the Beas. The people, continued, however, as heretofore, to export from the westward, and import to the eastward, and thus had to pay British duties on one side of the river and Sikh duties on the other.

“ *Customs lines as they stood at annexation.*—Such was the position of fiscal affairs up to the date of annexation in 1849. On that occasion there were six descriptions of duty for the Board's consideration; *firstly*, the duties on the Indus; *secondly*, those on the Jammu line; *thirdly*, those on the Beas line; *fourthly*, the duties recently imposed or remodelled by the advice of the Resident; *fifthly*, the unrepealed duties in the Multan Provinces; and *sixthly*, there was the British customs line running through the Trans and Cis-Sutlej States, taxing salt, cotton and sugar on importation and also sugar on exportation.

*Recommendation by the Board of Administration.*—It was thought that the Indus line was injurious to the commerce of the newly organised territory so far as it affected exports, and that the import duties levied on it were inconsiderable. The Jammu line was itself not worth keeping up, as it did not yield half a lakh per annum. The Beas line had been established to intercept British goods which had already paid sea-board duties, and could not be fairly maintained, now that the Punjab had been annexed to the Company's dominions. The British line of the Beas had now become a

mere line for transit duty, commercially dividing one part of the Empire from the other. The Board therefore recommended the abolition of all the four lines. The Multan duties would, of course, be repealed, and no line would be established south of Mithankote, as there was no object to be gained in restricting the imports from Sind.

*Board's proposal approved by Government.*—The propositions of the Boards received the sanction of the Supreme Government and took effect from the year 1850. The fiscal changes may thus be summed up. All duties, whether export, import, transit or town duties, then leviable in the British possessions west of the rivers Sutlej and Beas, were abolished by the order of the Boards of Administration,<sup>1</sup> but this did not affect the excise on salt or spirituous liquors and drugs, the stamp duties, or the Ferry tolls.

The entire trade of the Punjab, with the single exception of salt, was made free. The miscellaneous taxes of the Sikh government, forty-eight in number, yielded an annual revenue of over 16 lakhs (Rs. 16,37,114).<sup>2</sup> The revised taxes of the regency, 23 in number, yielded a revenue of 13½ lakhs (Rs. 13,41,822). The new British taxes, four in number, were expected to yield 16½ lakhs (Rs. 16,25,000), in the following proportions:—Salt Rs. 12,00,000;

<sup>1</sup> Circular No. 1 of 1850.

<sup>2</sup> Annual yield of the excise and customs prior to British annexations:—

These taxes classified, as below, yielded in their several properties the following amount annually.

IMPORTS.		EXPORTS AND INDIGENOUS.		IMPORTS AND EXPORTS.		MISCELLANEOUS.		GRAND TOTAL.	
Number of articles.	Yield of revenue.	Number of articles.	Yield of revenue.	Number of articles.	Yield of revenue.	Number of articles.	Yield of revenue.	Number of articles.	Yield of revenue.
	Rs.		Rs.		Rs.		Rs.		Rs.
7	3,62,697	19	9,74,861	4	1,37,739	18	1,61,817	48	16,37,114

Drugs and spirits Rs. 2,00,000 ; Stamps Rs. 1,00,000 ; Ferry tolls Rs. 1,25,000. Thus the fiscal system was to be simplified, which has been one of the most satisfactory improvements since that time, and the people to be relieved without any considerable sacrifice of revenue.

Thus there were no customs levied in the Punjab after the year 1860, with the trifling exception of a duty on certain drugs passing the Kangra frontier. Foreign articles from all quarters passed into the Punjab, duty free, from Afghanistan and the countries beyond it to the west ; from Gulab Singh's dominions, Ladakh, and from Tibet on the north, from Hindustan on the east, from Bahawalpur and Sindh on the south. External, as well as, internal, commerce has gained since the annexation of the Punjab.

*Excise.*—The Excise duties in the Punjab comprise spirits and drugs. The drugs excise will be dealt with presently. The Excise now to be treated of relates to spirits, technically called "Abkaree." The spirits are a decoction from molasses and the bark of the "babool," a common tree growing in the plains.

Before the advent of the British rule the limitations imposed on the manufacture and sale of liquor, when occasional and limited attempts at total prohibition in a few places had proved unsuccessful, were devised with the sole object of raising revenue and without any design of regulating and controlling consumption. And it may be stated with complete or almost complete accuracy, that the system in force was that of farming, the right of manufacture and sale being given to the highest bidder and no restriction being placed on the number of shops or their position. Under the British rule attempts were made to modify and improve the system.

In 1848 the Resident at Lahore issued general orders requiring the sale by auction of the excise contracts, and for some years, after the annexation of the Province, the Farming system was in force through it, that is, the right of manufacture of both spirits and drugs were disposed of together to one or more farmers who paid a tax to the Government.

Originally an unrestricted farming system prevailed in India, and the monopoly of manufacture and sale in a certain area was granted in return for a lump sum, the monopolist being allowed to manufacture how and where he pleased, to open as many shops in any location he desired, and to sell at such prices as he chose. This system does not now exist, and has not existed for many years, in any part of British India.

Wherever the farming system is now in force in British India the number and location of shops and stills is fixed before the contract is disposed of, and the right to manufacture and sell liquor in a defined area is sold by auction or by public tender ; sometimes maxima and minima retail selling prices are fixed ; in some places also the strength of the spirit which may be manufactured is defined and the amount manufactured and the consumption are recorded.

It was in the year 1859, as stated in our last chapter, that the Divisions of Hissar and Delhi were introduced in their proper places as incorporated in every respect with the Punjab. It was in the same year that the main decrease occurred in the revenue from intoxicating liquors amounting to nearly half a lakh of rupees, due to the reduction in the number of troops at Delhi, showing how large a portion of the Abkari revenue was derived from the cantonments. Again there was a large increase both in the Simla districts and Hill Cantonments, owing probably to a larger number of troops having been cantoned in the Hills during the past year, and a decrease in the demand for liquor in the Jullundur district as the Loyal Poorbea Regiment was removed from Phillaur. Also the income from intoxicating liquors in the Lahore District exhibited an increase which resulted chiefly in the Cantonments of Mian Mir and Ferozepore, owing to an increase in the number of troops quartered in these stations. The remissions in the former place were due to large compensation having been paid to the contractors for estimated loss caused by the very judicial refusal of the military authorities to allow the sale of liquor without a pass on native highdays and holidays. In the new



leases, however, arrangements were made to prevent remissions being requisite.

*Sudder or Central distilleries.*—The next important step was the introduction, experimentally, of Sudder distilleries, in some of the districts of the province, in the year 1862. The proposition was first brought forward by Mr. Cust in 1860, but was negatived at that time. It was, however, obvious that the new system was desirable not so much on financial as on moral grounds, as the tendency of the system then existing (*i.e.*, the farming system) was demoralising to an extent for which the income derived from that, was in no way compensated. Consequently, definite measures were taken, two years later, when the system of Sudder distilleries was introduced into the districts.

*Immediate effect.*—The immediate result of this was a decrease in the Abkari revenue to the amount of Rs. 19,220 less than the previous year<sup>1</sup>. This loss, however, was confined, exclusively, to those districts in which the new scheme was tried,—as the form of the monopoly where that system was retained, produced a larger revenue than in the year 1861-62. To the above deficiency in the Abkaree collections is to be added Rs. 31,051, expended during the year in the establishment and maintenance of Sudder distilleries, so that the loss from this experiment may be computed at half a lakh.

This falling-off was mainly attributed to the system having been newly introduced, and, in consequence not correctly

<sup>1</sup>Abkari receipts :—

Year.	Demand.	Collections.	Balance.
	Rs.	Rs.	Rs.
1861-62 ..	4,06,505	3,60,882	45,623
1862-63 ..	3,61,888	3,41,662	20,136
Difference ..	—44,617	—19,220	—25,487

understood by the people, while the arrangements for carrying it out were necessarily more or less imperfect at the outset,—accordingly the intome from this source continued from month to month to improve, until by the end of the official year, the next realizations, after deducting all cost of establishments, was larger during the month than in the previous year, which showed that the novelty of the experience alone was the cause of diminution of income, and that the new system was expected to prove financially successful. In the Amritsar and some other divisions the Police

Deminution of Crime.

bore testimony to the diminution of crime which they attributed mainly to the diminished expenditure on intoxicating spirits.

From the large sums which began to be offered for licenses, so soon as the system became thoroughly understood, especially in the larger cities, it became apparent that the rate of still-head duty had been fixed too low. Accordingly towards the close of the year, with the sanction of the Government, the rates were raised by 8 annas a gallon<sup>1</sup>. The Commissioner of Jullundur objected to the enhancement already affected, as calculated to “restrict even the legitimate consumption of liquor”, and to drive the poorer population to the use of other and more noxious stimulants—but the best proof, that the increase had not, on the whole, proved excessive, was that whereas the income had increased, illicit stills had not been established to any extent, by that time.

---

<sup>1</sup> On the introduction of the Central distillery system in the Province in 1862 the rates of still-head duty were fixed at:—

Rs. 2 per gallon for spirit of the strength of London proof.

Re. 1-8-0 per gallon for spirit of the strength 25° under proof.

In 1863 these rates were raised to—

Rs. 2-8-0 per gallon for spirit of the strength of London proof.

Rs. 2 per gallon for spirit of the strength 25° under proof.

Re. 1-8-0 per gallon for spirit of the strength 50° under proof.

In 1865 the rates were increased in the Rawalpindi and Multan Divisions and the Hazara districts to—

Rs. 3 per gallon for spirit of the strength of London proof.

Rs. 2-8-0 per gallon for spirit of the strength of 25° under proof.

Rs. 2 per gallon for spirit of the strength 50° under proof.

*Extension of the system to the entire Province.*—The suppression of the farming system, by that of the Sudder distilleries was sanctioned for the entire Province in 1863, and by the 1st of August of the same year had been extended to the whole of it, with the exception of the Kangra district, into which it was only introduced on the 1st January 1864. The districts into which it was now introduced, started with many greater advantages than those in which the first experiments were made; as well as with higher rates of still-head duty<sup>1</sup>, so that there was no doubt that the change would prove financially advantageous and was most favourably reported upon by the majority of officers as having a tendency to improve the morals of the people.

The returns which were received by the close of 1863-64 showed a still further increase in the revenue. If the returns had been analysed it would have been found that the largest increase was obtained in the districts containing large towns and Cantonnments, and that this increase more than counterbalanced the loss incurred in several rural districts. Also of the income realized during the same year nearly one-third was derived from license fees, while the remainder accrued from the still-head duty. In some districts, however, the income derived from licenses bore a much smaller proportion to the revenue realized by collecting still-head duties.

*The central distillery system.*—The system to which the name of "Central Distillery" was first applied was one under which a central distillery was maintained by the Government and any approved person was allowed to set up a still in the building and to manufacture spirits under the supervision of the officials attached to it, the distiller paid the fixed duty on each gallon of manufactured spirit which he passed out of the distillery. In addition to it, the distiller was usually required to pay a rent for the use of the building, or a small fee to cover the cost of the building and its

<sup>1</sup>In 1877 the above higher rates were extended to the whole province with the exception of Umballa and Hissar Divisions, which adjoin the North-West Provinces. There was no change in their case till the year 1884. The levy of license fees for sale in addition to the still-head duty raised the total taxation of country liquor per gallon to a very high figure in the Punjab.

establishment. No monopoly of distillation was allowed, and the right to manufacture was kept quite distinct and separate from the right to sell.

This system was, in all essential points, the same as that which prevailed in Great Britain. The system under which the manufacture of spirits after the native method is now conducted throughout the Province is known as the central distillery system and contribute 50 per cent. of the whole Excise revenue and 75 per cent. of the revenue derived from liquors.

*System in the Central Provinces.*—The same system was in force in the Central Provinces, with this difference that the fixed duty was levied not on the quantity of manufactured spirits, but on the quantity of material used for distillation. This mode of calculating the duty, though not necessarily in the duty, was due to the fact that it was considered easier to ascertain the quantity of material used than the quantity of spirit manufactured which being less in bulk is more easily smuggled, and also to the fact that practical difficulties are experienced in testing and securing an accurate record of the strength of spirit.

Under the system the number of shops and the precise locality of each shop were fixed by the district authorities. The sale of liquor at any place other than these shops was forbidden. License fees were charged for the right to sell at the shops, of which the number was limited. The method of levying those fees varied in different parts of the province. The fees were fixed, in some places, in annual or monthly amounts, in others the amount was determined by competition or by tenders. The shops were generally disposed of separately but occasionally they were disposed of in groups for certain areas. The strict limitation of the number of shops caused the right of sale at a shop to be in many cases a source of large profit, and the right of sale was consequently disposed of by competition to approved persons, because in no other way could that profit be obtained as revenue for the State.

The distilleries were to be surrounded by a wall with only one entrance, so that no spirit could pass out without the cognisance of the excise-officer in charge. In a public distillery the manufacture of spirit was carried on by licensed distillers at their own cost and risk. Every distiller was bound to keep the premises where his still was worked clean and in good order, subject to the directions of the darogah. A licensed distiller could set up any number of stills in a public distillery under a license from the Collector and subject to such restrictions as the Collector might have found it necessary to impose with reference to the accommodation available.

A darogah or other superior officer was in charge of each distillery. It was his duty to prove and measure the spirit manufactured in the distillery, to issue passes, to keep a regular account of the strength and quantity of all spirit manufactured in it, showing how much had been sent out under passes and how much was still in store. He was to see that the rules prescribed were strictly adhered to.

A watch was to be kept both day and night at the door of the distillery. A residence was to be provided for the officer in charge and his establishment on the premises within the wall of the distillery enclosures.

*Disadvantages of the system.*—The Deputy Commissioner of Shahpur reported in the year 1863-64 that the effect of the new system had been to raise the cost of a bottle of spirits (which formerly could be obtained for 3 or 4 annas) to one rupee and to one rupee and a half. If this was the case it was obvious that the price was prohibitory to the poorer classes, and it was to be apprehended that the system might lead to a larger consumption of Bhang and Charas, the effects of which are decidedly more injurious. It might have also been urged against the new system that those who could afford to purchase it were being habituated to the use of a much stronger spirit than was used formerly.

The income realised under the Sudder distillery system in the same year, nearly one-third was derived from license fees, while

the remainder accrued from the still-head duty. In the next year, there was a great unanimity of opinion among the local authorities as to the success financially and morally of the new system.

*Still-head duty.*—Some few officers advocated the low rates of still-head duty, in favour of which might have been urged that higher rates of duty were levied in some of the Bengal districts; but the effect there of the equalisation of the duty on native liquor and rum (spirits made after the European method) was the almost entire suppression of the manufacture of the former and thus the mass of the people were deprived of the liquor altogether.

The revenue derived from the European liquor shops in the year 1866-67 was very small compared with that paid by the native shops, but the principles on which the both were taxed, were, of course, very different. The European liquor was highly priced, and had already paid duty at the seaports. Moreover, the tax on native liquor was proportionate to the quantity consumed, whereas that on European liquor was not.

The high price of provisions throughout the year tended to check consumption. The largest income ever obtained in the Punjab from duties on spirituous liquor was in 1859-60, when the revenue aggregated Rs. 4,62,280. The consumption of spirits among hill men was greater than in the plains. The number of liquor shops was therefore necessarily larger in Kangra. The consumption in the Kangra district appeared to be confined to spirits of the lowest quality, which were used chiefly by the poorer classes, and the large increase of income was unquestionably owing to the great number of shops which existed at the time. Owing to the number of detached hamlets instead of closely packed villages, it was found necessary to open more shops than was done in Hoshiarpur and Jullundur. Moreover, the area of the Kangra district was far greater. It would have been but with little advantage to the morals of the people and considerably to the prejudice of the Government revenue to have imposed any further restrictions on the sale of spirits.

By the same year the number of Sudder distilleries established in the Province were 113, that of the retail shops for the sale of native liquor 792, and the number of shops for sale of European spirituous and fermented liquors were 134.

*Kulu Abkari.*—The Abkari revenue of Kulu was small, as the people used other liquors, soor and lurgi, in preference to ardent spirits. “Soor” was a drink made from barley and was prepared by the Zamindars for home consumption. Lurgi was a beverage made in Lahoul from barley, and in Kulu from rice.

It was the beer of the country, possessing nutritive and invigorating, and if taken in excess, intoxicating qualities. The Phaf or Thibet yeast fungus was used in the preparation of this liquor for the purpose of fermentation.

In some places the native spirits were being displaced by spirits manufactured after the European method, more especially rum from Shahjahanpur two years later.

The following figures show that the license fees increased steadily from year to year, while the still-head duty remained very much at the same figures for a number of years :—

Year.	License fees including European liquor.	Still-head duty.	Total.
	Rs.	Rs.	Rs.
1863-64 ..	1,13,814	2,50,335	3,64,149
1864-65 ..	2,05,703	2,64,640	4,70,543
1865-66 ..	2,43,168	2,44,758	4,87,926
1866-67 ..	2,22,239	2,51,648	4,73,887
1867-68 ..	2,59,017	2,79,099	5,38,116
1868-69 ..	2,72,320	2,57,861	5,30,181
1869-70 ..	2,58,253	1,96,499	4,54,752

These figures also show that adverse circumstances have a more telling effect on the still-head duty than on the license fee and the success attending the speculations of vendors in one year makes itself felt in the following, notwithstanding all considerations of demand or supply. Hence it happened that the influence of the scarcity of 1869-70 was felt in the next year, and resulted in a further decrease of revenue, though prices had begun to find their level.<sup>1</sup> The diminished number of vendors then had to meet the revised demand, their profits rose and credit was restored.

The increased yield of the license fees had not been caused by any increase in the number of licenses issued ; for in fact the number of shops was less in 1869-70 than it was in 1864-65. Each licensed vendor had therefore paid more for his contract from year to year than he had been able to afford. This was due, not only to an increased consumption of liquor, but also, and perhaps in a greater degree, to the increased price which he had charged for liquor .

As long as the licenses are in demand at auction it shows that there is a margin of profit. The other test of the proper limit of still-head duty is smuggling. If it became worth people's while to keep illicit stills to any extent it would be advisable to lower the rate.

*Delhi Division.*—The system which prevailed up to the year 1869-70, required radical alteration as under it no man could be sure of a license to sell spirits for two consecutive years and no manufacturer could be sure of customers for two years running and which consequently had the effect of checking the flow of capital into the trade. A manufacturer in this country, as in England, has to secure the support of the retail sellers. There should be a fixed fee for licenses, and no restriction upon the number or location of shops, except near military cantonments.

---

<sup>1</sup>The total amount of income during the year 1870-71 from the Excise on spirits was Ra. 4,30,035. This amount was less than the income of any year since the Sudder distillery system came into force.



In the year 1870-71 the total number of shops licensed for the Province were 804. The total quantity of country spirits issued from Sudder distilleries was 101,939 gallons. Thus the average amount of liquor sold by each shop during the year was nearly 127 gallons or a little more than one-third of a gallon a day; the sale of such a small quantity could not maintain a shop-keeper, and there can be no doubt that the licensed vendors largely diluted the spirits drawn by them from the Sudder distilleries.

*Bengal system introduced in Amritsar Division.*—The main points in which this system differed from that hitherto in force in the Punjab were the following :—

- (1) Instead of a fixed duty for spirits ranging within a limit of 25° strength, duty was levied according to the strength of the spirit—a separate rate for every degree of spirit.
- (2) The licensed fees were fixed for each shop, and there was no monopoly. In other districts the monopoly was sold for a tahsil, or other territorial division by auction, and the number of shops was limited. A much larger sum was realized in the shape of the license fees by the latter method than by the former, but the sale of spirits and the receipts from still-head duty were lessened.

Thus the new system did not appear to answer so well as that in force elsewhere in the Province of distinct monopolies. In the districts of Amritsar Division, where the system was tried in 1871-72, the number of shops increased from 112 to 145, and the license fees decreased from Rs. 37,446 to Rs. 21,189, while the quantity of spirits consumed rose from 10,033 to 19,387 gallons. Hence the result of the introduction of the Bengal Distillery system was almost doubled consumption (*i.e.*, an increase of 93 per cent.) but comparatively very little increase in the revenue which was

only 9 per cent.,<sup>1</sup> which was the reverse of the principle that had hitherto regulated the administration of the Excise Department in the Province and consequently its abolition was recommended a year after.

*Punjab system more advantageous.*—Consequently the Lieutenant-Governor considered the result of the experiment unsatisfactory and the Punjab system more advantageous to the revenue and less likely to stimulate the demand for spirits. In the same year the Financial Commissioner justly observed that if the still-head duty had been raised to Rs. 3 per gallon of proof spirit, and the same amounts of spirit had been consumed, the increase of revenue would have been raised 26 per cent. instead of 9 per cent.

*Results of abandonment of Bengal system in Amritsar Division.*—The abandonment of the Bengal distillery system in the Amritsar division in the year 1875-76 resulted in a marked increase of income from license fees and a less considerable decrease from still-head duty, the total income being slightly in excess of that of the previous year. The decrease under still-head duty was, however, ascribed to other causes as well as to the change of system. A sickly year, agricultural distress, the stoppage of fairs, and perhaps to some extent a growing preference for rum, had all contributed to check the consumption of native spirits.

<sup>1</sup>The following table gives the results of the income from spirits in Amritsar Division :—

Year.	STILL-HEAD DUTY.					Grand total still-head duty and License fees.
	License fees.	London proof.	25° below proof.	50° below proof.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1870-71 ..	37,446	2,818	17,812	..	20,630	58,076
1871-72 ..	21,189	22,646	16,752	2,238	41,636	62,825
Difference ..	-16,257	+ 19,828	-1,060	+ 2,238	+ 21,006	+ 4,749

*European liquors.*—The increasing and the growing demand for European liquors especially cheap French brandy, spirits prepared at Murree Brewery and rum from Shahjahanpur is a feature worthy of notice, these spirits being able successfully to compete with the spirits supplied from Government distilleries owing to the higher duty on the latter. The income realised from license fees for the sale of European liquors increased from Rs. 8,995 to Rs. 12,625. or more than 40 per cent. in the year 1871-72.

This increase was traceable, not only in the Hill stations, such as Dalhousie, Simla and Murree, and in places where an influx of European population had taken place, such as Gujrat and Jhelum, where Railway works were in progress, but to the more general use by the natives. In Rawalpindi there was a special reason for the decrease of income from native spirits and the increase of income from spirits manufactured by the European method, namely, that the Murree Brewery Company was allowed, under special conditions, to distil spirits, not only for the supply of European consumers, but also for the supply of native consumers. The spirits thus supplied were superseding the spirits hitherto supplied by the Sudder distillery of the district.

*Number of shops.*—The number of shops for sale of European liquor fluctuated greatly in the different districts from year to year, while this was not the case with regard to native liquor shops. This was probably due to a greater spirit of competition among traders.

In the next year there was a slight falling-off in the revenue, which was attributed partly to the high price of materials from which spirits were made, and partly to the increased consumption of spirits imported from Europe or spirits manufactured by the European method in India ; and it was urged, that unless the rate of duty on European spirits was increased considerable loss of revenue would result.

In the same year the number of the European retail shops had increased from 159 to 210.

*Sale of European spirits.*—The total number of gallons recorded as paying duty at Government distilleries was 1,03,722, the net income from which was Rs. 3,98,996, a little over Rs. 3-13-0 a gallon, including both license fees and still-head duty.

It was chiefly from the large towns and cantonments that the Government revenue from spirits was derived and it was precisely in these places that European shops were most likely to extend both in number and business. The European retail shops were most numerous in the following places :—

Delhi—15 ; Ambala—15 ; Gurdaspur—11 ; (including Dalhousie) ; Lahore—24 ; Rawalpindi—30 (including Murree) ; Multan—9 ; Peshawar—8 ; Amritsar—12 ; Total—124 out of 210.

More than half of the Abkari income of the Province was derived from the eight districts. The proportion of that income derived from European shops was very small compared with that derived from native shops ; and if the former were to supplement the latter, the revenue must have suffered.

In most of the places above named the income from spirits was falling off. The only considerable increase was in Rawalpindi and this was due exceptionally to the Camp of Exercise. The European population was doubtless increasing but not rapidly. The European troops were supplied with spirits by arrangements under Military control, which did not materially affect the Abkari arrangements of the province. Though the Abkari income was affected when a Canteen was opened in a Native Regiment, Railway workmen, both on the new and the old lines, formed a large class of customers at shops and refreshment rooms. But after allowing for all these considerations, there seems good ground to believe that the use of European spirits was extending among the Indians especially of the better classes.

Notwithstanding, the native liquor-sellers still held their ground, because their dealings were on a smaller scale, and it was worth their while to supply places where a European shop would

not pay. These shops were located away from public thoroughfares, where customers could drink without being disturbed, they required no capital for keeping up a large stock, as the supply of spirits could at any time be obtained from the distillery, and they used to make the most of their stock by diluting the spirits with water. The trade was large and profitable, chiefly in the large towns where the effect of an increased consumption of European liquor must have been watched, as it was evident that Native and European spirits were not competing on equal terms.

*Relations between license fees and still-head duty.*—The theory of the Abkari income in this Province is, that the Government takes as much revenue in the shape of license fees and still-head duty together as the consumption will bear. The license fees, when honestly paid, depend on the rates of still-head duty. If the latter are raised, the shop-keeper cannot afford to bid so much for his license. But if the license fees are abnormally high, or in other words, if the shop-keeper can afford to pay for his license an undue proportion of the total government duty from both sources, the fair inference often is, that government has been losing still-head duty either from spirits being passed out below their proper rate of duty, or smuggled out without paying duty at all. There is special risk of this when the distillers hold also a number of shop licenses, as they frequently used to do, directly or indirectly.

The proportion for the Province generally remained about 52 per cent. of license fees to 48 per cent. of still-head duty. In Lahore, where the system had been well worked for years, the proportion was the other way, and still-head duty exceeded the license fees, chiefly because spirits were never charged third class rates.

In Rawalpindi, Ambala, Peshawar and other places that might be named, the license fees far exceeded the still-head duty, and the proportion of third class spirit was abnormally high. There may often be good reasons for the high proportion of license fees, such as excessive competition, but where this feature co-exists

with a high proportion of spirit charged at the lowest rate, there is reason to fear that distillery management requires more attention.

The general proportion of a license fee to still-head duty is approximately as 2 to 3, and wherever the proportion between the two heads of income differs much from this normal ratio, the special cause of difference should be sought for. A want of competition between the buyers of licenses or the prevalence of smuggling, might have been the cause of a low proportion of license-fees; while the prevalence of illicit distillation, or too severe a monopoly of sale, especially when combined with a high selling price of liquor, would have made the proportion of license-fees to still-head duty higher than the normal ratio.

*General results of administration.*—Upon the whole the statistics showed that though the revenue from spirits had from various causes slightly decreased, the management had somewhat improved, but the inspection of distillers and the testing by hydrometers required more attention.

When the testing by hydrometers is lax, and the due amount of still-head duty is not levied, a larger margin is given for profits, and bids for licenses have a tendency to rise.

*Causes of variation.*—From the enquiries made of the Deputy Commissioners of several districts in the year 1872—74, and from other reports it seems that the variations in the proportion of spirits of various strengths were due to the following causes:—

1. Defective testing.
2. The taste of the people.
3. The practice of diluting spirits before sale.

(1) Considerable attention had been paid lately to the subject of hydrometers and it appeared that the increased proportion of spirits of the higher strength was due to this. The percentage of proof spirit had steadily increased, and that of 50 per cent. below proof steadily diminished for the last four years.

An exemplification of (2) was found in the Kangra District where the proportion of the lowest strength was largest being 12,417

gallons out of a total of 12,435 gallons. Here the people preferred the weaker spirit.

(3) The practice of diluting spirits was becoming common. It is cheaper to pay the highest duty on spirit and then to dilute it, than to take spirit out of the distillery at the lower strength.

In the next year in the Financial Commissioner's opinion the improvement in the Abkari revenue was specially satisfactory, inasmuch as the ratio of increase of receipts exceeded the ratio of increase of consumption, for while consumptions increased by 11 per cent.—the inevitable result of plenty—the receipts increased by 14 per cent., the difference being the result of improved management and better testing by hydrometers.

There appeared to be no reason to apprehend that illicit distillation was carried on to any great extent in British territory; but the want of control over distilleries and retail shops in the Cis-Sutlej and Hill States adjoining some districts in the Province, had a serious effect on the revenue, and also on European troops cantoned in some of the Hill Stations.

*Incidence per head of population.*—The incidence of excise duty on London proof country spirits was at the rate of Rs. 2·84 per gallon. The population of the Province, as shown in statement XXVI of 1873-74, was 17,604,505 and the net income from Excise during the year fell therefore, at the rate of Rs. '003 per head. If the adult population only be taken, the incidence was at the rate of Rs. '004 per head.

*New system for the retail vend of rum.*—As regards the excise on intoxicating liquors, the principal feature of the year 1875-76 was the introduction of the new system for the retail sale of rum. This was introduced partially in 1874-75 but was carried out on a scale sufficiently large to warrant conclusions in the next year. The new principle consisted in the assimilation of the system in regard to rum with that in force in regard to native spirits. Formerly rum was sold under a fixed license fee, whilst the licenses

for the retail sale of country spirits were put up to auction, which put the former at an advantage in respect to the latter. Now both classes of licenses were alike disposed of by auction sale, and the number of shops for the sale of rum was limited. In this way the dealer in rum did not obtain the advantage in respect to the dealer in native spirits which he formerly had. The result was a revenue of Rs. 48,337 and Rs. 55,641 in 1876-77 from the separate licenses for the retail sale of rum without material derangement of the trade in country spirits and without any additional cost in the way of establishment. What had been the ultimate effect of the change of the system on the trade in native liquor it would have been premature at the time to predict. But it did not appear to have exercised any very material influence either on the bids for retail license or on the outturn of the country stills. The decrease in the receipts from still-head duty and license fees were for the most part due to causes quite distinct from the altered conditions of the trade in rum. In some districts officers reported that the monopoly of retail sale of rum was bought up by the vendors of native liquors with the express object of excluding the former from the market, but in the majority of districts the altered arrangements for retailing appeared to have had merely the effect of transforming to government a portion of the profits formerly enjoyed by the retail vendors of the spirit. In the next year, the tendency of the experiment was towards an increase in the income, *i.e.*, Rs. 55,691 and it did not decrease the revenue from other spirits. The assumption of the Financial Commissioner that the greater part of the income from rum was a clear gain to the government seemed also to be justified by the facts. This spirit appeared to compete successfully with the ordinary native liquors and to be preferred by the wealthier classes, as its consumption was on the increase (*i.e.*, 11,888 gallons). The combination of dealers was in itself evidence of the success of this liquor in competition for consumption.

A limited number of licenses to sell rum retail were sold in each district by auction. A limited number of licenses to retail native spirits were sold by auction, either singly or in groups, for a tract



of country or for a tahsil, as was considered best for the interests of government.

Licenses to sell imported wines, liquors and beer wholesale and retail were granted at the following rates per annum :—

1st Class	..	..	..	Rs. 100
2nd Class	..	..	..	„ 48
3rd Class	..	..	..	„ 24
4th Class	..	..	..	„ 6
5th Class	..	..	..	Rs. 1

This classification was made to provide for places where demand was small and shops would not have been established if high fees had been demanded. Licenses to brew malt liquor on the European method were granted free of charge. There was no duty upon the malt liquor but the brewer had to take out a wholesale license to sell beer.

*Receipts from duties on native spirits.*—The income derived from license fees for the retail sale of native spirits decreased from Rs. 2,29,207 in 1874-75 to Rs. 2,15,270 in the next year, and the receipts from still-head duty on native spirits from Rs. 2,60,323 to Rs. 2,41,283. The decline of income was noteworthy only in the districts of the Ambala division and in the districts of Rawalpindi and Peshawar.

Accurate statistics of the cost and retail price of country spirits in each district are undoubtedly useful. They furnish some guide to the fair value of monopoly of retail sale, and help to explain variations in the prices obtained for it, which would otherwise be unintelligible. A comparison of price and cost in its widest sense, that is, including still-head duty and license fees, as well as the value of materials and labour, should also put a district officer on his guard against certain invasions of the law to which contractors must often be tempted to resort.

*Decline in the Ambala Division.*—The decline in the Ambala division extended to all the three districts, and was observable in both license fees and still-head duty. It was attributed by the

Commissioner to the establishment of untaxed spirit shops in the Patiala State in close proximity to the British boundary, and to the facilities thus given for smuggling cheap liquor into British territory. The decrease in license fees was most marked in the Simla district, where the receipts fell off from Rs. 8,870 to Rs. 3,875. The cause of this large decrease was not noticed by the Deputy Commissioner in his report, but it was probably due to the general cause noted above, and to some extent to the altered arrangements for the retail sale of the rum manufactured at the Simla distillery.

*Falling off of license fee in Rawalpindi.*—Here the receipts from license fees fell off from Rs. 23,841 to Rs. 12,410, in consequence of a combination among the contracts of the district. The Commissioner of Lahore noticed that formerly there used to be similar combinations among the contractors of the Lahore district, but that all attempts to combine had during the past two years been effectually stopped by selling the contracts on different days and for periods of 12 months commencing from and ending on different dates. The plan might, the Financial Commissioner thought, have been adopted elsewhere with advantage in cases in which bids were artificially kept down by combinations below their real value.

*Increase of income in Lahore district.*—In the Lahore district there had been a satisfactory increase of income, which was attributed partly to the improved management and partly to an increased consumption consequent on the assemblage of native chiefs and gentlemen in January last on the occasion of the visit of Royal Highness the Prince of Wales to Lahore.

*English distilleries.*—The only distillery in the Province where spirits were manufactured after the European method was established at Simla and worked by Messrs. Dyer and Company. During 1875-76 Rs. 10,329 were realized in still-head fees, as compared with Rs. 5,099 in the previous year, when the trade in Simla rum was checked by the absence of the Government offices from the sanatorium. The Deputy Commissioner of Simla, Colonel MacMohan was of opinion that as the still-head duty on spirit

manufactured after the English method in India had been raised to Rs. 4 from Rs. 3 per gallon, the system of putting up licenses for the retail sale of rum to public auction should be discontinued, and moderate fixed fees levied instead, according to the system until lately in force. He thought that unless this was done, English spirits would not be able to compete with the liquor of the country. The Financial Commissioner, however, was not disposed to share these apprehensions.

From the statistics furnished by the Deputy Commissioner it appeared that the incidence of total duty upon Simla rum was much lower than upon the country spirits sold there, while the selling prices ranged considerably higher. The prices bid for retail licenses would naturally adopt themselves to the margin of profit left between the cost of production, including still-head duty, and the price obtainable from the public for the spirit. In face of the fact that imported spirits paid a customs duty of Rs. 4 per imperial gallon of London proof strength, and that the rum manufactured at Shah-jahanpur was charged with a similar amount of still-head duty, there seemed no good reason why the Simla spirit should have been less highly taxed.

*European liquors.*—The chief importers of European liquors in the Punjab were Messrs. Ardasir and Company of Lahore. In 1880, they paid Rs. 2,02,233 as customs duties on wines and spirits representing an imports of about 50,000 gallons. They almost monopolised the trade in imported liquors in a great part of the Province. The Delhi dealers appear to have drawn their supplies from Calcutta and the vendors of European spirits in Multan are said to have bought chiefly from a Parsi firm in Karachi. Spirits were imported by Messrs. Ardasir and Company above proof, and watered down at Lahore to various degrees of strength. No adulteration of an unwholesome character was practised by the importers. The different qualities were denoted by labels bearing the names of fictitious firms.

*Materials for manufacture of country spirits.*—The only materials ordinarily used in the Punjab were Gur and Molasses,<sup>1</sup> and in the Peshawar and Kohat districts raisins in place of these. Other ingredients, such as dried fruits and spices, were occasionally used in small quantities to improve the colour or flavour, but the only materials in common use for producing alcohol were those above noted. Fermentation was produced by mixing a small quantity of old wash with the new materials. The mixture was kept warm by being placed in a bed of goat's dung, which raised the temperature. The bark of the *acacia arabica* was added to the wash for distillation in the Punjab, as the bark of *acacia leucophlea* was used in the Central Provinces. This, as pointed out by Mr. Broughton, the Government Quinologist, Madras, in his report on the materials available in India for making quinine<sup>2</sup> was done to precipitate the albuminous matter suspended in the wash, which if allowed to remain, hurries the fermentation through the alcoholic to the acetous stage. It was not used, as had been supposed, to give additional strength to the spirit, though by its use a larger quantity of spirit was obtained from the same quantity of wash.

*System adopted in selling leases of country spirits.*—In selling the leases the system adopted in most districts was to put up each shop to auction separately, but in a few districts the monopoly of sale had been farmed to a single contractor. In no case had the monopoly for a district been given to one man. The power to introduce an outsider as farmer for the whole district was a very useful one to hold in reserve for employment when local cliques became troublesome. But in no other circumstances was its introduction advisable, for if there was no competition the liquor sold was bound to be dear and bad. The best system, generally speaking, was no doubt that under which shops were sold separately, for in this way the conditions of the trade in spirit were assimilated as nearly as may be, consistently with the realization of the government revenue, to those of trades in which competition was unrestricted.

---

<sup>1</sup> Seven-eighths of the cost of country spirits consisted of the price of gur.

<sup>2</sup> The *Gazette of India* Supplement of 30th May 1868.

*Income from country spirits.*—As no country liquor could be sold except what was manufactured inside a government distillery, and no liquor could be sold until it had paid full duty; the statistics ought to have been complete and accurate. Such at least was and is the theory of administration. But the working of it depended greatly on the efficiency and the history of the subordinate agency employed. The dangers<sup>1</sup> to which the system was exposed were chiefly the following:—

1. Illicit distillation within the district.
2. Illicit importation from native States,
3. Passing-out of liquor without payment of duty, and
4. Passing out of liquor at a lower strength than it really was and at a lower duty than it was liable to.

Regarding the first, the consumers of spirits in rural tracts were so few that it was scarcely worth any one's while to keep an illicit still.

*Cheapness of liquor in Native States.*—The Native States either did not like to take a good revenue out of the traffic, or they failed to see the advantage of restricting the consumption, or it may be they

<sup>1</sup> NOTE.—On a rough estimate, in the year 1879-80, it was found, that the annual output of country liquor in gallons in the Province amounted to one lakh, and the income from the sale of licenses to two lakhs.

The high price prevailing at the time was a grievance to the consumer, and was also a source of some danger. The drinking of spirits was supposed to be less deleterious than the taking of drugs, such as bhang, charas or opium. In the Central Provinces it had been found that dear spirits caused a great increase in the use of bhang and ganja. It was also almost impossible to tax the consumption of bhang effectually as will be shown later.

Again, the high price of country liquors was a strong inducement to smuggling illicit distillation and adulteration of European made liquors, and it much enhanced the difficulty of introducing a Sadr distillery system into adjoining Native States, for such introduction was useless unless the price of liquor was fixed in these States as high as in the British territory, but such a great rise in the price was an unpopular measure which the Rajas were generally unwilling to enforce. For these reasons, and with regard to the decline of revenue since the rates had been raised, the Financial Commissioner was disposed to think that the rates were too high, and he also believed that a moderate reduction of rates would have in the end given a larger revenue without at all unduly encouraging the consumption of liquor. In the opinion of the Financial Commissioner it was indeed somewhat surprising that the total amount of native spirit consumed in the Punjab, with its population of 17½ millions, should only have been slightly in excess of 100,000 gallons, while the output in the North-Western Provinces in 1878-79 amounted to 451,510 and in Oudh to 404,660 gallons. The fact that the inhabitants of the Punjab were comparatively very abstemious in respect to liquor seemed hardly sufficient to account for such a difference.

In the next year almost every district showed an increase. But the Financial Commissioner was still disposed to think that the existing rates of still-head duty were too high, whereas the Lieutenant-Governor did not consider that any cause had been shown for lowering them. The revenue from the excise on spirits was increasing rapidly under the same system and there was no reason to believe that the high price of spirits was driving the people in any marked degree to the use of more harmful stimulants.

derived a sufficient revenue from an unrestricted consumption ; at all events liquor was invariably much cheaper in Native territory than in British, and accordingly the danger of smuggling into British territory continued to exist, and required vigilant measures to counteract it.

The best safeguard against the third danger appeared to be to prevent a monopoly of distillation and to encourage a number of separate distilleries unconnected with each other to open stills in the Government enclosure, so that there might have been some competition and an inducement to expose unfair dealing.

*Uniform rate of spirit duty.*—The Commissioner of Jullundur, Mr. Brandeth, threw out a suggestion that it might have been an improvement to fix one general rate of Rs. 2-8-0 per gallon all-round on the spirit turned out, instead of the varying rates prevalent according to strength.<sup>1</sup> This system would have been the opposite extreme to the Bengal system which graduates the duty according to each degree of strength and upon which the whole system of excise on native spirits in the Province was based.

Also everything depended not only upon the accuracy of hydrometer, but upon its being both honestly and intelligently used. Any little inattention to the temperature of the liquor or the adjustment of the weights caused an error in the calculation of the duty.

*The Lahore system.*—In the Lahore Sadr distillery a rough and ready system was adopted that got rid of much difficulty, and appeared to be well understood and appreciated by the distillers. The liquor was required to be brought up to proof strength. The hydrometer was kept ready to test for proof strength only. If the liquor turned out a little too high in strength, the distiller had the option of reducing it by water while a very slight excess was probably allowed in his favour. If it was too low, he was directed to take it back to the still to raise it in strength by further distillation or perhaps by the admixture of stronger spirit.

---

<sup>1</sup> The amount of still-head duty obtained from native spirit was Rs. 2,55,596. A rate of about Rs. 2-4-0 all round would have produced the same amount of duty.

It was believed that the Lahore distillery was one of the most productive in the Province. Income was exceptionally high and that only proof spirit was issued. This was an argument in favour of Mr. Brandeth's proposal that spirit might have been charged at uniform rate all round, which would have made it to the advantage of the distiller to turn out the highest strength possible, so as to get the most he could for his money and have less bulk to carry away. Such a system would have done away with all necessity to watch the strength of the spirit. The department concerned should probably have been told that in some districts the consumers preferred their spirit weak, but this argument would usually have been put forward by the distillers themselves, in order to take up the lower rates of duty which could be so easily taken advantage of to defraud the revenue.

The only tangible objection to the rule encouraging the distillation at the highest strength was that it might cost more in proportion, in expenditure of fuel and materials, a point which was under separate enquiry.

*Cost of production of country spirits.*—During the next year an enquiry was made in the divisions of Lahore, Amritsar, Rawalpindi and Delhi as to what was the cost of production of a gallon of each class of spirit. Both the Lahore and Amritsar returns showed that proof spirit cost only about 4 annas more per gallon than spirit of 50° below proof. It was, therefore, more profitable to distill to a higher strength, and then dilute with water, than to distill at a lower strength on payment of a lower duty, as the saving in the cost of production was in greater proportion than the saving in duty. Hence the results of the enquiry seemed to point to the advantages of a fixed uniform rate of duty on spirit, allowing each distiller to brew up to whatever strength he found convenient and profitable.

*Still-head duty.*—The next important change came in 1877 when the higher rates of still-head duty on native spirits were extended

to the whole Province<sup>1</sup> with the exception of Ambala and Hissar Divisions, which adjoins the North-West Provinces. There was no change in this arrangement up till 1884 or even after. The levy of license fees for sale in addition to the still-head duty raised the total taxation of country liquor per gallon to a very high figure in the Punjab.

An increase of duty, on whatever commodity, must in the end be paid by consumers rather than by a reduction in the profits of the trade. That the decreased consumption of native spirits in 1877-78 was not due solely, or in any great degree, to the increase of duty, was shown by the effect of the measure on the consumption of rum and the income therefrom. An increase in the price of native spirits ought to have increased the demand for rum, on which there had been no direct enhancement of duty, and had the trade in the two articles been in separate hands, this would probably have been the result. But in practice the lessees of the native spirit shops found it to be for their interest to take the rum contracts also, so as to keep up the price of both liquors. The consequence was that as rise in the price of native spirits caused a rise in the price of rum also, and enabled the contractors to derive the same amount of income from a decreased consumption. The returns showed that the number of gallons of rum sold fell from 12,129 to 11,579, while the income fell only from Rs. 56,691 to Rs. 55,306. Too much stress, however, need not be placed on this argument, as the real consumption of rum would not be ascertained, and in some cases might have been understated by the lessees in order to afford a possible ground for better terms in the next contracts, or for remissions for losses.

But in the districts of Ambala, Jullundur, Sialkot and Ferozepore, the decrease of consumption of rum led to no material decrease of income to Government, showing that the price of rum had been indirectly increased by the enhancement of the duty on native spirits.

---

<sup>1</sup>The rates were as follows:—

Rs. 3 per gallon for spirit of the strength of lower proof.

Rs. 2-8-0 per gallon for spirit of the strength of 25° under proof.

Rs. 2 per gallon for spirit of the strength of 50° under proof.



The decrease in Delhi was owing chiefly to the income of the previous year having been enhanced by the demand for liquor during the Imperial assemblage, also partly to the scarcity and high price of food, and to the absence of competition at the auction sales of licenses. The "absence of competition," was merely another term for "the presence of combination," which was one of the difficulties, a Deputy Commissioner must have endeavoured to surmount.

In Ambala there was a decrease of consumption owing partly to the same general causes as elsewhere, but partly also to smuggling of cheap liquor from adjacent native states. The Deputy Commissioner recommended that the attention of the Nabha and also of Jind Darbars should be drawn to the advisability of assimilating their Abkari system to the English in the same way as the Patiala State had done. If all these States had adopted the English system of distilling, the Government excise revenue would not have suffered.

The large decrease in Peshawar was not satisfactorily accounted for by the Deputy Commissioner. He attributed it to the departure of troops from Cantonments (during operations against the Jowakies), to bad harvests and to the increase in duties. The decrease was not confined to the income from country spirits, but occurred also in the income from rum licenses, which fell off from Rs. 8,028 to Rs. 5,911, yet the consumption of rum showed an increase of 200 gallons. If an increased demand for rum led to a decreased income, and an increase in the rates of duty on country spirits had no other effect than to diminish both the consumption and the income, there must have been something wrong about the Abkari administration in Peshawar. One defect appeared to be, that the number of shops were too small, being only 11, whereas in Lahore there were 90 and in Amritsar 54. This of itself tended to show that competition was not fostered in Peshawar.

With regard to the large decrease in consumption in Kangra the Commissioner remarked : " With native states intermixed,

as the case here, it certainly seemed very probable that there had been undetected smuggling if not illicit distillation of spirits."

*Rum.*—The importance of Indian rum as a source of revenue was shown by the account given in the North-Western Provinces Excise Report (paragraph 7 of Government review) of the remarkable development of the manufacture at the Rosa distillery at Shahjahanpur. It appears that from 1863-64 to 1867-68 the still-head duty was only about Rs. 25,000 a year. It gradually rose to Rs. 2,08,987 representing an issue of 52,247 gallons of London proof. Most of the rum sold in the Punjab used to be brought from Shahjahanpur.<sup>1</sup> If the manufacture could be successfully introduced in the Punjab, as was proposed by the Punjab Sugar Company, not only had the cost price to native consumers been largely

<sup>1</sup> According to returns furnished from that distillery for the years 1875-76, 1876-77 and 1877-78, the average import of Shahjahanpur rum in to the Punjab was about 18,750 gallons. Rum thus obtained paid no duty in the Punjab, as the still-head duty was realized in the North-Western Provinces which amounted to about Rs. 75,000 a year. So long as the Shahjahanpur rum was not paying still-head duty in the Province it was obviously not in the interests of the Excise revenue of the Punjab that its consumption should have been too freely encouraged at the expense of country spirits as the former was being preferred to the latter by the better class of Indians as noted above and as can be inferred from the following charts:—

*Country Liquor.*

	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.
	Rs.	Rs.	Rs.	Rs.	Rs.
Licenses for retail sale ..	2,15,270	2,33,579	2,25,518	2,04,725	1,94,528
Consumption in gallons ..	1,08,722	1,13,880	98,163	87,220	1,03,764
Still-head duty ..	2,41,183	2,55,596	2,28,385	2,28,385	2,70,962

*Rum.*

Consumption in gallons ..	8,206	11,888	11,576	13,927	15,148
Licenses for retail vend ..	48,337	55,691	55,306	47,598	50,752

The Government of India consequently accepted the principle two years later, that the duty ought to be levied and credited in the Province where the rum was to be consumed,

reduced, and the consumption and the income from license fees increased, but there would have been a large direct income from the still-head duty. Rum was heavily handicapped not only in its competition with the country spirits but also with brandies and other European spirits by the difference in the system of licenses for retail sale.

*Rum.*—The instructions that the licensee of country liquor shops, when he was also the holder of the rum contract, should be required to keep a stock of rum and sell it on fair terms had not been observed so generally and so carefully as they should have been. A liquor made from good materials according to the European method must assuredly have been a more wholesome stimulant than country liquor, which was prepared from coarse materials, with very little regard to cleanliness in the process and was sold (Kham) raw from the still without time being allowed for it to mature and thus get rid of the deleterious compounds which are known to be present in all new spirits. So important are the effects of the age considered by the authorities responsible for the supply of the army in India, that as was mentioned in the report of the Deputy Commissioner of Gurdaspur, they refused to take the rum of Siaoli Bhaoli Distillery in that district, because it had not matured for five years.

*Introduction of Sadr Distillery into Kulu.*—The introduction of the Sadr Distillery system, instead of that of contract, into Kulu,

---

and suggested that the Provincial governments concerned should make arrangements by which this might be done, and the government of the North-Western Provinces be compensated by a readjustment of the provincial assignments.

The licenses for retail sale of rum were sold by auction in the same way as licenses for sale of country spirit. During the year 1882-83 it was urged by Messrs Carow and Company of the Ross Distillery, Shahjahanpur, that the system under which licenses for the sale of rum were sold by auction while licenses for the sale of imported liquors were sold at a fixed price was unfair and tended to depress the sale of rum.

Arrangements with the North-Western Provinces government were completed about the year 1880-81, by which the Punjab was to benefit in its provincial assignments from any further increase of the import of rum from Shahjahanpur. It was ultimately decided by the Government of India that the Government of the North-Western Provinces should retain a share of the duty not exceeding Rs. 79,000 per annum, the amount being the average realized during the last five years, ending with 1879-80. The income from the duty in 1880-81 was Rs. 92,297 and the share of the Punjab Government was Rs. 13,297.

Another distillery for the manufacture of rum was opened at Siaoli Bhaoli, in the Gurdaspur district in February 1880, but its production during the year did not exceed 1,000 gallons.

in the year 1878-79, was attended with a heavy loss, since the expenses of establishment far exceeded the income; whereas formerly there was an income of Rs. 350 with no expenses at all. The Commissioner, Mr. Barkley, was of opinion that the contract system might have been with advantage reverted to in all the hilly and sparsely populated tracts of the division, where the consumption of spirit was not very large. In the Nugpur and Una tahsils of the Hoshiarpur district, the still-head duty was not sufficient to pay the expenses.

*Change of administration necessary.*—The Financial Commissioner concurred with Colonel Davies, the Commissioner of Julundur and Mr. Barkley in considering that some change of administration in tracts of this kind was required, but he suggested that instead of reverting to the farm or contract system, which was objectionable on many grounds, it might have been possible to allow certain licensed persons to open stills or in other words, to adopt the out-still system, which had been found to work well in Bengal and in the Central Provinces in districts where Sadr distilleries did not yield a sufficient return.<sup>1</sup> Under this system a distiller, on payment of a fixed monthly tax, was licensed to open a still for the manufacture of country spirits and a shop for their retail sale. In Bengal the capacity of a still was limited to 10 gallons and each license granted only authorised the holder to open one still, so that if he wished to work more than one, he had to take out a separate license and pay tax accordingly. The amount of tax did not vary with the actual quantity of liquor sold but was determined by the Collector with due regard to the circumstances of the locality in which the still was placed and its distance from tracts supplied by Sadr distilleries.

In regard to Kulu it might be mentioned that the rates of still-head duty in that valley were already lower than in any

---

<sup>1</sup> The question whether the introduction of outstills had increased drunkenness had been much discussed. Official opinion in Bengal was strongly in favour of the view that it had not. While some officers did not deny that drinking had increased. It was urged that the proprietors of out-stills used to manufacture liquor of a weaker and less intoxicating character than was sold where the Sadr distillery system prevailed. In Central Provinces opinions were much more divided.

other part of the Punjab, and no further small reduction would have produced any appreciable effect on smuggling. It is probable that the failure of the distillery in Kulu was in part due to the competition of "lugri" a weak and comparatively harmless stimulant brewed from rice or barley.

*Illicit distillation and smuggling.*—Illicit distillation was carried on in the Punjab to a much greater extent than was usually supposed. There is no doubt that it was commonly practised in most tracts where the Sikh Jats formed an important element in the population and it existed more or less in most montane and sub-montane districts. In the latter probably the chief check upon it, not a very satisfactory one, consisted in the facilities for drinking in, or smuggling from, foreign territory, an easier and safe method of evading taxation. In village communities, like those of the Sikh Jats of the Amritsar and Lahore Divisions, where the social bond was close and a strong feeling was enlisted on the side of offenders, the police were almost powerless to suppress the practice. Mr. Hawkins<sup>1</sup> reported in the year 1881-82 as follows:—

“There were 12 cases of illicit distillation. It is notorious that there are few villages in this district which had no private stills of their own. The Police are constantly finding pieces of stills and jars of materials in deserted houses, while searching for other property.”

In the next year the Commissioner forwarded with his report, a vernacular petition from the Tahsildar of Tarn Taran, in which he represented that the Excise and Police Officers were openly set at defiance by the villagers who engaged in this practice, and that for fear of receiving personal indignities they gave up interfering with the offenders.

The Sikh population of the Manjha had long been habituated to the use of strong drink; and if by Excise regulations the price of this article was ever raised to such a height as to place it beyond their means to indulge in it to the extent to which they had

---

<sup>1</sup> The Deputy Commissioner of Amritsar.

been accustomed, they were indirectly forced to resort to illicit distillation, and to suffer from its demoralising consequences. A reduction in the rate of taxation would in all probability have produced the effect of checking this illegal practice without in any way encouraging intemperance.

The Assistant Commissioner<sup>1</sup> in charge of Excise at Sirsa reported in the same year as follows :—“ In Patiala spirits are sold at about Re. 0-8-0 a bottle, not differing much in quality from the Sirsa spirits at Re. 1-8-0 a bottle. The only hope of grappling with the existing evil is to lower the price of Sirsa spirits, so as to bring them into competition with the Patiala spirits. Any other method is impracticable. The Sikh Jats will drink, and we cannot wean them from the practice by making the cost of liquor high ; the only effect of this is to demoralize them by leading to a continual evasion of the law without any corresponding benefit in increased sobriety.” There was probably some exaggeration here. Mr. Lyall was inclined to believe that the dearness of lawfully distilled liquor had led to a decrease in drinking among the Sikh population, but to an increase use of opium and perhaps also of bhang.

In Hissar too smuggling both of spirits and opium was rife, but vigorous efforts were made to suppress the practice, and it was to be hoped that it would be checked by the success which had attended the district officers in presenting offenders during the past year. There was some smuggling from Jind into Karnal, and Ferozepore and into the Jhajjar tahsil of the Rohtak district. Both in Kangra and Simla the neighbourhood of Native States was hurtful to the Excise revenue. A good deal of smuggling from Sindh and Bahawalpur was carried on by river boatmen. Mr. Lyall was of opinion that the most effectual way of checking illicit distilling and smuggling would have been to combine activity in prosecutions and severity of punishment with a lowering of the price of Sadr Distillery liquor. With this object the Financial

---

<sup>1</sup> Mr. Kennedy.

Commissioner was in favour of trying the experiment of a large reduction in the rate of still-head duty.

His Honour had no doubt that Colonel Davies would instruct the Deputy Commissioner of Amritsar to take vigorous measures for the repression of illicit distilling and would impress upon him the necessity of remembering that vigour to be effectual must be combined with judgment.

*Gurgaon district.*—Mr. Fox (Extra Assistant Commissioner, incharge of the excise business) noted in the year 1882-83 that smuggling of liquor prevailed from the neighbouring Native States and from Kosi in the Muthra district, where, owing to the North-Western Provinces system of a low uniform duty, liquor was very much cheaper in the Punjab.

Mr. Roberts, the Deputy Commissioner of Ferozepore wrote in the same year as follows :—

“ The administration has suffered for several years from the fact of our having no officer specially charged with the business of patrolling the country and hunting out cases of illicit import, possession and consumption, and smuggling has been practically unchecked. The few prosecutions that occurred were instituted on the information of informers whose infamous character generally damaged the case *ab initio* and made convictions difficult. A darogha has now been sanctioned and a man appointed to the office on trial. One of his first duties will be the systematic pursuit of smugglers, and if he turns out active and honest, some immediate improvement in the income from spirits and the administration generally may be looked for.”

The Lieutenant-Governor was disposed to consider that the alleged prevalence of illicit distillation was due to lax excise administration rather than to heavy still-head duties, and he was, therefore, not convinced that there was any necessity for a reduction of these duties in the Punjab.

*Outstill system.*—Since the close of the year 1882-83 the introduction of a system of outstills had been sanctioned for three

tahsils of the Kangra District. The object of the new plan was to check illicit distillation by enabling the people to obtain liquor more cheaply and conveniently than was possible before this time. The charges on account of fixed excise establishment in Kangra were higher than in any other district of the Province except Ambala, although the income from excise was less than half that in Ambala, Lahore, Amritsar and Rawalpindi.

There was a decided increase of activity during the next year in the suppression of illicit stills and smuggling, and the prosecutions instituted, resulted in convictions of 65·6 per cent. of the cases.

It appears that serious armed opposition was offered to the Excise officials and police in case of an attempted seizure of illicit liquor in the Lahore district.

The remedy proposed by the Financial Commissioner for illicit distillation was the extensive licensing of retail shops in the districts where there was a great demand for liquor. In order to check the smuggling of liquor into British districts from foreign territory, it was suggested that a larger number of shops licensed at lower rates than ordinary should be established along the border. It appeared, however, later on, that the quantity of liquor smuggled over the border was probably very inconsiderable, and it was restricted to consumption in the villages immediately adjoining Native States. As regards the Hissar division, from which the principal complaints regarding smuggling were preferred, His Honour concurred in the opinion of the Financial Commissioner "that the amount of revenue which could have been lost or won in that part of the Province was not so large as to call for any radical change of policy." The establishment of a cordon of outstills along the border had been adopted with success in certain districts of the North-Western Provinces, where smuggling was very serious ; but it did not appear that the state of things in the Punjab was such as to have warranted the introduction of such a system. The experiment of permitting the sale of liquor on payment of half-still head duties was being tried in the Ferozepore tahsil of the Gurgaon



district and it was expected that the results would throw some light on the general question of the best means of suppressing the smuggling of liquor from foreign territory. The system of out-stills, which had been sanctioned tentatively in three tahsils<sup>1</sup> of the Kangra district, with effect from the commencement of the year 1883-84 was introduced for the convenience of the people rather than with a view to protecting or enhancing the Government revenue; and it is, therefore, not an instance to point as regards the prevention of smuggling or the suppression of illicit distillation.

The Central distillery system which was introduced in every district, continued, with slight exceptions<sup>2</sup> uptill the year 1883-84 and even after, the rates of duty being raised from time to time,<sup>3</sup> till at the end of our period the rates were higher than in any other Province—so high that there existed in the Punjab a very considerable amount of illicit distillation, which formed the main difficulty of excise administration in the Province.

The following were the number of shops for the sale of distilled liquors of all kinds in the Punjab in each year since 1870 :—

1870-71	..	..	..	..	..	1,042
1871-72	..	..	..	..	..	1,048
1872-73	..	..	..	..	..	1,110
1873-74	..	..	..	..	..	1,061
1874-75	..	..	..	..	..	1,126
1875-76	..	..	..	..	..	1,142
1876-77	..	..	..	..	..	1,215
1877-78	..	..	..	..	..	1,249
1878-79	..	..	..	..	..	1,258
1879-80	..	..	..	..	..	1,349
1880-81	..	..	..	..	..	1,452
1881-82	..	..	..	..	..	1,591
1882-83	..	..	..	..	..	1,546
1883-84	..	..	..	..	..	1,535

On the whole the number of shops had increased.

<sup>1</sup> Hamirpur, Kulu and Plach.

<sup>2</sup> The exceptions were a small portion of the Kangra district and one tahsil of the Gurgaon district, noted above.

<sup>3</sup> See footnote on page 22, Chapter II.

The explanation of this is that the Central distillery system with very high rates of duties prevailed throughout the Province ; illicit distillation consequently prevailed to a very great extent, and was more rife than in any other Province in India. The increase in the number of shops had been allowed as one of the means employed in attempting to cope with the evil. In numerous passages in the Excise Reports of past years, the reasons assigned for the establishment of new shops was that just mentioned. There is no doubt that the maintenance of the strict system and high rate of taxation in the Punjab, necessitated the grant of licenses for a larger number of shops than would otherwise have been required.

<sup>1</sup>A passage noted below is sufficient to show how great were the facilities for illicit distillation in the Punjab at the end of our period :—

“ The prevalence of illicit manufacture of spirits in some of the districts which are the most important from an excise point of view is undoubtedly the greatest difficulty we have to contend with at present. The districts most effected are those in the centre of the Province, which have an agricultural population addicted to the use of spirits, and in which the materials for manufacture are ready to hand. Given a good sugar cane country and a population of Jats (Sikh or Hindu) the practice will certainly be prevalent unless kept down by severe preventive measures. No special appliances are required for distilling. The vessels ordinarily used by the zamindars being quite sufficient for the purpose. The danger of detection by the district preventive establishment, which usually consists of a single responsible official, the darogha, and a few chaprasis, is remote, for all traces of the operation can be removed in a very short time.” If space permitted innumerable proofs of the prevalence of illicit distillation and the abuses inseparable from it might be adduced.

---

<sup>1</sup> Punjab Excise Pamphlet—Appendix C.

An extract from the Report of the Excise Commissioner, Punjab, for 1888-89.

## CHAPTER III.

## Drugs.

In the preceding chapter we have noted some of the defects and shortcomings, which were revealed by experience, of the system of excise on country spirits at the end of our period. Further improvements were desired in order to bring the system under perfect control and thus to suppress the prevalence of illicit distillation, smuggling and mismanagement in administration, which experience had brought to light. Notwithstanding all its shortcomings we cannot deny that this system has formed the foundation on which the modern system has been based. In this chapter we shall see how far the traffic in opium and other intoxicant drugs was brought under control and what steps were taken to regulate it with a view to check its consumption among the people of the Province. But before we come to that, let us have an insight into the nature of the various forms of drugs and the sources from which they were obtained.

*Drugs.*—The drugs technically called “ muskerat ” consisted firstly of the articles named “ bhang ”, “ ganja ” and “ charas,” obtained from the leaves and flowers of the hemp plant (*cannabis sativa*) a shrub-like tree, which grows best in the hills, but can also be reared in the plains. Secondly, the drugs consisted of “ post ” or the poppy-head or pod (without the seed) used both for smoking and for decoction, and opium obtained from the same poppy. It will be remembered, however, that the two articles were quite distinct. Opium was one thing and poppy-head another.

The poppy grown in the plains of the Punjab did not produce opium or at all events opium was not extracted from it, and the heads were used entirely for making infusions or decoctions, or for use in other forms.

*Poppy head and opium.*—The circumstances regarding opium and poppy-head were somewhat different. The poppy was cultivated both in the hills and plains of the Punjab, but good opium could only be obtained in some parts of the hills. In the plains, however, the poppy-heads chiefly were useful and the amount of opium was small. At the advent of our period, the cultivation was not considerable but could largely be increased.

*Arrangements during the Sikh period and under the British rule.*—Under the Sikhs there were no separate fiscal arrangements regarding the poppy cultivation. High rates of land tax only were levied on it, in common with many other superior products, and in accordance with the same system as agricultural produce generally. Under the British rule, however, the rate of land tax were much lower, but the cultivation was placed under certain restrictions. The cultivator was allowed to grow enough for his own consumption, but all grown beyond that limit had to be disposed of to the Government monopolist under penalties. It was believed that the restrictions operated to diminish the cultivation of the poppy and less was grown than formerly. The supply, however, used to be made up by importation from the north, the west and the east. It might indeed be at first sight supposed that this diminution of the culture of a drug must have been beneficial rather than otherwise. But in point of fact, the opium and poppy-head did not appear to be injurious to the Punjab people, or at all events were not used to any deleterious extent.<sup>1</sup> If the culture had been increased there would probably have been no risk and no harm would have resulted. The question, therefore, of increase or decrease of the indigenous culture was not a moral, but a fiscal one. If a plan could have been devised whereby the culture might have been increased and the revenue enhanced in consequence, such plan would have been legitimate.

*Proposal to abolish monopoly and substitute direct tax.*—It was, therefore, discussed, though it had not been decided up to the year 1855-56 whether the system then existing in regard to opium

---

<sup>1</sup> Punjab Administration Report (1854-55).

might not be abolished and whether the restrictions newly imposed might not be removed on the condition that the cultivator should bind himself to pay to the Government, in future, an extra rate of Rs. 2 per acre, or some such sum, in addition to the land tax rate, and should then be free to dispose of the poppy as he chose. There was no doubt that the cultivator might have preferred the change whereby he would have got the liberty of disposal, instead of selling to the Government farmer and if he were to find such change advantageous, he would probably have increased his cultivation. But the extent of culture at the time was small, and the direct tax was really raised in great part from imported quantities. It was ascertained that the extra rate of Rs. 2 on the area cultivated, which was about 15,000 acres, would amount to only Rs. 30,000 or £ 3,000, and would have, therefore, by no means compensated for the loss of the revenue on the opium and poppy-head, *viz.*, Rs. 1,50,000. Success, consequently, depended upon a large increase of poppy cultivation, and it was probable that there would have been an increase. The experiment of levying a duty on the cultivation in lieu of leasing out the monopoly of sale, was tried for a time in Ferozepore in the year 1857-58, but given up as being unsuccessful. Again it was introduced into four divisions in the year 1860-61 but the results were by no means satisfactory and for some years the income showed a tendency to decrease.

*Privileges of Malwa opium claimed for Sindh and Punjab opium.*—Before this, the Sindh authorities had been claiming the same privileges for the opium of that province (in which the cultivation was apparently prohibited) and of the Punjab, as those which were conceded to the Malwa opium, and which were allowed, after paying duty, to be exported from Bombay to China. On this head, it is, however, to be remembered that the amount of opium (as distinct from poppy heads) produced in the plain district of the Punjab was not large,<sup>1</sup> though opium of good quality could be obtained from the Kangra hills, where it was grown, manufactured and exported both into Tibet and in the Punjab.

---

<sup>1</sup> The cultivation did not exceed 5,000 acres.

*Farming system.*—It was stated in our last chapter that for some years after the annexation of the Province, the farming system was in force throughout it, that is, the right of manufacture of both spirits and drugs (including both opium and poppy-head) were made over to one or more farmers, who paid a tax to the Government.

*Import duty.*—On the Kangra frontier, an import duty was levied on the opium and charas, both of superior kind, produced in Ladakh and other Himalayan regions. This was the single exception to the rule above noted, which abolished all customs dues in these territories. Having paid the duty, the traders could carry the article into any district they please, but they had to sell to the Government farmers. The revenue on drugs, bhang and charas (exclusive of opium and poppy heads) was increasing year by year.

A very large increase would not have been desirable as that would have indicated intemperance. The principal decrease in the year 1860-61 was in the Lahore district. The Deputy Commissioner considered that this was owing to the relaxation of the restrictions on the sale of the home-grown opium, by which smuggling was made easy and much resorted to, to the detriment of the contractor.

This system was only in operation in a few selected districts.<sup>1</sup>

*Acreage systems.*—The area under poppy crops very gradually increased some years after the levy of an acreage on the cultivation of poppy head had been introduced in lieu of the monopoly system, and when the change had begun to be understood by the cultivators the Deputy Commissioner of Lahore remarked with reference to the increase in acreage duty on opium, there is a great increase in the acreage on which poppies are grown, being as much as 629 acres.

A question, however, was pending whether or not retail shops for its sale might be established without license, by others besides

<sup>1</sup> It may be mentioned that the cultivation of poppy in those districts namely, Ambala, Jullundur, Amritsar and Lahore increased from 7,890 acres in 1865-66 to 10,730 acres in the next year.

the cultivators. The decision on this point was to affect the bearings of the whole question. If the sale was to become, wholly, unrestricted, the duty of Rs. 2 per acre, which was levied, would have been quite insufficient to place the Punjab on an equality with other provinces of India or to place any appreciable check on the consumption of the drug.

At the recommendation of Mr. Cust<sup>1</sup>, a duty of Rs. 2 an acre had been levied since 1860-61, upon all opium grown in the divisions of Ambala, Jullundur, Amritsar and Lahore. For local reasons this duty was not levied in the hill districts of Kangra and Simla.<sup>2</sup>

With the exception of the Ludhiana district, the area under opium in all the districts increased considerably, and the increase in the Ambala district was very marked. The opium was chiefly grown for home consumption, and was consumed in the form of a decoction of poppy-heads. This did not affect the sale of either manufactured opium brought from the hills, or charas or bhang. The classes who were addicted to the use of the latter did not care for a mere decoction and *vice versa*.

Although it had been argued by some that those who were addicted to the use of intoxicating drugs cared little for spirits and, therefore, the increase price of spirits never affected the consumption of drugs, still the marked increase which had taken place in the revenue derived from opium and drugs since the introduction of the Sadr distillery system could, in the opinion of the Financial Commissioner, only be explained by the increased price of spirits, which gave an impulse to the consumption of drugs.

*Acreage system in Kulu.*—Major Paske was disposed to think that the system prevailing in that place for the sale of intoxicating

<sup>1</sup> The Officiating Financial Commissioner.

<sup>2</sup> The Financial Commissioner observed in the year 1865-66 that in Bengal some increased revenue had been obtained by raising the price of opium to Rs. 22 per seer; but under the system which obtained in the Punjab the Government could not interfere in the matter of the price of the article in question, and at the same time in its revenue, by prohibiting altogether the cultivation of the poppy except in a few selected districts, the soil and climate of which were most favourable for its production and by extending the acreage system to all such selected districts. The Financial Commissioner also believed that a larger revenue would have been obtained if the monopoly for the sale of opium and drugs had been leased for larger periods than a year; for under the system then existing the contractor often had a large stock in hand at the close of the year, which he was obliged to dispose of at reduced prices.

drugs, threw too close a monopoly into the hands of a few, the sale of drugs not being really restricted by the arrangement, while the license holders were enriched at the expense of the Government revenue.

*Cultivation of the poppy in other districts.*—The system of acreage duty was in force in the four central divisions of Lahore, Amritsar, Jullundur and Ambala, excluding the hill districts of Simla and Kangra up to the year 1870-71.<sup>1</sup>

The four central divisions abovenamed, which contained a large Sikh population, gave 57 per cent. of the total revenue from opium and drugs and the remaining six divisions 43 per cent.

*Famines.*—The famine did not perceptibly affect this source of revenue, the reason being that consumers of drugs find it difficult at any time to abstain from their accustomed stimulant, and that they belong to a better class than the consumers of spirits.

The relative consumption of spirits and drugs in different divisions did not show any great difference, but this was almost an accident, as the consumers in the two cases belonged to very different classes. The use of drugs was not confined to large towns to the same extent as the use of spirits. The divisions of Rawalpindi, Peshawar and Multan, where the Muhammadans preponderated, consumed relatively more drugs than spirits.

*Poppy cultivation.*—The area under poppy cultivation increased from 6,724 acres in 1869-70 to 13,229 in 1870-71, the increase being observable in every district in which the acreage system was in force. The largest area under poppy cultivation was in the Ambala district, e.g., 3,402 acres. The income from the acreage duty showed an advance of Rs. 12,705, over that of the previous

<sup>1</sup> In other districts of the Punjab no acreage duty was levied and cultivators were formerly exempted from the stringent provision of the Excise Act XXI of 1856, by Government Notification No. 1202, dated 9th March 1865. This notification was published under Act XXVIII of 1864, which was repealed by Act X of 1871.

*Law of opium.*—Since the passing of Act X of 1871, it had been pointed out that some of its provisions, which were formerly declared to be inapplicable to the Punjab, were to become the law of the Province, as the abovenamed notification was virtually cancelled. Act IV of 1872, however, empowered the local Government to frame rules regarding the growth, possession and sale of opium.



year as shown in the table below.<sup>1</sup> The decreases in the income from opium and drugs were chiefly in Simla, Hoshiarpur, Kangra and Multan.

In Kangra the loss of revenue was due in great part to the Deputy Commissioner omitting to enforce the rules issued by the Financial Commissioner under section 35, Act XXI of 1856 to regulate the export and import and sale of charas which was not protected by passes to be removed from Palampur after the fair.

*Bengal agency systems.*—The question of extending the Bengal opium agency system to the Punjab was considered by the Government of India during the year 1871-72, and several officers were deputed and experiments made to test its probability of success. The first reports made by the Chemical Analysts of the quality of the Punjab Opium were favourable, but no decision was reached as to the adoption of the system in such districts as were most suited to the growth of the poppy. The quality of opium obtained by officers specially deputed to purchase was insignificant, and the people generally were indisposed to sell, except to the long-established vendors.

An important step was taken towards the close of the year 1871, when Mr. R. J. Richardson of the Bengal Opium Agency, was appointed by the Government of India to report upon the feasibility of introducing the Bengal system into the Punjab. After visiting some of the opium growing districts, he recommended that skilled agents should be employed to purchase the opium crops in the

<sup>1</sup> The following table shows the extent of poppy cultivation for six years in districts where the acreage system had been introduced :—

Year.					Area under cul- tivation.	Average duty.
1866-67	..	..	..	..	10,730	20,835
1867-68	..	..	..	..	8,406	16,087
1868-69	..	..	..	..	7,735	15,470
1869-70	..	..	..	..	6,742	13,506
1870-71	..	..	..	..	13,229	26,211
1871-72	..	..	..	..	6,225	12,512

districts of Shahpur<sup>1</sup> and Dera Ghazi Khan, with the view of ascertaining how the idea of a Government monopoly would be met by the people. Messrs. Field and Ridsdale were employed for this purpose, and, when the year closed were conducting operations in Shahpur and Dera Ghazi Khan, respectively. The latest information received showed that the quality of the opium purchased by Messrs. Field and Ridsdale and sent down from these districts for examination to Ghazipur, was not of a sufficiently good quality, to warrant operations on any extensive scale for securing the opium crop for next year.

*Decrease in Ambala.*—In Ambala, there was a decrease of nearly Rs. 5,000 in the year 1872-73, owing to the acreage duty having been remitted during the time the experiment of buying opium from Zemindars on Government accounts was going on.

*Punjab Opium Law Amendment Act.*—At all events it was now better understood that opium could be sold to licensed vendors only, but the aspect of the question was to be changed by the new rules recently issued under the Punjab Laws Act, consequent on the passing of the Punjab Opium Law Amendment Act. This Act was rendered necessary, because the Excise Act, X of 1871,<sup>2</sup> had repealed the special provisions on which the Punjab Opium system rested. The Opium Law Amendment Act exempted the province from the operation of certain sections of the Excise Act, and thus enabled the Government to exercise its power under the Punjab Laws Act to make rules, regulating the sale, etc., of opium grown in the Punjab.

<sup>1</sup> In the Shahpur district the opium was manufactured not by the cultivators, but by the merchants who used to purchase the standing crop of poppies from the cultivators.

The districts in which the poppy to any extent was grown besides those where an acreage duty was levied were the following:—

	<i>Acres.</i>
Karnal .. .. .	305
Kangra .. .. .	1,282
Gujrat .. .. .	191
Shahpur .. .. .	1,691
Muzaffargarh .. .. .	496
Dera Ghazi Khan .. .. .	619
Peshawar .. .. .	333

These figures were taken from the crop statement XXIX for 1871-72.

<sup>2</sup> For the principal changes introduced by the rules relating to opium grown in the Punjab see Appendix I.

*Purchase of opium by Government.*—The experiment of purchasing opium from cultivators in selected districts was discontinued during the year. This result appeared from the district reports to have been gratifying to the cultivators, as they could obtain a better price from contractors than that offered by Government which was Rs. 6 a seer.

*Produce in the Punjab.*—The entire amount of opium produced in the Punjab was small and was not sufficient for the consumption of the Province. It was largely supplemented by opium from Native States, chiefly in the hills around Simla. The opium grown in Shahpur and Kulu was highly thought of, and went to all parts of the Punjab. In many places where the poppy was grown, the produce was not manufactured into opium, but the poppy heads were used as a decoction known as “post.”

*Retail sale of opium.*—The leases of the monopoly of retail sale of opium included the right to sell both Punjab grown opium and that imported from Native States or elsewhere. Consequently, the same opium that had paid duty in the shape of an acreage on cultivation paid a further duty through the medium of the lessee for the monopoly of sale. The lease also, in many cases, included the right to sell other drugs, the principal of which was charas imported from Yarkand<sup>1</sup> by way of Kangra, and from Kabul by way of Peshawar and Dera Ismail Khan.

In the Rawalpindi district the lease was held for 5 years at a fixed annual sum, subject to remissions for departure of troops. The term expired during the year 1872-73, and it was proposed to renew the arrangement as it had been found to work well. The system of annual auction of leases seemed to be the most satisfactory.

---

<sup>1</sup> The rules framed under the Yarkand treaty for the import of charas from the territories of the Amir over any of the Himalayan passes to the south of his dominions, whereby considerable facilities were afforded to merchants importing the drug, received the sanction of the Government during the year 1873-74.

According to the report of the Joint Commissioner of Leh, a total amount of 615 maunds was imported from Yarkand to Kashmir during the next year.

The decrease of Rs. 8,653 in the income from drugs and opium was such as might have been caused at any time by combination among bidders at the annual auctions. A large increase occurred in Rawalpindi owing to the Camp of Exercise.

*Smuggling of opium.*—During the year it was discovered that opium was smuggled into the Punjab to a considerable extent by railway.

In the Ambala district 1,504 acres were brought under poppy cultivation, yielding a duty of Rs. 3,107, whereas in 1872-73, only 145 acres were cultivated and Rs. 289 taken as duty. A great stimulus was given to the culture of the poppy by the fact that all the cultivators who sold opium to the Bengal Agent, who was sent to report on Punjab opium in 1871-72, were excused acreage duty. It is probable that this affected also the cultivation of the poppy in the Ludhiana district, which increased from 411 to 1,056 acres, although the reason given by the Deputy Commissioner was the seasonable rainfall.

*Effect of the Act XXVI of 1872.*—It is possible that an impression may have got abroad that in consequence of the passing of the Punjab Opium Amendment Act (XXVI of 1872) the cultivators in the acreage districts would have special privileges in regard to the sale of their opium. This impression certainly prevailed among the persons who bid for the monopoly of sale of opium; but it was perhaps fortunate that the leases were sold for 6 months only by which time the impression had been dispelled by the issue of the new rules regarding Punjab grown opium. Whether from the above cause or because a lease for broken periods was less profitable than for the whole year, the receipts from the sale of these leases decreased from Rs. 2,43,941 in 1872-73 to Rs. 2,14,497 in 1873-74. Decrease in cultivation, where it occurred, was ascribed by District Officers to the working of the new rules, which were said to discourage cultivation,

*Objectionable points to the new rules.*—The following are some of the causes which made the new rules unpopular with the growers of the poppy :—

- (1) That the rate of the grower's license, the minimum of which was fixed at Re. 1 for half an acre, fell hardly on persons who cultivated perhaps only a small fraction of half an acre.
- (2) That the levy of excise on articles used by the grower was objectionable from its vexatious and inquisitorial character.
- (3) That it was hard on the grower to be forbidden to use his own crop, and to be obliged to sell to a licensed holder and repurchase his own crops for his own use.

The first of these objections was, in the Financial Commissioner's opinion, worthy of consideration, and he would have been prepared to reduce the minimum payable for a grower's license if he had been assured that the poppies cultivated in plots of less than half an acre were grown for sale and not for domestic consumption.

The retention of some minimum rate was obviously necessary if complex calculations were to be avoided.

The second and third objections applied with equal force to an excise duty on any produce of the land. An excise duty was and is necessarily unpopular and inquisitorial in its nature, but if it had been assumed that opium was one of those articles rightly made liable to excise and on this point there was but little difference of opinion, the question would have been narrowed to a consideration of the best practical method of preventing consumption without payment of duty.

*Working of the new rules.*—Under the old system, by which cultivators practically used and disposed of their crop at pleasure, to prevent evasion of duty was manifestly impossible. It was not desirable to perpetuate a system which caused such results. The

natural tendency of the rules was to discourage small growers, and to throw the trade into the hands of wholesale and professional rather than retail and amateur dealers. It was hardly desirable to retain the latter class.

Care, however, was required on the part of District Officers, as remarked by the Deputy Commissioner of Jullundur, that a sufficient number of licenses for wholesale purchase should have been given in each district, so that no one person might have held a monopoly, and arranged the price of crops at pleasure.

Although, therefore, the working of the rules required careful attention for some time to come in order to prevent the trade falling into the hands of a few monopolists, there appeared no reason to apprehend the extinction of opium cultivated in the Punjab.

*After 1874-75.*—The cultivation of the poppy after 1874-75 was permitted in the whole province, with the exception of the Delhi and Hissar divisions. A duty of Rs. 2 was levied on each acre of poppy cultivation, the minimum charge being Re. 1 for half an acre and under. The result was that the petty-growers of poppy cultivation dropped down. The decrease in cultivation was merely due to the discontinuance of cultivation for domestic consumption.

The only districts where the drug was cultivated to any considerable extent for sale, and not for home consumption, were the districts of Kangra and Shahpur.

A limited number of shops for the retail sale of opium and other intoxicating drugs were allowed in each district or cantonment, and the monopoly of retail dealing in opium and other intoxicating drugs at these shops was used to be put up for auction annually. The shops were generally sold in groups for a tahsil or other tract as was best suited for the revenue. Licensed retail dealers in opium supplied themselves with that drug from—

- (1) cultivators of the poppy in the Punjab, manufacturers of opium in the Punjab, and wholesale dealers in Punjab grown opium.

X7254.236-MR 69856  
 On

(2) Government treasuries, where Abkari opium was sold.

(3) Foreign states.

*No import or export duty.*—There was no import or export duty on opium passing to or from foreign territory, but only the licensed retail vendors or their agents could import it.

*Charas.*—Charas was imported under passes from Yarkand and from Kabul. The importers were not allowed to dispose of the drug, except to licensed retail dealers.

*Effects of the use of 'post.'*—There is no record available of medical observations on the effects of the use of "post" upon the human subject, as compared with the effects of opium. According to common native report "post is far more injurious than opium."

*Cause of increase in the number of retail licenses.*—The increase in the number of retail licenses for the sale of opium during the year 1875-76, was chiefly due to the licenses having been sold in several districts for smaller tracts of country than in former years, in order to prevent the person holding them from being able to compel sales at their prices, and with a view to substituting licensed vend for illicit consumption of home produce.

*Foreign opium.*—The import of foreign opium increased from 1,780 maunds in 1874-75 to 2,447 maunds in the next year, a natural consequence on the decrease in poppy cultivation within the province. The amount of opium imported into the Punjab bore no relation to the amount consumed, much of it being re-exported to the native states.

*Production and import of other drugs.*—The only drugs besides opium and other preparations of the poppy which were consumed to any extent in the Punjab were bhang and charas. Both drugs were and are products of the *Cannabis Sativa*. Bhang was a preparation of the leaves and tops of the plant, which are ground up in mortar with a wooden pestal or triturator, mixed with water and drunk. The circumstances of the growth of bhang in the

Punjab made it almost impossible to regulate the cultivation, for the plant grew wild in large quantities in the Hiamalayas and in the adjacent parts of the plains. The wild growth of these sub-montane tracts supplied most of the bhang used in the other districts of the Punjab where the climate was generally too dry for the wild growth of the plant. Some bhang was, however, also cultivated in the latter districts, generally in very small patches, or in the shape of a few plants sown mixed with other plants in a garden or by a well. If once sown in such land, the plant generally seeds itself and comes up here and there without further cultivation. The plant was produced in considerable quantities in Hoshiarpur and to a less extent in the Rawalpindi, Multan and Derajat divisions and in the Peshawar district. It is also said to have been imported in large quantities from Jammu and the Cis-Sutlej and hill states. Charas was a resinous exudation from the same plant which was imported from Yarkand and Kabul, but it was not collected in the Punjab. The amount imported during 1875-76 from both countries was considerably in excess of the imports of the previous year.

According to statistics furnished by the Joint Commissioner of Ladakh, the imports from Yarkand were 1,147 maunds as against 615 maunds in the previous year.

*Incidence of excise on drugs.*—The incidence of the duty levied on the consumption of opium on the population of the Punjab was 3·2 pies per head, and of the duty on other drugs 1·5 pies per head, the incidence of the total excise on intoxicating drugs being 4·6 pies per head. The proportion of the population that consumed spirits and drugs had never been ascertained but the low average income obtained from the total shows that the inhabitants of the Punjab were, as a rule, very abstemious.

*Sources of revenue.*—The revenue from opium and drugs was derived from three sources. During the year 1876-77 the largest item, Rs. 2,91,587 was for the monopoly of retail of opium. The average duty on poppy cultivation yielded Rs. 35,636, and monopoly of drugs other than opium Rs. 1,43,437. There was an increase, in the area under the poppy from 9,659 to 12,492 acres. The rate of



taxation was, of course, Rs. 2 per acre, but as the cultivation was chiefly in small patches,<sup>1</sup> under one acre in extent, which were nevertheless charged proportionately, the average on total area was considerably above this figure. The proposal which the new rules involved was not the exemption of plots under one-fourth of an acre, but the substitution of a minimum charge of 8 annas proportionate to a quarter of an acre, for that of Re. 1 proportionate to one-half of an acre.

The amount of Punjab grown opium was 2,103 maunds for the year, and 1,796 maunds of opium was imported. If it had been assumed that the rate of consumption was to remain unaltered, it would have followed that the home production required to be nearly doubled to meet the effectual demand ; and this fact was of itself sufficient to demonstrate the impracticability of radical alterations.

*Expenditure.*—The charges showed but little variation from year to year. The fixed establishment cost Rs. 51,815 which was chiefly on account of daroghas, distillery establishments and cantonment establishment. The charges for opium and drug management were scarcely capable of being separately shown, as the income was derived chiefly from leases.

*Distribution of poppy cultivation.*—The area under poppy was chiefly in the districts of Ambala 3,620, Kangra 1,545, Amritsar 878, Lahore 778, Dera Ghazi Khan 535, and Shahpur 2,262.

Regarding the cultivation in Shahpur, the Commissioner of Rawalpindi made the following remarks :—

“ The cultivators of opium in the Shahpur district, were loud in their complaints, when I visited that district at the time the crop was being gathered. It appeared that there was a combination among the holders of licenses to purchase the standing crop, and that very low prices were offered which the cultivators were forced to accept as the opium must be extracted as soon as the pod is ripe, otherwise the crop is lost. They stated that the holders of 20

<sup>1</sup>In the Amritsar district, 878 acres were cultivated by 2,990 persons, or an average of about a third of an acre each.

licenses were usually the representatives of companies secretly formed to avoid payment of the license fee by each individual. They said that if the license tax was abolished they would gladly engage to pay to Government a larger sum than that realized from the licenses by an enhancement of the acreage tax, as they would then break up the coalition of the license holders and get a fair price for their crop by competition. Another remedy they proposed was that in lieu of Rs. 20, charged for a license, a fee of 2 annas for each pricker should be levied, which would give a larger return to Government and would still leave them free to dispose of their crop to the best advantage."

The fact is that the Shahpur district was peculiarly favourable for the cultivation of opium, and the manufacture had long been established there. The growers of the poppy being anxious to secure a great share of the profits of the crop, would have liked to get rid of the wholesale license holders who purchased from them and carry on the trade with outside contractors. The increase of cultivation in Shahpur was said to be due to the fact that the system of selling the standing crop was growing in favour with the cultivators, as it enabled them to obtain the price of the produce at an earlier date and provided facilities for the payment of the Government revenue. Nearly all the Shahpur grown opium was sold to vendors in other districts in the Punjab.

*Statistics.*—The statistics of sales of opium being obtained from the books of contractors and retail vendors, were probably not very reliable, as it is not the interest of these persons to divulge their transaction.

In the nine districts, noted marginally, where 3,652 acres were under poppy cultivation during the year 1876-77 only 29 maunds of opium were extracted of which 22 maunds were in Gujrat.<sup>1</sup> This

<sup>1</sup> The general conclusion to be derived from the reports is, that the districts where poppy was cultivated for the sake of opium, a yield of 5 to 7 seers an acre was a fair average, and that the apparent anomalies in the yield of some districts were owing to the crop being used chiefly for "Post", but in the Ambala district the yield, if correctly ascertained, appears to have been much higher than elsewhere (which sometimes rose to 12 seers an acre).

goes to prove that in districts where the manufacture was not understood, or in which opium of good quality could not be produced, the chief effect of the extension of cultivation was to increase the facilities for private consumption of post and thus diminished the demand for opium, increased the difficulties of the contractor and thereby injured the revenue.

*Post.*—Though both drugs, opium and post must be viewed as baneful, post is looked upon as by far the more pernicious of the two. Opium is taken in dose of one ratti to a tola and its effects on practised eaters are to support nature in the first instance, though later it causes drowsiness.

Post is a drink formed by steeping poppy heads in water. The drink was and is used as medicine in colds and eye diseases. Its use softens the brain, whereas opium in moderation is said to stimulate mental action, though it otherwise weakens the system.

There is no doubt that all these stimulants are more or less hurtful, but certain classes of the population were habituated to their use, and would have deemed it a hardship to be deprived of them.

*Object of the Abkari system.*—The object of the Abkari system was to keep up the price of the drugs and thus limit the consumption, while at the same time deriving a good revenue from the taxation of a luxury.

*Afghan War.*—The revenue from the monopoly of the sale of drugs lost its elasticity, owing to a continuance of unfavourable reasons.

In some districts the uncertainty as to the movements of the troops consequent on the Afghan War acted unfavourably, while on the other hand the passage of troops towards the border probably explains the increase in most trans-Indus districts.

*Prohibition of import of foreign opium.*—An important question arose during the year 1879-80 as to the import of opium into the Punjab. The dealers, who used to buy the Punjab opium from

the growers and import from the Hill States to the North and the North-West, were also allowed to import opium through the North-Western Provinces, from Nepal and Malwa, or direct from Rajputana, duty free.

Under instructions from the Government of India, the import from Nepal was stopped in May 1879, and by the Government of India resolution No. 2878 of the 19th July 1879, import of Malwa Opium from Central India or Rajputana, either through the North-Western Provinces or direct, was prohibited, except on payment of pass duty of Rs. 700, per chest at Indore. In this way all import of opium from the South and South-West of the Punjab would have fallen short of the demand. To meet this demand the Government of India intimated that the Punjab Government might indent upon the Bengal opium agencies for a supply.

The Financial Commissioner differed from this arrangement and his conclusions were that it was not advisable to supply the Punjab contractors and licensed vendors from the Bengal factories but on the other hand they were to be encouraged to import the cheaper kinds of Malwa opium by a remission or reduction of the pass duty in their favour. It was feared that the limited field from which the contractors could obtain cheap opium, was likely to injuriously affect the bids, at the next sales of the opium contracts. There was also much danger of a commencement of a system of smuggling across the Rajputana border into the Punjab. Such smuggling would have been difficult to check, and the contractors and the licensed vendors would probably have been themselves concerned in it.

It was, however, satisfactory to see that the stoppage of import of Malwa and Nepal opium did not produce any general depressing effect on the bids for monopolies of opium vend. The fact is, that these imports mainly went to the districts east of the Sutlej and through them to the prohibited Sikh States. In spite of increasing prosperity, there had been a large falling-off in two or three of these districts, which was due to the above-mentioned stoppage of import. Perhaps the falling off would have been larger.

if the contractors had not been given reason to hope that next year also they would be able to buy Ghazipur opium from Government at prices profitable to themselves.

*Rise in price.*—The prohibition of import of opium from Nepal, the duty imposed on Malwa opium, and the stoppage of the supply from Ghazipur<sup>1</sup> caused a great rise in the selling price of opium and this led to some smuggling, but had no such effect on the opium revenue in the Punjab as was feared. It actually increased for the year 1881-82, as the licenses for the sale of opium for that year were sold at a still higher value. No doubt the falling off of about Rs. 5,000 in Ludhiana and Rs. 10,000 in Ferozepore were due chiefly to the stoppage of the usual supplies; but there must always be some loss in a transfer of trade from one market to the other. In the previous year the area under poppy cultivation decreased, but there was no doubt that the area under poppy cultivation in the Punjab was capable of great expansion and it was not proved that the province could not grow its own opium supply. Probably the high price of opium would have led to an increase of cultivation, and under the ordinary operation of the law of supply and demand, things may have in a year or two found their equilibrium under the new conditions without any great loss of revenue or permanent rise of prices.

*Mr. Lyall's proposal.*—Meanwhile Mr. Lyell's proposal to allow the import of a limited quantity of Malwa opium at a reduced rate of duty had been accepted by the Government of India, and while the attention of Deputy Commissioners had been drawn to the rule prohibiting import of Ghazipur opium from North-Western Provinces treasuries, the Government of India was asked to allow the Deputy Commissioner of Delhi to indent annually on Ghazipur direct for a small quantity of excise opium for the use of the class of consumers in the Delhi and Hissar divisions who had become accustomed to use that opium and could not give it up without some hardship.

---

<sup>1</sup>Four hundred maunds of Ghazipur opium were obtained from the Bengal agencies during 1880-81, and distributed for sale to certain districts. But the officers in charge of the excise agencies in Bengal were unwilling to continue to supply the Punjab, and no more Ghazipur opium was to be indented for.

*Rural population.*—The preference for opium over spirits among a large part of the rural population of the Province was a matter of custom and religious prejudice and there is no proof that the raising of the duty in 1877 had any general effect in increasing the consumption of drugs, or that any small reduction would have caused any marked alteration in the public taste in the matter of stimulants.<sup>1</sup>

Now that the import of foreign opium had been so much limited, it was very desirable that the local cultivation should have increased. If experience was to show that the late increase in the costliness of the drug was to prove permanent, it might have become necessary to propose special measures to encourage poppy cultivation in the Punjab. A reduction of the acreage duty would have produced no effect; as it formed but a small percentage on the price of the crop. It was not the duty itself, but the annoyances to which the cultivator of any crop over which Government exercised a strict supervision was subjected, that rendered the cultivation unpopular, and it was hard to see how the new rules could have safely been relaxed.

*Separation of the contracts.*—The complete separation of the contracts for opium and drugs would have produced one advantage. It would have made it possible to gauge more accurately from year to year the rise or fall of the traffic in charas and bhang. But where the contracts were in different hands the holder of the license for the sale of the cheaper and more hurtful drugs might have attempted to push his trade at the expense of his rival.

*Illicit trade.*—The imperial revenue derived from opium was likely to suffer more from a brisk illicit trade across the frontiers of the North-Western Provinces and Rajputana, and through Bahawalpur and other Native States bordering on Multan, Ferozepore and Ludhiana, than from the legalised import advocated by the Financial Commissioner. To check smuggling direct from Rajputana into the Punjab would have been difficult, while to stop

---

<sup>1</sup> It was under the head of drugs that the indigenous population chiefly contributed to the excise revenue.

smuggling through native states dependent on the Punjab Government was impossible.

*Madak and Chandu.*—Both these drugs were preparation of opium. In the preparation of madak and chandu all impurities were carefully removed from opium and these drugs therefore contained the narcotic properties of the poppy in an exceedingly concentrated form. Chandu was made in the following manner :—

A considerable quantity of water was added to the opium, the mixture was boiled several times and strained through a rag. When all the refuse and dust had thus been removed, a thick treacle was left, which was called “Kiwan.” This syrup was then made into pills and smoked in that form. An officer in the North-Western Provinces, who visited one of the dens in which Chandu-smokers used to assemble, gave a striking picture of the effect the use of the drug had on its victims. He said that the smokers told him that chandu took away the desire for any but a small quantity of highly spiced food and he noted that their appearance corroborated their words. He further added, “without exception they had protruding eyes, shrunken limbs, wasted frames, with a ghastly pallor and uniform expression of weariness and woe on their faces, except when immediately under the influence of intoxicants.”

Mr. Beckett, Deputy Commissioner of Peshawar, who had had exceptional means of judging remarked :—

“The use of these drugs is clearly disastrous to mental and bodily well being. This is evidenced by the degraded and squalid looks, almost universal among its consumers, men and women, often of fine natural form, and cast of features grown wild and haggard or sunken in dogged apathy. Some gambling, after betting on quail fights goes on amongst them, but it is only three or four of the new hands who have energy enough for this, the others sit round sullen and miserably looking as if they hated themselves and the world.”

The habit of smoking chandu had only been introduced of late years from the North-Western Provinces, where its use was extending rapidly.

Charas and bhang were chiefly used by Chamars, sweepers, Mirasis and Hindu and Muhammadan fakirs and other bad characters, but in Peshawar and among the Sikhs the taste for them seemed to be extending to more respectable classes. It was a circumstance that in the sub-montane districts, where the bhang plant was to be found everywhere growing wild, the people cared little for the decoction made from its leaves. In the warmer districts in the south of the Punjab it was very freely used, and its cost was unfortunately almost nominal. The consumption of bhang could not be gauged by the amount shown in district statements as sold by licensed vendors. The plant was to be found growing wild along canal banks in districts like Karnal and Rohtak, where its use was popular, and the people who had a liking for it, no doubt, obtained part of this supply without visiting the shop of the licensed dealer.

*Import duty on Charas.*—During the year 1881-82 correspondence took place with the Government of India on the question of imposing a duty on the import of charas. Sir Robert Egerton was not prepared to advocate this measure, seeing that the drug was a convenient article of merchandise for transport over mountainous roads, and that its consumption was not on the increase in the Punjab. Sir Charles Aitchison concurred in this view, which was ultimately accepted by the Government of India. The Financial Commissioner proposed that steps should be taken to check the use of the preparations of opium known as madak and chandu by forbidding their sale by licensed opium-vendors and by refusing to license shops for the separate sale of these drugs.<sup>1</sup> The accounts given of the effects of these intoxicants would certainly seem to prove that they were deleterious, but the Lieutenant-Governor did not approve that the strong measures proposed were really expedient. The quality of charas imported increased during the next year. The largest importing districts were Amritsar, which was the depôt for the Yarkand trade, and Dera Ismail

---

<sup>1</sup> It was, of course, impossible to prevent people from preparing them in their own houses. But if their sale had been stopped, the growth of the taste for them would probably have been checked.



Khan, which used to take in that from Afghanistan and the countries beyond.

The cost of charas to the smoker was raised at least three-fold by its being made a Government monopoly.

*Result of the enquiries.*—The result of enquiries made as to these preparations of opium proved that they were used more or less in two-thirds of the districts of the Punjab. There were ten or eleven rural districts in which they were still unknown and in most others the smoking of chandu and madak was only confined to a very small class. But in some of the larger cities and cantonments, for example, Delhi, Amritsar, Kohat, Peshawar, Dera Ismail Khan and Dera Ghazi Khan, the vice though only introduced within the last 10 or 12 years, had taken deep root.

A man who has once taken to chandu smoking is rarely, if ever, able to break himself of the habit.

The income from the opium leases in some places might have suffered considerably for some years to come, but the end in view was worth the sacrifice. The use of these drugs was a comparatively new thing in the Punjab and respectable native opinion could have favoured restrictive measures. Interference in time may have been effectual, but later when the practice had once been allowed to become confirmed and wide-spread, it would have become irritating and possibly almost useless.

*Bad effects of smoking chandu and madak.*—The material difference between the use of opium and that of madak and chandu did not lie so much in the nature of the drugs as in the manner in which they were used. Opium was eaten but madak and chandu were smoked. They were both merely extracts of opium, containing its narcotic principle in a concentrated form as noted above, madak having the addition of a small quantity of vegetable ash, which adopted it for smoking in the "hukka," while chandu was smoked in a special pipe held over the flame of a lamp. Chandu-smoking was simply the Chinese fashion of taking opium. The

habit was introduced in the Punjab by Hindustanis, who probably got it from the Chinese or some of their neighbours.

So it seems clearly established that whereas opium when eaten may be positively beneficial in some cases, having a gentle stimulating effect, and supporting the system against fatigue, its fumes when inhaled produce a dangerous intoxication, followed by as violent a reaction which leads to a desire to repeat the dose. Thus opium smoker rapidly becomes an utter wreck.

## CHAPTER IV.

### Indian States.

We have already seen that the Indian States either did not care to take a good revenue out of the traffic of liquor, or they failed to see the advantage of restricting its consumption, or, it may be, they derived a sufficient revenue from its unrestricted consumption; at all events liquor was invariably much cheaper in native territory than in British, and accordingly the danger of smuggling into British territory continued to exist, and required vigilant measures to counteract it. We have also noted some of the shortcomings of the system which prevailed in the Indian States. Changes of some importance were effected during the period of nearly four decades in certain Indian States, in order to bring those States into line with the British territories adjoining them. But before we enumerate those changes, it is well to have an idea of the special difficulties which the Indian States of the Province presented.

*Special difficulties.*—The system generally followed in the States had been an uncontrolled farming system with practically no restrictions on the farmer to prevent his unduly diminishing the price of liquor or increasing the number of shops. The consequence was that the cheaper liquor was constantly smuggled into British territory. The only complete remedy for this evil lay in inducing the States to adopt a stricter system and to impose higher rates of duty.

The following extracts from a report of Rao Bahadur Lallubhai Gurdhandas, dated 15th July 1884, indicate the serious nature of the difficulty described in the preceding paragraph.

He remarked :—

“ Under the plan of exact taxation, it is necessary to fix the rates of duty for different districts with great care and circumspection. As the amount of duty would govern the selling price

of liquor, and as there is a certain price, varying according to character, habits and wealth of the people, which can be safely realised on the spirits consumed by the masses, and which cannot be exceeded without impunity, the duty of liquor ought not to exceed the difference between that price and the cost of liquor. Even when the people themselves can afford to pay for a moderate and harmless dose a price that would cover the highest rate of duty which Government desires to impose, the possibility of smuggling and illicit distillation is not to be lost sight of in the zeal for enhancing the price of liquor with a view to diminish consumption. Preventive establishments and stringent penal enactments can do a great deal in suppressing illicit distillation, which cannot long remain undetected. But where a liquor made dear by the imposition of a high rate of duty is confronted by cheaper liquor, to be had for a stroll to an adjacent foreign shop, the whole of the liquor drinking population for miles around would flock daily for drink to the foreign liquor shop; and experience has shown that the low classes addicted to drink will not mind walking ten miles to a shop and back in order to get cheap liquor. What is even worse, quantities of cheap liquor will always be smuggled into the high-priced liquor tract without much fear of detection. In short, the object aimed at of diminishing liquor will not be defeated. Therefore, in districts which are bordered by or interlaced with foreign territory, the desired result can be obtained only by the same system being adopted and worked consistently in both territories. To this end the co-operation of our neighbouring Indian Chiefs is essential to the mutual advantage of themselves and the Government."

Co-operation of Indian States essential.

The absence of systematic arrangements and action in contiguous Indian States is the reason why in certain districts, with all the favourable circumstances, the progress of Abkari reform designed to raise the largest amount of revenue from the smallest consumption of liquor lags behind.

*Groundlessness of the charge on British Excise administration.*—The reasons given in the preceding paragraph prove how groundless

are the charges made against the Government that any increase in the habits of drinking which has taken place is due to the British Excise Administration, and that had the administration been conducted on the principles approved by the inhabitants and Indian rulers, an increase would not have occurred. It may be true, that in some instances British Excise Administration had not been strong enough to counteract the tendency of other forces, and to prevent an increase, but one of the main difficulties in the way of achieving that result has been due to the less stringent regulations which prevailed in the Indian States adjoining and interlaced with British territory. Those States were ruled by Indian rulers in accordance with Indian ideas, and it is found that until pressure was brought to bear by the paramount power to induce them to adopt more stringent regulations, their excise systems were such as to offer not even the smallest possible discouragement to drinking and were many times more lax than the laxest of the system with which the Government had been in places obliged to be content and the existence of which formed the main ground of the attacks which have been made on its excise policy. In short, the mere fact of a British district being conterminous with an Indian State was invariably found to be a serious obstacle in the way of raising the taxation on liquor in that district and of enforcing measures designed to restrict consumption.

*Farming or outstill system.*—The only resource in such cases, when it was found to make any satisfactory arrangement with the native ruler, was to place the tracts thus affected under the farming or outstill system. The amount of revenue obtained in this way was never great, and the restriction on consumption comparatively slight, but at any rate there was some restriction and the revenue was not wholly lost. Under the farming and outstill systems the interests of the monopolist is enlisted for the suppression of illicit distillation and sources of information and means of detections are available to him which are not accessible to officials. This is not the case under the ordinary central distillery system. Under that system it is to the interest of the distiller both to distill illicitly

outside the distillery and to smuggle liquor out of the distillery without payment of duty.

*Sadr distillery system.*—Seeing that illicit importation from Indian States had long been a cause of anxiety, especially in districts bordering on Indian territory, and that the farming or outstill system, though useful in certain cases could not wholly check the evil, the principle which had been put in operation to obviate this difficulty was to induce the States concerned to adopt the British Sadr distillery system, and by raising their excise duties on liquors, to equalise the cost to the consumers in Indian and British territories.

*Patiala State.*—The Patiala State took the lead in executing this reform by the end of the year 1875-76. Endeavours have been made since that time to obtain from other States the adoption of the measures carried out in Patiala.

*Kapurthala territory.*—The next State where the above method was adopted was that of Kapurthala which diminished the facility and advantage of smuggling spirits from that State into the Jullundur district and led to an increase of still-head duty.

*Faridkot State.*—In Ferozepore the proximity of Indian States gave unusual facility for smuggling, which often operated unfavourably on the excise revenue. The adjacent State of Faridkot, where liquor was procurable at one-fourth the price for which it was sold in British territory, afforded great facilities for the traffic. In the month of September, 1877, the Punjab Government addressed the Raja of Faridkot inviting him to adopt the British system of excise for spirituous liquor, or as an alternative, the removal of all distilleries and liquor shops to a fixed distance from the British boundary. The Raja replied agreeing to the proposal, stating that he would endeavour to introduce the Sadr distillery system into his territory, and that until he did so he would arrange for the removal of all distilleries and liquor shops to a fixed distance from the British boundary.

*Sikh States.*—The large Sikh States, whose territories were so much intermixed with the British districts, agreed, during the next year, to adopt, as far as possible, the distillery system, thus preventing the danger of cheap liquors being smuggled across their borders into British jurisdiction. But, from the report of the Commissioner of Delhi for the year 1878-79, the change did not appear to have been carried out in Jhind<sup>1</sup> and the income at Ferozepore, in the Gurgaon district, continued to suffer severely from the proximity of Bharatpur and Alwar, where, apparently, the British system had not been tried, those States being under the Rajputana agency.

*Smuggling from Nabha.*—The Deputy Commissioner of the district of Ferozepore also complained of smuggling from Nabha and Sangrur where the new system had not been introduced by that time.

*Retail price of liquor.*—In connection with the excise arrangements of States, the point that had to be watched was the retail price of the liquor; for unless this was raised to something near the British States, the adoption of the British system did not effect the desired object.

*Mandi State.*—The income from spirits in the Kangra district had been declining for some years before 1879-80, as the district was said to be suffering from the existence of a regular system of smuggling from the adjoining States by which it was surrounded, and contraband liquor could find a ready sale in consequence of the high price of spirit which had paid Government duty. A partial remedy for this evil, however, had been provided by the introduction of the Sadr distillery system into the Mandi State. The Sadr distillery system had also been adopted by the Raja of Faridkot with very beneficial results as noted above.

*Incidence of excise per head.*—In Kangra, notwithstanding the low rates of still-head duty in Kulu, the incidence of excise revenue

---

<sup>1</sup> The Raja of that place, however, agreed to introduce the system as soon as the existing contract had expired.

per head of population, was not very much below the general rate for the Province.

In Gurgaon the incidence of revenue per head was the smallest in the Province, but the proportion of weak spirit issued was unusually large. In spite of the fact that arrangement had been made with Alwar and Bharatpur, smuggling seemed to be very common.

*Reduction of rates.*—A reduction of the rates of still-head duty by one-half on spirit issued from the distillery at Ferozepore in that district was sanctioned in 1880-81 for one year as an experiment.

In regard to Kulu it may be mentioned that the rates of still-head duty in that valley were already lower than in any other part of the Punjab, and no further small reduction would have produced any appreciable effect on smuggling. It is probable that the failure of distillery in Kulu was in part due to the competition of "lugri," a weak and comparatively harmless stimulant brewed from rice or barley.

*Hissar, Rohtak and Jhang.*—In Hissar smuggling from the adjoining States was reported to be common and in Rohtak smuggling was prevalent. It seems that the local buyers had formed a clique, as in the sales of licenses for the year 1880-81 there was not sufficient competition. In Jhang it was suspected that spirits were fraudulently issued at a lower rate of duty than their actual strength demanded. On the other hand, the districts in which the license fees bore a high proportion to the still-head duty generally showed a high-selling price of liquor.

*Rawalpindi, Hazara and Kohat.*—This was especially the case in Rawalpindi, Hazara and Kohat. As in these districts there were comparatively few distilleries, perhaps the sale of the monopoly was too strict. The instructions issued by the Financial Commissioner to the Deputy Commissioners of such districts, desiring them to encourage licensed vendors to work stills in the distilleries, were approved by the Lieutenant-Governor.

Although the distillery system was supposed to have been adopted in Mandi, the Deputy Commissioner of Kangra reported



that in that State spirits cost only 2 to 4 annas a bottle ; while Gurgaon was hemmed in by States, several of which were included in the Rajputana agency, and could scarcely be asked to accept the system. The Financial Commissioner was certainly not prepared to advocate any change which would have added largely to the consumption of spirits. But he held the opinion that the outstill system as worked in Bengal, the North-Western Provinces, and the Central Provinces, might have been experimentally introduced in certain localities with the object of supplanting smuggling by lawfully distilled spirits.

*Ferozepore and Rewari distilleries.*—The Deputy Commissioner of Delhi ascribed the failure of the Ferozepore and Rewari distilleries to the poverty and disease, which the succession of bad harvests had brought upon the Meos of Gurgaon district, and to smuggling from the Native States rather than to any want of taste for spirits among them. The Deputy Commissioner, Mr. Macauliffe, proposed to abolish the Ferozepore distillery, leaving the vendors to obtain supplies from Gurgaon.<sup>1</sup> But to have adopted such a course would have been merely to abandon the field to the smugglers. The Commissioner suggested that the still-head duties should be reduced by one-half, and in order that this reduction may have been efficacious it was to be accompanied by a vigorous effort to put down smuggling.

*Smuggling of opium.*—Mr. Roberts noted some difficulty in the Delhi district with regard to dealing with cases where the States conveyed opium across their territory without reference to the British authorities.

Referring to smuggling of opium in Karnal, the Commissioner of that division remarked that it was difficult to see how it was to be checked at any reasonable cost until the adjacent States consented to the same system and rates as prevailed in British territory.

<sup>1</sup> In Gurgaon the large amount of weak spirit distilled may have been due to an attempt on the part of the vendors to obtain a spirit cheap enough to hold its own against that which was smuggled into the district.

Opium smuggling existed chiefly from that part of Jhind which is coterminous with the Bhiwani Tahsil. In Jhind there was no limit placed to the amount of opium which could be possessed by an individual, and the tax levied appeared to be more of the nature of an import or octroi duty than of an excise. Opium was, however, brought in small quantities only, and generally for personal use. The low incidence of excise revenues in the Hissar district was to be expected both from the poverty and the sobriety of its inhabitants.

*Hissar District.*—On the subject of liquor being smuggled into this district from the adjoining native States the Deputy Commissioner wrote as follows at about the end of our period :—

“ The facts of the matter have been repeatedly enquired into and are well known. By watchfulness and good arrangements we can stop the illegal importation of liquor in large quantities, and the sale of liquor illegally manufactured or imported. But no amount of vigilance with the establishment available for the purpose can stop the smuggling of liquor in small quantities for private consumption on a long border line. The multiplication of shops is no remedy. Contractors cannot be got to give anything for shops in out-of-the-way localities, and the opening of new shops would not of itself reduce the price of liquor. There are only two ways of meeting the difficulty, either induce the adjoining States to adopt the system, or a system of taxation as heavy as ours, or lower the still-head duty in border districts to such a point that the produce of our distilleries will be able to compete successfully in price with the liquor manufactured in the adjoining native States.”

On this it may be observed that no reduction in the rate of taxation was, of course, desirable, unless it was to be believed that this measure would cause so large a replacement of illicit by duty paying liquor that the increased quantity taxed would more than compensate for the lowering of the duty per gallon. Further, if there were really room for so considerable an expansion of the trade in distillery liquor in the Hissar border villages, then some

effect might certainly have been produced by increasing the number of retail shops. For it must be remembered that the taxation upon native liquor in British territories was made up almost as much by the incidence of license fees as by the rate of duty charged when the liquor left the distillery, and that consequently a reduction in the selling price might have been obtained by operations tending to lighten the former part of the burthen almost as much as by removing some of the latter part of it.

*Amritsar Division.*—This remedy of increasing the number of liquor shops was now being tried with a great prospect of success in the Amritsar division when our period comes to a close. In Hissar, however, the Financial Commissioner was not of opinion that a reduction in taxation, by whatever means effected, would have been to the interests of the State. The Deputy Commissioner further added that the quantity of liquor surreptitiously introduced was very small, that the inhabitants of the border tracts were very abstemious and generally poor, and that smuggled spirits did not find their way far into the interior of the district.

The common defence in other parts of India against smuggling from Indian States was the establishment of a cordon of outstills along the border. This system might perhaps have produced a somewhat larger liquor revenue in the Hissar division than the arrangements existing at the time, but the amount of revenue which could be lost or won in this part of the Province was not so large as to call for any radical change of policy. The Deputy Commissioner remarked that the smuggling of opium was a much more serious matter than that of smuggling spirits and caused more injury to the revenue.

*Results.*—Although certain Indian states which impinged upon the British territory had introduced the Sadr distillery system and others had shown willingness to co-operate, yet no salutary check had been imposed upon smuggling from across the British boundary before our period comes to a close. One of the main reasons for this was that in most of the states, the old uncontrolled farming system continued to exist and hence remained

a constant danger to the revenue. The other chief cause was the lax and inefficient system of Excise administration within the Province itself. In certain places the supervision was often defective and very unsatisfactory which provided an opportunity for the subordinate officials and other employees in charge of the department to misuse their powers. Also the habits of the people in the wild and sparsely inhabited tracts was responsible to a considerable extent for a regular influx of cheap and native spirit.

Steps were taken to improve and reform the system in several directions, and in the next Chapter we shall see how far the administration and management of the Excise Department had gone.

## CHAPTER V.

### Administration.

Before we take up the administration and management of the Excise department in detail and the duties and functions of each officer concerned therein, let us see what were the objects and principles of Excise administration in the past.

#### *Objects and principles of Excise Administration.*

*Raising of revenue and regulation for purposes of Police.*—It will be admitted that among the legitimate objects of a system of Excise are included the raising of revenue and the regulation of the trade in liquor for police purposes. These are the undoubted and, from an historical point of view, probably the primary objects of such a system. It was at a later stage when it was recognised that the regulation of the trade in liquor for the purposes of revenue and police might with advantage be so conducted as to discourage any tendency to drink to excess and to lead to the substitution of wholesome or comparatively harmless liquor for that which was positively noxious. Up to the year 1890, and even after, there was no general agreement of opinion regarding the measures which may probably have been taken by a government for these purposes.

No special difficulty was experienced in regulating the Excise system for purposes of police, and such minor difficulties as arose in this connection were due rather to the want of an efficient agency to ensure that prescribed rules were duly observed than to any difference of opinion as to what the rules should be.

*Excise policy of the Punjab Government.*—An important general principle which had for many years been the basis of the Excise

policy of the Punjab Government is thus stated in paragraph 97 of Berkley's directions for collectors of Land Revenue :—

“ In administering this department it is far from the duty of a Collector to aim at increasing the Government revenue by encouraging the consumption of liquors or drugs. On the contrary, his object ought to be, by rigorously exacting the tax, to raise the price of the articles and thus to diminish the consumption, that would otherwise naturally take place. It is impossible to prevent the consumption, both because in moderation and under due control the consumption is not prejudicial, and because in the experience of all governments the smuggler under such circumstances baffles the Excise officers. The object should be to raise the tax to that height which will most enhance the price, without offering to the smuggler a reward sufficiently high to induce him to run the risk of smuggling.”

*Difficulty in restricting the consumption of stimulants or narcotics.*—So long as we confine ourselves to police and fiscal considerations we deal with questions regarding which the functions of Government were defined with sufficient clearness and unanimity ; on the other hand, when Government endeavoured to introduce an Excise system with the object of modifying the habits of the people in regard to drinking, it was often confronted with complicated moral and social problems, and thus any solution was impeded by obstacles both of a theoretical as well as of a practical nature. It was owing to an alleged failure to discourage drinking that the system of Excise has been attacked, for, though it has been asserted that the Government especially encouraged drinking for the sake of revenue, we understand this to be merely a mode of expression used for rhetorical purposes with the object of putting in a striking form the charge, that owing to the wish of the Government to increase the revenue, it did not go as far in discouraging drinking as it ought, or as those who made the accusation thought it ought to have gone. Every Excise system, at any rate, checks drinking inasmuch as it limits the number of places at

which liquor may be purchased, restricts sale within certain hours and raises the cost of liquor by imposing a duty.

*Policy of the Government of India.*—Looking to all the conditions of the very difficult problem the only general principle which it was expedient or even safe to adopt were the following :—

- (1) That the taxation of spirituous and intoxicating liquors and drugs should be high, and in some cases as high as it was possible to enforce ;
- (2) That the traffic in liquor and drugs should be conducted under suitable regulations for police purposes ;
- (3) That the number of places at which liquor or drugs could be purchased was to be strictly limited with regard to circumstances of each locality ; and
- (4) That efforts should be made to ascertain the existence of local public sentiment, and that a reasonable amount of deference should be paid to such opinion when ascertained.

These were the principles which had been laid down for the guidance of local authorities by the Government of India in the past, with the single exception that the arrangements for ascertaining public sentiment were imperfect and not authoritatively imposed.

The omission to lay down positive orders of universal application regarding the deference to be paid to popular sentiment in particular places was not due to oversight. The question had been considered more than once, and notably by Lord Northbrook's Government in 1874 ; but the difficulties surrounding the whole subject were so great that it was deemed expedient to issue general orders at that time, and the matter was left to the discretion of the Local Governments which were necessarily in the best position to say what rules were required or could safely be followed.

The practical measures which were proposed to be adopted in future in furtherance of the declared policy of the Government, comprised (1) the abolition of the Farming or Outstill system in

places where it was found practicable to do so ; (2) the gradual introduction of the Central Distillery system in its least complex form ; (3) the imposition of as high a rate of duty on country liquor as it could bear, subject to the limitation that such duty should not exceed the tax levied on imported liquors ; and (4) the restriction of the number of shops. Where the outstill system was retained, the capacity of the still was limited, and in some instances a minimum selling price was enforced.

It was no use anticipating that the carrying out of this policy in a rational manner and with reasonable regard to the circumstances of the country would have led to any loss of revenue. On the other hand it was believed that it would be as successful from the financial as from any other point of view.

*Excise Act of 1881.*—The Excise Act of 1881 repealed the Excise Act of 1871<sup>1</sup>, but all rules made, powers conferred and licenses and forms granted under that Act and in force on the same day, were deemed to have been respectively made, conferred and granted under the Act.

*Officers.*—(a) The Financial Commissioner was the chief revenue authority.

(b) “Collector” included any Revenue officer in independent charge of a district and any officer appointed by the local Government to discharge, throughout any specified local area, the functions of a Commissioner of Revenue under this Act.

(c) “Magistrate” meant any magistrate exercising powers not less than those of a Magistrate of the second class, or any Magistrate of the third class specially authorised in this behalf by the Magistrate of the District.

The expression “intoxicating drugs” meant Ganja, Bhang, Charas and every preparation and admixture of the same.

*Their powers.*—The Chief Revenue authority could, from time to time, make rules as to the granting of licenses for distilleries, stills and breweries.

---

<sup>1</sup>The Excise Act of 1871 and its effects have been dealt with previously.



The Collector, firstly, with the previous sanction of the Chief Revenue authority, from time to time, could establish at any place within his district a distillery in which country spirit was allowed to be made, and discontinue any distillery so established, and, secondly, he could fix limits within his own district within which no such spirit, unless made in the said distillery, was to be introduced without a pass from him.

The Collector could also appoint persons, by name or virtue of their office, to be officers for the collection of the Excise revenue and for the prevention of offences against this Act; and the officers so appointed were, in addition to their ordinary designations (if any), to be styled Excise Officers.

Any Excise Officer could enter and inspect at any time by day or by night any shop or premises in which manufacture or vendor licensed under this Act carried on the manufacture of country spirit, or the sale of country spirit, country-fermented liquor or intoxicating drugs.

All Police Officers were required to aid the Excise Officers in due execution of the above Act, upon request made by such officers.

A Tahsildar had the immediate control of the central distillery at his headquarters, and an Excise clerk and a limited number of chaprasis were placed under his orders for the management of the distillery.

*Rules for the supervision and control of the Excise Revenue from spirits and fermented liquors*<sup>1</sup>.—A monthly report (*tauzi*) of collections on account of licenses for retail sale of spirits and fermented liquors was to be prepared at each tahsil and to be forwarded by the Tahsildar to the District Officers along with the abstract of passes issued during the month. The Excise Darogha, or other proper officer, was to prepare from these returns a single statement showing the excise collections of each tahsil in the district, and

---

<sup>1</sup>Book circulars XI-A of 1863 and XIV of 1868.

was to lay this statement before the Deputy Commissioner, who issued thereupon such instructions as were required for recovery of arrears or otherwise.

These instruments were not to be submitted to the Commissioner, unless called for by him or required to elucidate reports on balances.

A quarterly statement of income from excise on spirituous and fermented liquors was submitted by Deputy Commissioner to the Commissioner of the division, by whom it was forwarded, with such remarks as he considered necessary, to the Financial Commissioner.

*Precautions in connection with the excise on liquors.*—In the Excise Report for 1880-81 the Financial Commissioner made certain suggestions for the improvement of excise administration. These suggestions which received the approval of His Honour the Lieutenant-Governor, were embodied in the following instructions<sup>1</sup> :—

- (a) An Assistant Commissioner should, whenever possible, be put in special charge of the district excise.

This plan had already been adopted in the North-Western Provinces with excellent results. Where an Assistant Commissioner had charge of excise, he was, if the Deputy Commissioner thought fit, to be entrusted with the writing of the annual report, the Deputy Commissioner adding any observations he wished to make in the form of a brief memorandum appended to his assistant's report. In the absence of an Assistant Commissioner likely to remain in the district in order to be able to devote time and attention to the subject during the year, an Extra Assistant Commissioner was to be put in special charge. The officer-in-charge was to inspect all the Sadr distilleries during the year.

---

<sup>1</sup>Financial Commissioner's Circular No. XXXII, dated 17th November 1881.

- (b) In some districts all the spirit made at a Sadr distillery was usually distilled by the same man. The result was that he had a practical monopoly of distillation and a tendency to raise unduly the price of country spirit. In such districts all licensed vendors were, in future, to be actively encouraged to work stills in the Sadr distilleries.
- (c) In many cases the contracts for the sale of rum were bought up by the persons who had secured a monopoly of the sale of country spirits, not in order to sell as much rum as possible, but with a view to limiting its sale. As rum was supposed at least as wholesome as country spirits, it was undesirable, both in interest of the consumers and the manufacturers, that its consumption should have been artificially checked. The Financial Commissioner, therefore, requested that when the same persons or firm was allowed to take both contracts, it was to be made an express condition of the license for the sale of rum that the licensee should keep a full supply of rum and sell it at reasonable prices. If there was reason to think that this condition would not be fairly fulfilled, the contract for rum was to be given to another bidder, if he offered what could appear to be a reasonable sum.
- (d) His Honour the Lieutenant-Governor expressed a wish that where there was reason to believe that liquor sold as European spirits contained poisonous ingredients, it was to be analysed, and steps were to be taken to prosecute any dealer found selling liquor of a really deleterious character.

These measures were decidedly an improvement upon the rules which it superseded.

*<sup>1</sup>Opium Act of 1878.*

*Interpretation clause.*—Under this Act, unless there was something repugnant in the subject or context, “Opium” included also the poppy-heads, preparations or admixture of opium, and intoxicating drugs prepared from the poppy.

“Magistrate” meant in the Presidency towns, a Presidency Magistrate, and elsewhere a Magistrate of the first-class, or (when specially empowered by the Local Government to try cases under this Act) a Magistrate of the second class.

“Import” meant to bring into the territories administered by any local Government, by sea or from foreign territory, or from a territory administered by any other local Government.

“Export” meant to take out of the territories administered by local Government, by sea, or to any foreign territory or to any other territory administered by any other local Government.

“Transport” meant to remove from one place to another within the territories administered by the same local Government.

*Prohibition of poppy-cultivation and possession of opium.*—Except as permitted by this Act, or by any other enactment relating to opium for the time being in force, or by any rules framed under this Act or under any such enactment, no one could cultivate the poppy, manufacture opium, possess opium, transport opium, import or export opium, or sell opium.

*Powers of Excise and Police officers*<sup>2</sup>.—Under section 14 of Act I of 1878 (The Opium Act), the Honourable the Lieutenant-Governor was pleased to confer upon all Excise officers above the rank of a Jemadar of peons, and upon all police officers above the rank of

<sup>1</sup>The opium Act of 1872 has already been dealt with in detail in the third Chapter and need not be reproduced here.

Punjab Government Notification No. 39, dated 6th January 1873, exempted all districts in the Punjab from the operation of section 18 of the Excise Act, which provided that Opium should be supplied to licensed vendors from the Government stores, and that no other description of opium should be sold by such vendors.

<sup>2</sup>Section 14 of the Opium Act.

Punjab Government Notification No. 1009, dated 10th September 1881.

sergeant, the power with respect to the search for and seizure of opium and other things liable to confiscation, and the detention, search and arrest of any person reasonably believed to be guilty of any offence relating to such opium described in the above mentioned section.<sup>1</sup>

After 1879 the opium and drug leases were to be sold separately if there was no reason to apprehend that a loss of revenue would occur.

*Import of Nepal opium prohibited*<sup>2</sup>.—Importers of opium were again warned that import from Nepal was prohibited and the Deputy Commissioners were to see that the rule was not evaded.

*Farm of duties*.—The excise income from intoxicating drugs in the Punjab was derived from the farm of the monopoly of sale within tahsils or other sub-divisions of districts. In some districts the monopoly of opium and other drugs prepared from the poppy was formed separately from that of other intoxicating drugs, while in others the same farm included both.

The farm was always to be for the financial year unless the previous sanction of the Financial Commissioner to a farm for a longer period had been obtained. The farm could be disposed of by the Deputy Commissioner by auction at the District Office, or in such other mode as the Financial Commissioner directed, notice being previously given at each tahsil in the district, at the headquarters, if thought necessary, of neighbouring districts.

*Transport of Ganja, Bhang and Charas*.—Merchants bringing Charas into the Punjab had to obtain a pass from the Deputy Commissioner of the frontier station where they entered the Punjab and to take it for countersignature to the Deputy Commissioner or Collector of every district in the Punjab or the North-Western

<sup>1</sup>*Excise Officers entitled to rewards under the Act, 1872*.—The Excise Darogha of a district and all customs officers in the Revenue Department below the rank of Naib-Tahsildar, and officers in the Police below the rank of Deputy Inspector, were, when acting as Excise Officers to be entitled to receive reward under section 79 of the Act. Tahsildars Naib-Tahsildars, Deputy Inspectors of Police, and officers of the Police or Revenue Department in grade superior to those were not to be entitled to share in such rewards unless otherwise specially ordered by the Financial Commissioner.

<sup>2</sup>Financial Commissioner's circular No. 49, dated the 10th December 1879.

Provinces, which they subsequently entered with the Charas. The article, its quantity (both gross weight of the package and net weight of the Charas being given), and destination were stated in the pass, and the package was sealed up with the official seal of the Deputy Commissioner. It could be opened at any head-quarters station or tahsil while on the way to its destination, and a portion of its contents could be sold to the farmer of Excise for drugs, the fact being recorded on the pass, and the package resealed. The owners were warned that if the package was found open, and any Charas sold from it, except as above stated, they would be proceeded against under the Excise Laws, and the package would be liable to confiscation.

Merchants bringing Charas into the Punjab from the territories of His Highness the Amir of Kashgar and Yarkand over the Himalayan passes which lay to the south of His Highness's dominions had to obtain a pass from the British Joint Commissioner at Leh, or in his absence from the Kashmir Joint Commissioner, at that place, or from the Deputy Commissioner of the frontier district. The name of the merchant, the quantity of Charas (both the gross weight of the packages and the net weight of the Charas being given), the tract of country, and period of time covered by the pass had to be entered. Merchants bringing Charas from Yarkand into Kangra district, not covered by a pass from the Joint Commissioner at Leh, had to obtain a provisional pass from the Tahsildar of Kulu, which was to protect the Charas until a regular pass could be obtained at the head-quarters of the district at Dharmsala.

*Special rules for Palampur.*—The time for holding the annual Palampur fair and its limits were determined and demarcated under the orders of the Commissioner. The date of commencement and termination of the fair had to be duly notified.

Within the limits of the fair, the wholesale trade in Charas was to be free at all times of the year.

During the period of the fair, and within the prescribed limits, wholesale transactions in Charas could be conducted without passes.

During the fair, retail sale of Charas could be permitted by license on such terms as the Commissioner determined.

After the conclusion of the fair, holders and exporters of Charas were required to take out passes for the possession or transport of the same, and were at liberty to sell wholesale to any holder of a pass.

The contractor was at liberty to keep up such establishments for the repression of smuggling as he thought proper, and was entitled to the assistance of Government servants in the detection and apprehension of offenders against the Excise laws.

*Passes for export of bhang to Central Provinces*<sup>1</sup>.—At the request of the Commissioner of Excise, Central Provinces, the Financial Commissioner directed that no passes should be given in the Punjab, in future, for the export of Bhang to any part of the Central Provinces, unless the applicant for a pass provided himself with a written permit from the Deputy Commissioner of the district into which the Bhang was to be conveyed.

*Commissioner of Excise for the Punjab*.—The appointment of a Commissioner of Excise for the Punjab was sanctioned (with effect from the 15th November 1888), the officer who holds it being also Superintendent of Stamps and Inspector-General of Registration. The Excise administration of each district was in the special charge of an Assistant or Extra Assistant Commissioner, except in one or two districts where the Deputy Commissioner kept it in his own hands. The special preventive establishment consisted of a Darogha (assisted in a few of the more important ones by a Naib) and a few chaprasis. The total cost of district and cantonment establishment amounted to nearly half a lakh of rupees per annum.

As the appointment of the Commissioner of Excise falls outside our period, it is not necessary to go here into detail about his duties and functions. However, the following few remarks will not be out of place.

---

<sup>1</sup>Financial Commissioner's Circular No. 17 of 1884.

The appointment of a special officer to superintend the working of the Excise Department was not intended to interfere with the general supervision and control which Commissioners of Divisions exercised over the district excise arrangements, or with the exercise of the powers which had been conferred upon them under the Excise and Opium Acts. The position of the Commissioner of Excise was to be that of an officer who should devote his special attention to this branch of administration throughout the Province, and who should, in addition to inspection work, be able, owing to his wider field of knowledge, to assist District Officers with his advice on matters connected with District Excise arrangement. The Commissioner of Excise was not, for the time being at least, to be invested with any special powers under the Excise and Opium Acts.

In accordance with this general definition, the results of the annual auctions of the licenses for the sale of spirits and drugs were, as before, to be reported by the Deputy Commissioners to the Commissioner of the Division for sanction, to be communicated by him, in turn, to the Commissioner of Excise, but only when the Commissioner of the Division considered that they should be sanctioned.

*Excise Darogha or Muharrir*<sup>1</sup>.—The Financial Commissioner considered it desirable that in future no person should be appointed to be an Excise Darogha or Muharrir until he had satisfied the Deputy Commissioner of his qualifications for the post, and that he was properly acquainted with the mode of using hydrometers of various kinds, and with the Excise rules and regulations in force in the Punjab.

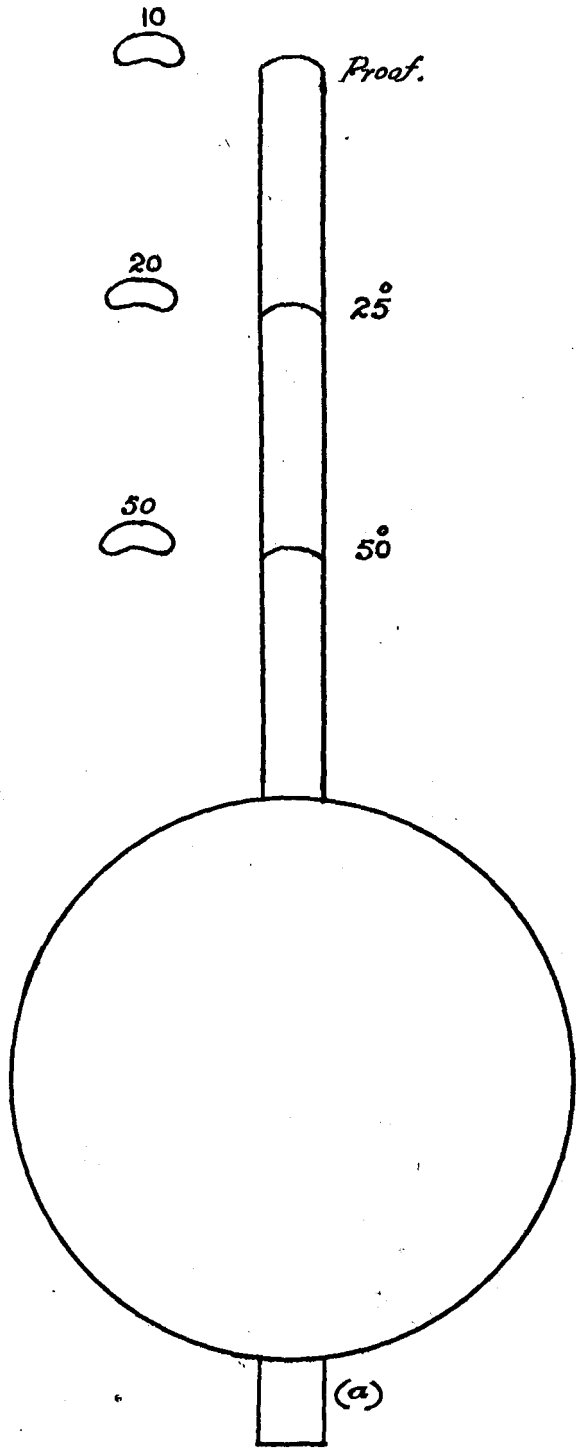
*Hydrometers*.—The following Hydrometers were in use, by the end of our peird, to test the strength of spirits.

*Sikes' Hydrometer*.—This was a valuable and delicate instrument, fitted for testing spirits of various strength by the addition of numbered weights, and accompanied by a book of tables showing

---

<sup>1</sup>Financial Commissioner's Circular No. 55, dated 8th November 1876.





the strength of spirits at various temperatures. Instruments of this kind were kept with great care in the Deputy Commissioner's office and were not used except by the officer-in-charge of the Sadr Distillery at headquarters.

*Stevenson's Hydrometer.*—This was a plain instrument of brass (sometimes of gilt) marked on the narrow side of the scale stem. This scale could show the strength of spirits 25° above and 25° below proof when the liquor was at a temperature of 80° of Fahrenheit's thermometer.

*Hydrometers of brass made in the Punjab.*—These were the instruments in common use at Central distilleries. They were supplied on requisition to the Excise Commissioner's office. They were adjusted to test spirits at a temperature of 90° Fahrenheit and stamped with three marks : one at the top (proof), the other in the middle (25° below proof) and the third down on the stem (50° below proof).

The accompanying sketch shows the common hydrometer with three weight (1) placed on the stem just above the lower bulb (*a*) and the spirit at 90° Fahrenheit, the instrument sinks in the spirit until the highest mark on the stem is level with the surface of the spirit showing that the spirit is of full strength (or full proof). When with the middle weight (2) placed on the instrument, and the spirit at 90° Fahrenheit it sinks until the middle mark on the stem is level with the surface of the spirit, showing that the spirit is 25° below proof. When with the largest weight (3) applied, and the spirit at 90° Fahrenheit, the instrument sinks until the lowest mark is level with the surface of the spirit, showing the spirit to be 50° below proof.

*Inspections.*—As a result of the inspections, a largely increased and increasing income, increased vigilance against smuggling, greater activity in tracing out and convicting offenders, characterised the administration of some parts of the Province by the end of our period, and there was reason to consider that excise matters in those divisions were on a tolerably sound footing. The weak

points of the administration had been exposed, and remedies considered ; the probability of improvement had been fully recognised and progressive improvement could be expected in the years to come.

*Results.*—Though some improvements had been effected and new officers had been appointed to supervise the working of the administration as in 1888, there was much that was still to be desired in this direction to make the excise rules and regulations more effective and to put a salutary check on illicit distillation and smuggling.

## CHAPTER VI.

### Conclusion.

In the preceding pages we have traced the various changes and improvements in the excise system in the Punjab during our period. We have seen that the administration was by no means perfect, but it was rather still in its infancy, and the few officers that were there, had to contend against serious difficulties in the discharge of their duties.

Now as far as statistics shown can be trusted, it would seem that by the end of our period about 19 per cent. of the whole excise revenue of the province was contributed by cantonments, 36 per cent. by cities with populations exceeding 20,000 and that the remaining tracts which contained nearly 94 per cent. of the whole population, yielded only 45 per cent. of the revenue. The results of this separation (consumption of exciseable articles in cantonments and large cities from the consumption in the purely rural tracts of the Province) are interesting and appear to point to certain broad conclusions as to the habits of the people, which were not altogether in entire keeping with previous ideas upon the subject.

Another conclusion to which this discrimination between the urban and rural population appears to point is, that liquor enjoyed great popularity in cities and cantonments and drugs in the rural tracts<sup>1</sup>. The belief hitherto prevailing that the Hindus in the Punjab were in the habit of drinking more than the Muhamadans, and that in the western districts a preference was shown for drugs, while the contrary was the case in the eastern districts, is not borne out by the figures now available. It has been established that the almost entire Hindu peasantry of the southern-eastern divisions was temperate as were the almost purely Muhammadan people of the North-Western part of the province.

The Hindus of the sub-montane tracts were large consumers, but so also were the Musalmans in Multan and the lower frontier.

<sup>1</sup>The share contributed by the urban population to the income from liquor was far greater than that given by it in respect of drugs. In the former division of the excise, cantonments account for 23 per cent., cities 39 per cent., and the rural tracts for 38 per cent.; while in the latter the shares are 16 per cent., 29 per cent., and 55 per cent., respectively.

If a line was to be drawn up separating the districts of Sialkot and Lahore from those of Gurdaspur and Amritsar, and to be continued downwards along the course of the Sutlej, it would roughly have divided that part of the province in which Hindus predominated from that in which the generality of the people were Muhammadans. The rural population of the districts to the west of this line number 9,136,262 and of those to the east of it 8,622,056 in the year 1883-84. The former section consisting chiefly of Muhammadans contributed Rs. 1,58,700 to the liquor excise and Rs. 1,02,980 to that upon drugs, while the eastern half, mostly Hindus, yielded only Rs. 1,24,969, under the head of liquors, but Rs. 1,66,535 under that of drugs in the same year.

Now these figures conclusively show that the use of the stimulants was not peculiar to any part of the province or to any section of the population, but was diffused on the whole with remarkable uniformity. It would seem that it was in the central districts where the population was more mixed and where the Sikh element predominated, the indulgence in stimulants of all kinds was almost prevalent. But even in these the incidence of the revenue was hardly anywhere as much as one anna a head per annum.

The moderation of the Punjab population in the matter of stimulants is clear from the facts, that it did not exceed one and one-ninth anna per annum for each person, and that a single gallon of country liquor annually sufficed on an average for about 3,500 of the rural population, and a single seer of opium for about 4,400 ; and so long as such moderate consumption was maintained there was no need to regard an annually increasing Excise revenue with apprehension.

“ It should always be borne in mind that the taxation of the sale of intoxicating liquors is imposed primarily in order to restrain the consumption of such liquors, and not for the purpose of making money out of their sale<sup>1</sup>. ”

---

<sup>1</sup>From the report of a committee appointed by the Government of Madras in the year 1884.

*Suggestions.*—The old maxim that the main object of excise laws and systems of management should be to raise as large a revenue from spirituous liquors and intoxicating drugs as may be compatible with the greatest possible discouragement of their use may be taken as a starting point of our proposals. What we mean is, that the methods of taxation and management best calculated to check consumption without encouraging unlawful practices should be adopted, and that the taxation of exciseable articles should be carried as nearly as possible to the point beyond which it cannot go without calling into existence illicit manufacture and smuggling too wide-spread and well-organised for the administration to cope with unless at the imminent risks of causing intolerable worry to the people at large. It is also considered that within certain limits the Excise Department is justified in interfering with and regulating manufacture and sale in order to prevent adulteration or the production of an article injurious to health, and for other purposes connected with the welfare and of the convenience of the public generally. In dealing with the questions of the kind last named local opinion should be ascertained and should receive careful consideration. There is another point which may perhaps be most conveniently considered in this place before the suggestions for administrative improvements are taken up in detail. It will be seen from much of the published writings on the subject of country-spirit, that many people believe the central distillery and outstill systems to be in some way necessarily opposed to one another in principle. They seem to imagine that there is something inherent in the former which makes it superior from a moral point of view to the latter, and to suppose that outstills, no matter how worked, have in themselves an unconquerable tendency to encourage drunkenness, while central distilleries have in some way the faculty of making people sober. This is a complete mistake. There is no difference in principle between the two systems, provided care be taken to limit the producing capacity of the outstills, and to make the revenue paid on each proportionate to its capacity.

On the other hand, there is a radical difference between any system under which stills are taxed according to their producing power or a duty is levied on the amount produced, and any system under which the distillery obtains the privilege of making as much spirit as he can on payment of a sum, fixed without reference either to the amount actually produced by him or his means of production. One should feel no hesitation in condemning the latter for all times and places, whether it takes the form of out-stills, without limit of producing power, or farms or any similar arrangement. The question of the superiority of any system based on the former principle can only be decided in each case after consideration of the circumstances of the place in which it is proposed to introduce it, of the nature and efficiency of the preventive establishments at the disposal of the administration and many other conditions. At the best, every system of excise that has been yet devised, has evils inherent in it, and dangers which have to be constantly guarded against. There is no system either unobjectionable in theory or faultless in practice, and all that can be done is to adopt for each place the form of taxation and manner of working which may seem best suited to it, and most likely to check avowed consumption without giving an irrestrainable impetus to unlawful practices.

*Proposal to limit the capacity of stills.*—There is no need to recapitulate here all that has been already written, and it is quite sufficient to state that it is absolutely necessary to fix a limit on the producing capacity of each outstill, and to establish some relation between such limit and the monthly tax paid on the still. The aggregate producing power to be allowed in each district should be fixed in the first instance by the Board of Revenue, and should not be increased thereafter without the Board's opinion. In fixing the aggregate capacity, the circumstances of each district would have to be carefully considered. The capacity so fixed should then be divided by the local authorities among the various shops of each district in proportion to the local demand, and an upset price fixed on each still according to its capacity. This upset price should be

based upon a rate of duty per gallon, London-proof, to be fixed by Government for each district and should be calculated on the amount of London-proof spirit which the still could turn out if worked a certain average number of times daily throughout the year. This average would vary with the circumstances of different districts, and it is not pretended that it could be more than a rough approximation anywhere; still it is believed that if worked out with a reasonable care it would give a sounder basis for the settlement of upset prices. The still with the capacity and upset price so fixed, should then be put up to auction. The result, it is contended, would be the taxation of all the spirit produced.

In order to make sure of the rule being observed, it would be necessary to require that all stills of more than a given capacity should be made of metal. The maximum capacity of clay stills might, as a rule, be fixed at 10 seers, and the upset price calculated in the same way as in case of metal stills, but exceptions might be made in mountainous and jungly tracts, where special settlement might be made. In other cases all stills capable of working more than 10 seers should be of metal, and of a standard pattern, which, of course, would vary according to the different principles on which stills are worked. Each still should be regulated and stamped by the excise duty collector before being set up, and heavy penalties should be attached to the working of a still not so stamped.

As the spirit made in clay stills is thought to be more wholesome than that made in metal stills, it should be the object of the excise administration to discourage the tendency to adopt the latter instead of the former.

*Central distillery system.*—The main object of the central distillery system is to levy a duty on the actual quantity of spirit which passes into consumption. Central distilleries should be fixed at central populous places, and a reasonable radius of supply given to each.

*Selection of sites for outstills.*—The rules regarding the selection of sites for central distillery shops should be made, as far as possible,



to apply to outstills. Of course in many cases there will be no local bodies like municipalities to make objections, but full attention should invariably be paid to local opinion, however expressed.

There are strong objections to placing outstills in any of the following places:—The interior of villages, market places, and places where the shops are likely to cause nuisance or annoyance to the public, such as roads used by females on the way to bathe or draw water. Outstills should not be placed in the immediate vicinity of factories or other places where large number of labourers are brought together, nor near villages inhabited by aborigines of known drinking habits.

*Importance of maintaining adequate establishments.*—Very many of the evils complained of in the working of the Excise Department can be traced to the inadequacy of the establishments employed, and the reconstitution of the latter on a large and liberal footing is essential to the success of any measures of reform which may be adopted. It is useless to put good and experienced officers in nominal charge of the excise unless they are relieved of other duties to such an extent as to enable them to exercise really effective supervision, and from time to time to make those local enquiries without which no supervision can be really effective, and, it may be added, no administration free from danger. The district excise officers should have time to watch prices of opium and fermented liquors as well as of spirits, and to inquire fully into all objections to the sites of excise shops; to take measures to check illicit practices immediately on the appearance of any symptoms of them; to supervise the operations of the preventive and detective establishments; to guard against their tendency to harass people with prosecutions for technical harmless breaches of the excise law instead of attending properly to the detection and supervision of really serious offences. Unless the district excise officer is in a position to look after these and many similar matters, the excise administration must suffer in both its aspects. Consumption would not be restricted, as it should be under efficient management, and the revenue will suffer to at least an equitable

extent. The Excise officer, again, cannot do all the required work without a paid trustworthy agency, executive as well as preventive. It may seem superfluous to repeat manifest truisms like these, but the state of the excise establishments then existing clearly showed the necessity of calling attention to them, and of stating as emphatically as possible that all attempts to improve the administration must begin with strengthening and improving excise establishments. In addition to the general points noted above, to which the attention of the district excise officer should be constantly directed, there are many things specially connected with the manufacture and sale of country spirits which ought to occupy much of his time. No central distillery can be worked safely without the constant and vigilant superintendence of the district excise officer. On the other hand, a very much closer and more local supervision than was exercised is wanted to make the working of outstills ever tolerable. The excise officer should pay personal attention to enforcing the rules regarding the capacity of outstills and fermenting vessels, and he should watch processes of manufacture with a view to inducing the distillers, when possible, to adopt improved methods. He should also be able to give time to the collections of fuller and more accurate statistics of consumption and consumers.

*Summary of conclusions and suggestions.*—(1) It has been found impossible to promulgate any statements of fact to make any suggestions applying generally to the entire province. The circumstances and conditions of adjoining districts vary so materially as to make statements which are true of one unsuited to the other, and of measures suited to one inapplicable to the other.

(2) It appears from the information available regarding the period antecedent to British rule in India, that from time to time taxes of various kinds were levied on distilled spirit, but there was no regular system of excise, and no attempt to regulate consumption.

(3) The main conclusions to be drawn from the sketch of excise systems prevailing in other parts of British India and in the

## 110 A HISTORY OF THE EXCISE SYSTEM IN THE PUNJAB.

Indian States are, first, that no system of excise universally applicable has as yet been devised ; secondly , that there are elsewhere the same tendencies to constant changes and the same attempts to force the indiscriminate adoption of pet systems that have been so mischievous in Bengal ; and, thirdly, that in almost every Indian State the excise has been hitherto looked upon wholly as a source of revenue and nowhere as a means of checking consumption.

(4) The process now in use and the materials from which spirits are now made differ very little from those which prevailed from the earliest times of which we have any record.

(5) One form taken by the frauds on revenue prevalent during the predominance of the central distillery system was the passing out much of distillery spirit untaxed or insufficiently taxed, owing to the collusion of the lower excise officials with the manufacturers.

(6) There is nothing to show that drinking has ever prevailed among very large sections of the population, or that it has begun of late to spread among them ; but there are symptoms of its appearance among other classes which had hitherto been precluded from drinking by religious scruples or by social sanctions, and there is a marked and grave increase in the number of drinkers among the classes which have been always in the habit of drinking ; especially, among the wage-earning classes.

(7) The general conclusions, looking at all exciseable articles, are that there has been an increase in the consumption of every article to a greater or less extent during the last few years.

(8) The primary cause of this increase in the consumption of intoxicating articles has been assigned to the effect of social, moral and religious changes in relaxing the restrictions which at a former period had kept large classes from indulging in spirituous liquors, in preparing those classes to take advantage of all opportunities for increased drinking afforded to them either by their own improved circumstances or by the changes in the excise system.

## APPENDIX I.

### *The Rules relating to opium grown in the Punjab under the Excise Act X of 1871.*

The principal changes introduced by these rules were as follows :—

- (1) The poppy could be cultivated freely in all parts of the Punjab, except in the districts of Delhi and Hissar divisions, where it was absolutely prohibited. Any person transgressing this rule in the latter districts was liable to the penalties in section 50 of the Punjab Laws Act.
- (2) An acreage duty of Rs. 2 was to be levied on every acre of poppy cultivation.
- (3) Purchases of opium or poppy respectively were to be made from the cultivators by persons holding license for—
  - (a) wholesale vend of Punjab grown opium ;
  - (b) retail sale of opium ;
  - (c) purchase of standing crop of poppy.
- (4) Cultivators were not allowed under these rules to consume their own opium or " post ". They must buy any such drug for their own consumption from the retail seller.

The reason for this was that in the Punjab a mixed system of taxing the products of the poppy had been adopted —

- (a) by an acreage duty,
- (b) by a monopoly of retail sale.

In order to maintain the income derived from the latter source, all private consumption and private sale had to be checked, and this would have been impossible if permission had been given to cultivators of the plant to use their own opium. If it had been considered desirable to levy the whole excise revenue derivable from the Punjab-grown opium by the acreage duty, the rate would have been fixed at a higher figure than Rs. 2 per acre.

As regards opium grown out of the Punjab, the provisions of section 65 of the Excise Act were in force. Under this section every person other than a licensed seller (that is, a licensed retail seller or his agent) who was found to have in his possession a greater quantity than 5 tolas weight of such opium, was liable to fine and confiscation. Licensed retail sellers, that is,

the persons holding the monopoly of retail sale, and his agents, were allowed to make their own arrangements for the purchase of the drug in places beyond the British frontier, subject to the rules and regulations which may be in force within the provinces through which the drug would pass. In all such cases the importer had to take out a pass from the place where he purchased the opium, as well as from the district where he was licensed to sell it; and when that place was in foreign territory, he had to apply to the Collector of the nearest district. Importers were made to understand that if their drugs were not covered by a pass, or if the packages were to be found open in the North-Western Provinces, or in any place where they were not authorised to sell by retail to the Government farmers, the opium would be liable to confiscation and they themselves to punishment under the Excise Laws. Foreign opium could be disposed of by licensed retail sellers according to the term of their licenses, in which no distinction was drawn between Punjab-grown and other opium.

Punjab Government Notification No. 39, dated 6th January 1873, exempted all districts in the Punjab from the operation of section 18 of the Excise Act, which provided that opium shall be supplied to licensed sellers from the Government stores, and that no other description of opium shall be sold by such sellers.

<sup>1</sup>*Farm duties.*—The excise income from intoxicating drugs in the Punjab was derived from the farm of the monopoly of sale within tahsil or other sub-divisions of districts. In some districts the monopoly of opium and other drugs prepared from the poppy was formed separately from that of other intoxicating drugs, while in others the same farm included both.

---

<sup>1</sup>Rules under section 26.

## APPENDIX II.

*Rules under section 49, Act IV of 1872 (Punjab Laws Act) relating to opium grown in the Punjab.*

The Opium Law of the Punjab, as contained in the Excise Act (X of 1871), having been amended by the Punjab Opium Law Amendment Act (XXVI of 1872), the following rules which received the sanction of the Punjab Laws Act (IV of 1872), were prescribed by the Local Government under section 49 of that Act, regarding the cultivation, possession, purchase, sale, transport and export of opium grown in the Punjab.

These rules did not extend to opium imported into the Punjab, but only to opium grown within the Punjab.

As regards opium not grown in the Punjab, the provisions of the Excise Act relating to possession, purchase, sale and transport, were in full force.

*Cultivation.*—The cultivation of the poppy was permitted in all parts of the Punjab, except in the districts of the Dehli and Hissar Divisions, where it was prohibited.

2. The "acreage" system heretofore in force in the divisions of Lahore, Amritsar, Jullundur (except Kangra) and Ambala (except Simla) was hereby extended to all parts of the Punjab including Kangra and Simla, but except the Delhi and Hissar Divisions.

3. A duty of Rs. 2 was to be levied on every acre of poppy cultivation. Any area under one acre, but over half an acre, was to be charged as one acre, and any area under half an acre, was to be charged as half an acre.

4. The measurements were to be affected by the Patwaris under the supervision of the Tahsildars.

5. After measurements had been tested, the patwari was to inform the lambardar of each village of the amount payable on account of poppy acreage duty and the persons who were to pay it; and the lambardar was to be responsible for the collection of the same and its payment to Government, along with the instalments of Government land revenue. No "pachotra" was to be claimable by lambardar on account of such collections.

6. If a cultivator wilfully concealed any portion of the opium cultivation, he was, if the crop be standing, to be liable to pay double duty, in addition to any other penalty to which he may be liable; and if the opium had been extracted or the poppy-heads gathered, he was to be prosecuted at the discretion of the Collector for an infringement of these Rules,

A licensed-holder who purchased the standing crop of poppy was authorised to extract the opium and to gather the poppy-heads, and to sell the same in accordance with the rules applicable to licensed opium sellers and purchasers.

The authorised purchaser of the standing crop of poppy was entitled to all the privileges attaching to the actual cultivation of the poppy.

## BIBLIOGRAPHY.

1. Punjab Administration Reports from 1846 to 1884 (38 volumes).
2. Punjab Revenue Reports from 1846 to 1875 (30 volumes).
3. Reports of the Excise Administration from 1875 to 1884 (10 volumes).
4. Punjab Excise Pamphlet.
5. Collection of papers relating to the Excise Administration of India.
6. Commission Report, Bengal, 1883-84.
7. History of Aryan Rule in India, by E. B. Havell.
8. Original papers.
9. Gladwin's translation of the Ain-i-Akbari.



PRINTED BY  
THE SUPERINTENDENT, GOVERNMENT PRINTING, PUNJAB-  
1563 CS—200—10-3-31—SGPP Lahore.

CHECKED  
2003-04