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COLLECTION OF PAPERS

RELATING TO THE

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EXCISE ADMINISTRATION OF INDIA.

MADRAS RECORD OFFICE

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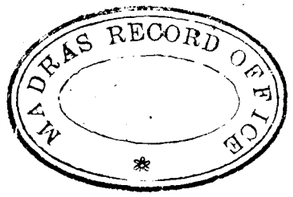

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

EXCISE ADMINISTRATION OF INDIA

No. 1020, dated the 7th February 1890.

RESOLUTION—By the Government of India in the Finance and Commerce Department.

Ordered that the papers mentioned in the following list, relat to Excise administration in India, be published for general infor tion in the Supplement to the *Gazette of India*.

E. J. SINKINSON,

Secretary to the Government of In

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No.	Letters.	Subject.	Pa
1	From the Government of India to the Secretary of State, No. 29, dated 4th February 1890.	Remarks on the Debate in the House of Commons on 30th April 1889 on the Excise Administration of India . .	9
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3	From Secretary of State for India, No. 70 (Revenue), dated 12th August 1886, and enclosures.	Forwards a memorial from the British and Colonial Temperance Congress regarding the alleged increase of intemperance in India, and suggests its consideration in connection with the Excise Commission's Report on Excise Administration in Bengal . . .	231
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5	From Secretary of State for India, No. 63 (Revenue), dated 18th August 1887, and enclosures.	Forwards copies of questions and answers in the House of Commons regarding the issue of licenses for the sale of intoxicating liquors and opium in Burma, and states that a full report of the proceedings in the matter is awaited. Asks for certain statistics in connection with the subject, and urges the necessity of taking the strongest precaution to prevent the sale of opium and spirits to Burmans and the issue of licenses in places where the population is purely Burmese . . .	255 & 256
6	From Secretary of State for India, No. 69 (Revenue), dated 31st August 1887, and enclosure.	With reference to Despatch, dated the 25th June 1887, No. 166, forwards copy of a letter to the President of the British and Colonial Temperance Congress on the subject of that Despatch .	257
7	From Secretary of State for India, No. 28 (Revenue), dated 19th April 1888.	In continuation of Despatch No. 63, dated the 18th August 1887, forwards copy of a report on a Debate in the House of Commons on "* * * the extension of the sale of intoxicating liquors for (Indian) revenue purposes with serious results to the moral and material welfare of the people * * ." Expresses satisfaction as to the principles observed in Indian excise administration, and indicates the considerations on which Indian excise system should be based. Adds that a recent Despatch of the Government of India and the excise reports show that the excise policy is practically shaped in conformity with these considerations, but draws attention to the necessity of using careful language in the excise reports. Briefly refers to the merits of the central distillery system as compared with the outstill or contract system, and asks for any instructions issued to Local Governments in accordance with the remarks in the Despatch	257 & 258

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9	From Secretary of State for India, No. 64 (Revenue), dated 9th August 1888.	In reply to Despatch No. 159, dated 16th June 1888, accepts generally the conclusions arrived at by the Government of India as to the excise administration in Upper Burma; but requests that due attention may be paid to the injunctions given in a previous Despatch against creating or stimulating a demand for liquor . .	272
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14	To Secretary of State for India, No. 23, dated 22nd January 1889.	Transmits memorials from certain Associations in Bengal, urging the abolition of outstills and the introduction of a system of local option as regards the establishment of liquor shops, and states that the opinion of His Honor the Lieutenant-Governor of Bengal on the memorials will be sent in due course. Promises a further report on the character and extent of the outstill system in the various provinces .	286 & 287
15	From Secretary of State for India, No. 13 (Revenue), dated 31st January 1889, and enclosures.	Forwards for consideration five letters laid before His Lordship by a Member of Parliament, complaining of the liquor traffic and drunkenness in Assam. Remarks generally on the Excise Administration Report of Assam for 1887-88, the excise system in force in Darjeeling, and the complaints of tea-planters against it. With reference to the conflicting accounts regarding excise administration in the tea districts, suggests that a very careful inquiry be made into the facts and into the need for change in the excise administration of these districts. Asks for a copy of the instructions issued in the matter at an early date	287—290
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18	From Secretary of State for India, No. 38 (Revenue), dated 28th March 1889.	In reply to Despatch No. 55, dated the 19th February 1889, remarks on the possibility of mitigating the evils of the outstill system, and draws attention to the successful working of the central distillery system in Madras and Bombay	331
19	To Secretary of State for India, No. 157, dated 25th May 1889, and enclosures.	With reference to Despatch No. 67, dated the 5th March 1889, forwards, with remarks, the reports of Local Governments as to the precautions taken and the extent to which deference is paid to the wishes of the residents of the neighbourhood before a license is granted to a shop for the sale of liquor, and indicates the action taken by the Government of India in the matter	331—352
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21	To Secretary of State for India, No. 209 (Revenue), dated 6th July 1889.	Acknowledges Despatch No. 52 (Revenue), dated 16th May 1889, and forwards a copy of the instructions issued to Local Governments in the matter .	353
22	From Secretary of State for India, No. 67 (Revenue), dated 18th July 1889.	Acknowledges Despatch No. 157, dated the 25th May 1889, concerning the outstill system of excise in Bengal and the advisability of introducing some form of local option in granting or continuing licenses for liquor shops. Expresses a hope that the reform of excise administration in Bengal will be materially accelerated, and concurs with the opinion expressed on the question of local option. Commends the rule observed by the Punjab Government in the matter of licensing shops	353 & 354

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23	To Secretary of State for India, No. 323, dated 15th October 1889, and enclosures.	Acknowledges receipt of Despatch No. 67 (Revenue), dated the 18th July 1889, regarding the outstill system in Bengal and the advisability of introducing some form of local option in granting licenses for liquor shops. Corrects a serious misapprehension in the Despatch as to the extent to which the Bengal Government has given effect to the recommendations of the Excise Commission, and specifies the towns in which the central distillery system is in force in Bengal. Forwards a Resolution on Mr. Buckland's report of his inquiry into the excise systems of Bombay and Madras, and adds that the Government of Bengal has decided to adopt the system of excise considered desirable by Her Majesty's Secretary of State	354—358
24	To Secretary of State for India, No. 340, dated 22nd October 1889, and enclosures.	Forwards the report of the Bombay Government of the results of an experimental excise system tried in the Thana and Kolaba Districts which dispensed with the guarantee of a minimum revenue—a condition usually attached to the grant of monopolies in the Bombay Presidency as illustrative of the difficulty of raising the excise duties on country spirit in India to a rate approximating to the tariff rate leviable on imported foreign spirit .	358—382
25	From Secretary of State, No. 113, dated 21st November 1889.	In reply to Despatch No. 323, dated the 15th October 1889, communicates remarks regarding the changes introduced as ordered in the Bengal excise system	382 & 383

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EXCISE ADMINISTRATION OF INDIA.

No. 29 of 1890, dated Calcutta, the 4th February 1890.

From—The Government of India,

To—Her Majesty's Secretary of State for India.

In our Despatch No. 209 of 6th July last we informed Your Lordship that we proposed to address you, at a future date, on the subject of the Resolution* adopted by the House of Commons condemning in general terms the Excise administration of the Government of India. We have now the honour to fulfil that promise.

* "That, in the opinion of this House, the fiscal system of the Government of India leads to the establishment of spirit distilleries, liquor and opium shops in large numbers of places where till recently they never existed, in defiance of Native opinion and the protests of the inhabitants, and that such increased facilities for drinking produce a steadily increasing consumption, and spread misery and ruin among the industrial classes of India, calling for immediate action on the part of the Government of India, with a view to their abatement."

2. We are fully impressed with the importance, and indeed necessity, of placing the Excise administration of this country on a satisfactory basis, but, as Your Lordship is aware, serious difficulties are encountered in attempting to establish in India a system or systems of Excise administration which shall be free from objection. These difficulties are, we believe, greater than are met with in any other country which is ruled on principles in accord with modern civilization, and the complexity of the questions involved makes it difficult for those who have no practical experience of the working of the administration to appreciate the obstacles with which we have to contend. Under such circumstances it is a matter for regret that the statements made in the debate on the Indian Excise system should, as it appears to us, have been inaccurate and misleading, and we feel it necessary to reply at some length to the criticisms which have resulted in the condemnation as a whole of the many widely differing and complex Excise systems which are in force in India.

3. With a view to indicating the unsatisfactory nature of the evidence before the House of Commons when the Resolution in question was passed, we have obtained from the several Local Governments authoritative reports regarding the statements made in the course of the Debate, and the correspondence will be found among the enclosures to this Despatch. On our own behalf we desire to add certain explanations and remarks regarding these statements: we

shall take the opportunity of explaining at some length the chief difficulties connected with Excise administration in India, and the methods adopted for overcoming them; and we shall also refer to the principles by which our policy in regard to liquor and drugs is guided, and explain the nature of the measures by which practical effect can be given to that policy. The task of commenting on statements made in the House of Commons is one which we would gladly avoid, but the interests at stake are too important to permit of our evading the duty, however unpleasant. In view of the position of the liquor question in India at the present time, we shall quote freely the evidence on which our conclusions are based.

SECTION I.—STATEMENTS MADE IN THE DEBATE IN THE HOUSE OF COMMONS.

Unfairness of treating the change in system made in Bengal in 1877 (and reversed after 1884), as a fair representation of the results of the Excise policy of the Government of India.

4. In the first place we desire to point out that what took place in Bengal between 1877 and 1884 cannot fairly be taken as an example of the deliberate and settled policy of the Government of India. The defects of the Central Distillery system, which will be mentioned hereafter, led in 1877 and the next few years to its being largely replaced by the Outstill system in that Province; and the Revenue authorities, in January 1879, in consequence of certain difficulties in enforcing it, suspended the rule which had previously been in force limiting the capacity of each outstill, and thus preventing the owner from manufacturing more than a certain quantity of spirit. The latter change was not made under the authority of either the Supreme or Local Government. Complaints followed, which, though exaggerated, were not without foundation, that the change had cheapened the price of liquor and led to an increase of drinking. In this view the number of outstills was steadily reduced from the year 1880, and a Commission was appointed in 1883 to enquire into the whole question.

5. The conclusions of the Commission were accepted by the Local Government and by the Government of India, and the Outstill system was contracted to the extent which the Commission recommended, and its other recommendations regarding the regulation of that system were carried out as quickly as was practicable. These changes were made before the question was discussed in Parliament, and although we admit that an error was committed in so greatly extending the Outstill system after 1877, and especially in removing the limitation on the capacity of outstills, and although we regret that the change was made, we are unable to find in the facts any sufficient support for the assertion that we are indifferent to an increase of drinking on the part of the Indian population, or any reasonable grounds for attacking the general policy of the Government of India in Excise matters.

No evidence to show that there has been an increase of drinking in Bengal since 1884, but evidence to show that there has been a decrease.

6. The remarks of the Government of Bengal in letter No. $\frac{3-4}{4}$13, dated 28th November 1889, enclosure No. (5) of this Despatch, deal with the charge made by Mr. Smith that there has been an increase of drinking in Bengal within the last few years. The evidence quoted in support of the charge is not of recent date. The Bengal Commission reported in 1884 that up to

that time there had undoubtedly been an increase in the consumption of intoxicating liquor. None of the evidence now brought forward is of a later date than that year. The Bengal Government, after considering and accepting the conclusions of the Commission, immediately proceeded to take steps to carry out its recommendations. There is no evidence to support the charge that drinking has increased in Bengal since the Government of that Province began in 1885 to carry out the Commission's recommendations. On the contrary the evidence supports the opposite conclusion: there has been a decrease in the issues of spirit from central distilleries in Bengal from 1,129,056 gallons in 1886-87 to 1,057,119 gallons in 1888-89, notwithstanding the fact that in the latter year the area covered by the Central Distillery system was greater than in the former year: the issues from outstills cannot be accurately stated, but the number of such stills and the area served by them has been reduced, and the total liquid capacity of all the outstills is little more than one-half what it was in 1886-87.

Opinion of Babu Keshub Chunder Sen, given in 1874, had no reference to recent years.

7. In support of his assertion that "every opinion confirms the astonishing increase in the consumption of spirits within the last few years," Mr. Samuel Smith quoted an extract from a memorial of the late Babu Keshub Chunder Sen, a well-known social and religious reformer. That memorial was forwarded to the Viceroy in January 1874, and was therefore written more than fifteen years before Mr. Smith quoted it to prove an increase of intemperance within the last few years. At the time when that memorial was written, the Outstill system, against which Mr. Smith's criticisms of the Excise administration in India, so far certainly as they apply to Lower Bengal, are mainly directed, was in force in that Province only to a very limited extent.

8. The alleged increase of intemperance to which Babu Keshub Chunder Sen referred was believed to have occurred mainly among the classes who had received an English education: the quotations made in support of his opinion and the general tenor of the memorial confirm this; the writer attributed the increase to two chief causes—"the unsettlement of popular faith and ideas, in consequence of the spread of English education, and the unnecessary multiplication of liquor shops." The Lieutenant-Governor of Bengal, after considering all the evidence forthcoming at that time, recorded his opinion that intemperance was on the increase only among "several sections of the educated classes among the natives at the Presidency Town (Calcutta) and at other large centres of national life."

9. The number of shops for the sale of distilled and fermented liquor in Bengal in each year from 1868-69 to 1874 was as follows:

	Distilleries.	Outstills.	Rum.	Imported liquor.	Tari.	Pachwai.
1868-69	5,329	281	773	865	22,055	1,542
1869-70	5,682	300	776	901	22,329	1,655
1870-71	6,100	312	816	965	21,670	1,687
1871-72	6,153	1,058	773	953	21,689	1,815
1872-73	5,040	1,075	210	946	22,351	1,844
1873-74	4,723	1,076	122	891	22,873	2,006

Pachwai is a comparatively harmless home-brewed beer, and the figures just

given do not support the contention that any increase of drinking that may have taken place in the years preceding 1874 could, in any appreciable degree, be ascribed to "the unnecessary multiplication of liquor shops." We have no doubt that the other reason assigned for increase of drinking, namely, the unsettlement of popular ideas and faith, in consequence of the spread of English education, was correct, though we believe that the amount of increase and of evil resulting from it was exaggerated. Babu Keshub Chunder Sen saw, and deplored, this increase of drinking among that class of his countrymen to which he himself belonged, and in his desire for reform he urged that the number of liquor shops should be reduced; in point of fact any increase in the habit of drinking that may have taken place among certain classes at that time was not due to an excessive number of shops, and would not have been stopped by their reduction.

Temporary increase of drinking sometimes due to spread of English education.

10. 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 will, in our opinion, reduce intemperance in a wider, surer, and more lasting manner than the most severe restrictive measures which Government could adopt. It seems to us 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 forcible repression. A change of this nature in public opinion has occurred in the present century among large classes of the people of Great Britain: habits of intemperance which formerly prevailed among certain classes in England without disgrace are now condemned as disgraceful. We are glad to think that enlightened public opinion has already begun to work in the direction of sobriety and moderation among the class of educated Natives of Bengal to whom Babu Keshub Chunder Sen's remarks applied, and we quote with satisfaction the following extract from the evidence of Mr. Romesh Chunder Dutt, Magistrate and Collector of Backergunge, a Member of the Bengal Civil Service, given to the Bengal Excise Commission in 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 zemindars. Devout Shakta 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 English 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. Drinking was regarded as a sort of index to liberal ideas and reformed ways—as a commendable accomplishment in an educated gentleman. When there is a reaction against ancient prejudices and senseless social restraints it is difficult to confine it within the 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 circle 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 countrymen 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 agitations, 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 30 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 traits in their conduct. I believe I am right in stating that drunkenness is decreasing among the higher and better educated classes in Calcutta, and the example set in Calcutta spreads rapidly among the similar classes in all mofussil towns.

"I have made the foregoing remarks in order to show that drinking among the educated classes has nothing whatever to do with the Outstill system, and that it depends entirely on other influences on which Excise legislation has no control."

Evidence of Mr. Metcalfe.

11. Mr. Smith also quoted the evidence of Mr. Metcalfe, Additional Commissioner of Patna, before the Bengal Excise Commission, to show that intemperance had increased in Bengal in consequence of the re-introduction of the Outstill system. The passage quoted from Mr. Metcalfe's evidence was as follows:—

"I have been officially connected with this district since 1879 to 1884 as Collector and from 1874 to 1876 as Officiating Commissioner.

"My experience has been as a Collector both of the Sudder Distillery and Outstill systems.

"The habit of drinking has extended to all classes. The quantity drunk is larger owing to the cheaper price at which it is now sold. Persons who previously were satisfied with a dram are now able to afford a bottle or two.

"Among the labouring and artizan classes drinking has increased to a deplorable extent. I have not noticed any cases among school-boys, but my experience is that domestic servants, day-labourers, and women drink to an extent I never noticed before under the Distillery system. Under the Outstill system the habit of drinking is forcibly brought home by instances such as these. My coachman has tumbled off his box drunk. If I want a mochee to mend the harness, I have to arrange that he shall be sober the night before. A workman now drinks his bottle of spirit as regularly as he eats his food, and quarrels have become frequent."

Mr. Metcalfe was an officer of long service and wide experience, having first arrived in India in the year 1857, and he was the highest official but one in Behar. His evidence is justly entitled to weight. But the Commission also took the evidence of Mr. F. M. Halliday, the only officer in Behar of higher rank than Mr. Metcalfe, and of at least equal experience, as he came to India in 1856. Mr. Halliday's evidence is printed in Appendix A and by no means supports the extreme statements made by Mr. Metcalfe.

We are not aware of any good reason why the evidence of Mr. Metcalfe should be held to be conclusive, while that of Mr. Halliday is ignored.

Evidence of Mr. Hudson.

12. The following passage was also quoted by Mr. Smith from the evidence of Mr. Hudson before the Bengal Commission:—

"The upshot of the enquiries I have made among the planters and my personal observations during a residence of 20 years is that drunkenness has greatly increased during the last few years. I attribute this principally to the fact that 20 years ago, and up to a few years past, it cost a man four annas to get drunk on spirits; now he can make himself dead drunk—*thik nissa* as it has been expressed to me by a 'habitual,'—for one anna. Also, 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."

We have no doubt that Mr. Hudson gave his evidence in perfect good faith and fully believed everything he stated to be true. But while we admit that there was an increase of drinking at the time to which his evidence refers, though not due solely to the cheaper rate at which liquor could be procured, we are of opinion that a very exaggerated view of the increase was taken by him, and in so far as it is possible to test it by figures, his evidence is not borne out by facts. For example, it is not the case that it used to be most difficult to obtain spirits anywhere except at the distilleries. Liquor is never sold from the central distilleries, but from the shops supplied by these distilleries; and the number of shops in any area under the Central Distillery system is usually greater than when the same area is brought under the Outstill system. In Chumparun, the district with which Mr. Hudson was best acquainted, the number of liquor shops in 1883 was 135. The population of that district was 1,721,608 according to the census of 1881 and the number of villages and hamlets contained in it was 7,762. There was therefore only one shop to 58 villages* and hamlets, and to 12,750 of the population. If we consider the adjoining district of Mozufferpur, with which Mr. Hudson, as an indigo planter, was no doubt well acquainted, we find the number of liquor shops to have been 134, the population 2,582,062, and the number of villages* and hamlets 5,138. There was thus in Mozufferpur one liquor shop to 38 villages and hamlets, and one liquor shop to a population of 19,270. We are unable to see how, under these circumstances, it could be said that liquor was procurable within reach of nearly every hamlet. The districts of Chumparun and Mozufferpur are comprised in the Division of Behar, and the number of shops for the sale of country liquor in that Division was 2,246 in 1871-72, 1,773 in 1880-81, and 1,417 in 1881-82, while it has never exceeded 1,079 since 1882-83.

13. The evidence of another non-official witness, Mr. H. W. Stevens, by no means bears out the statements of Mr. Metcalfe and Mr. Hudson, though he was intimately acquainted with the tracts of country with which these gentlemen were familiar. His evidence was as follows:—

"I am very well acquainted with the districts of Monghyr, Bhagulpore, Durbhanga, and Mozufferpore. I have been resident in these districts and constantly moving about for the last 20 years. During that time I was constantly employed on various public works, and have had very large gangs of labourers of various descriptions under me.

"I know so far about the working of the Sudder Distillery and Outstill systems that there were more supervision and restriction in the former than in the latter.

"I have no reason to suppose that drinking has increased in the above districts during the last ten years, but I do consider that the location of outstills in prominent localities in the neighbourhood of indigo factories and bazars has made drunkenness more apparent.

"I have never known drinking among school-boys. I think there has been an increase of drinking among domestic servants. I judge from my own servants, more especially among syces and outdoor servants, than among the indoor servants. It seems to be more in the districts north of the Ganges than in Monghyr and South Bhagulpore. I do not think that the pure agriculturists drink at all. Day-labourers much prefer tari when they can get it. When they cannot, they drink country spirits. On my quarries near here there are several hundred people employed. There is no difficulty caused by these people getting drunk, and no complaint on the subject. There is no liquor-shop at any of these quarries. There may be liquor-shops in the adjoining villages for all I know. These people, like all other low-caste labourers, get drunk at the Holi and other festivals. I do not believe that the

* Places with a population of 5,000 or more have been taken as towns: there are 16 such in Mozufferpur and 4 in Chumparun. In calculating the number of villages to each shop, we have not struck out the shops in those towns, as the Excise Reports do not show them separately. If it had been possible to do this the results would have been even more unfavourable to Mr. Hudson's allegation.

unken bouts on these occasions last longer now than they did formerly. I have never seen drunken woman.

"From my own experience I should say that no caste which did not drink while the Sudder istillery system was in force has now acquired the habit of drinking. I consider that the crease in drunkenness which I observed among the domestic servants is wholly due to crease of wages. Syces' wages have risen to 50 per cent. during the last 20 years, and the ice of food in normal years has not increased.

"The last five years previous to the present one have been years of prosperity in the istricts above mentioned; and if there has been any increase in the consumption of liquor in ese years it has been mainly attributable to that prosperity.

"There has been a very marked increase during the last four or five years in the expendi- re on the marriages of the labouring classes; such expenditure has materially increased e consumption of liquor. Country spirit, and not tari, is mainly drunk on these occasions."

Danger of accepting extreme statements made by particular witnesses in questions connected with drink.

14. In referring to the evidence of Mr. Metcalfe and Mr. Halliday, and of Mr. Hudson and Mr. Stevens, we desire to call attention to the danger of taking solated 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 any one who makes general assertions on the strength of a few instances 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. The Bengal Excise Commission made the following remarks in connection with this matter:—

"When a person testifies from his own experience to an increase of drinking among the people of his own village, or among his workpeople, or among any set of people with whom he has had close and intimate relations, and to the extent of such increase, the statement, if made by a competent and unprejudiced observer, may be implicitly relied on; but it is impossible to attach the same weight to a very large number of the statements to be found in the evidence taken by the Commission. A striking instance of this will be found in the evidence taken at Jamalpore, in the Monghyr district, by one of the members of the Commission. Statements were then made, undoubtedly in good faith, by several of the officials employed in the Railway workshops, which statements were afterwards contradicted or seriously modified in an authoritative way."

15. We have no doubt that both Mr. Halliday and Mr. Metcalfe, Mr. Hudson and Mr. Stevens, though differing widely in their evidence, merely gave expression to their genuine convictions. The evidence of these four gentlemen referred to the same portion of India, namely, Behar. Of the two official witnesses, Messrs. Halliday and Metcalfe, it may fairly be said that their experience was equally great. The same remark applies to the non-official witnesses, Messrs. Hudson and Stevens. Stronger evidence could hardly be produced of the danger of relying on the mere opinions of individual witnesses. It is unnecessary to pursue the matter farther, as the conflicting evidence refers to a state of things which, as we have already said, ceased to exist some years ago.

Alleged increase in the number of drunkards.

16. When definite statements such as those relating to the increase in numbers of liquor-shops or the sale of liquor at almost every hamlet are made.

we can at least test their accuracy if we cannot disprove them. But general and indefinite assertions are more difficult to meet. Of this class is the assertion of Mr. Smith that, "whereas ten years ago there were perhaps 10,000,000 of drinkers in India, we have now turned them into 20,000,000." Regarding this statement we must content ourselves with remarking that the figures are, both absolutely and relatively, purely imaginary, rest on no basis of statistics or accurate observation, cannot be tested in any way, and that it would probably be as correct to say that whereas ten years ago there were 20,000,000 of drunkards in India, their numbers have now been reduced to 10,000,000. We entirely disbelieve that the number of drunkards in British India, using the term drunkards in its ordinary acceptation, at all approaches the enormous total of 20,000,000. There has probably been some increase of drinking among the classes that have come under the influence of Western thought, and among those members of the lower classes who have been brought together in large bodies to work in factories and on railways, and who receive much higher wages than formerly, but these classes are after all only a fraction of the total population, and a stricter system of Excise and higher rates of duty have, as the Bombay Government observes, "exercised a most salutary effect in preventing the general drunkenness that formerly prevailed among the lower classes in certain districts." The same Government adds: "The change that has come over the notoriously drunken population of the Thana and Kolaba Collectorates since 1878 is remarkable."

We think it quite possible that the total number of drunkards in India has decreased in recent years, though, of course, an increase of drinking among the numerically small portion of the population in the Presidency towns that has received an English education attracts much more attention than a corresponding decrease among the lower, and more numerous, classes in remote districts.

Alleged untrustworthiness of Official evidence.

17. Mr. Smith also 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 India Planters as to the moral effects of the system." With reference to this charge we desire to observe that the officials in India have no pecuniary interest of any kind in encouraging drinking; and that the position of officials in this matter differs, *toto cœlo*, 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. The inapplicability of the comparison instituted by Mr. Smith is proved by another portion of his own statement. One of the strongest of the quotations made by him in support of his case was from the evidence of an official, Mr. Metcalfe. It is given in paragraph 11 of this Despatch. Another official, Mr. C. C. Stevens, Magistrate and Collector of the 24-Pergunnahs, stated in evidence before the Commission his belief from the information he could obtain that "drinking had increased among all the classes named in the questions circulated by the Commission except school-boys;" and he strongly condemned the Outstill system, and recommended the re-introduction of the

Central Distillery system in all but exceptional tracts where the circumstances are such as to render it impossible to work it. We need not multiply instances in which Government officials have recorded opinions against the system with which the pecuniary interests of the Government were supposed to be bound up. But we may state that of the 104 official witnesses examined by the Bengal Excise Commission, 56 gave evidence that drinking had increased under the Outstill system: most of these were of opinion that the increase was due partly or chiefly to the Outstill system: some of them recommended reversion to the Central Distillery system, others the better regulation of Outstills, while others did not propose any remedy for the evil. Even among those who did not believe that there had been an increase of drinking, some recommended on other grounds that Outstills should be displaced by Central Distilleries. We think that these figures disprove the assertion that our officers can no more be trusted in matters of Excise than could slave-owners in questions connected with slavery.

Alleged failure to carry out the recommendations of the Bengal Commission.

18. Mr. Smith also said: "Now, the Bengal Commission reported in favour of a reversal of the Outstill policy, and an attempt at reversal was made for a year or two; but as the revenue straightway fell off by ten lakhs the Government did not like it, and they gradually reverted to the old system." In this matter Mr. Smith has been misinformed. Since the Report of the Commission of 1883-84 was considered, the Bengal Government has been engaged in carrying out the recommendations of the Commission, as a reference to the yearly Excise Reports would have shown. Long before the date on which Mr. Smith made this statement the Central Distillery had been introduced in supersession of the Outstill system in every one of the places for which the Commission recommended this step, and the measures suggested by the Commission for the better control and regulations of outstills in places in which they considered that these should be maintained were being steadily brought into force. We desire to call special attention to this point, because Mr. Smith's confident assertions as to the Government having failed to carry out the recommendations of the Commission and the motive for its action being a desire to obtain revenue appear to have misled Your Lordship, and in Your Lordship's Despatch No. 67, dated 18th July 1889, it was assumed that the Government of Bengal had wavered in its expressed intention to carry out the recommendations of the Excise Commission in regard to the substitution of central distilleries for outstills, and a hope was expressed that the rate of reform in Bengal would be materially accelerated. The real facts of the case are fully explained in the Bengal letter No. E $\frac{34}{4}$ 13, dated 28th November 1889, enclosure No. (5) of this Despatch, and they have already been referred to above in paragraph 5. The Bengal Government is now going much beyond the recommendations of the Commission in the direction of abolishing the Outstill system. It is probable that Mr. Smith's misconception was due to the extension of the Outstill system in 1887-88 to a portion of the Hooghly-*cum*-Howrah district. This measure arose out of a recommendation of the Excise Commission, that two Central Distilleries in that district should be closed and that the location of a third should be changed. After careful inquiry, and in consideration of the fact that there was strong evidence of smuggling in the tracts affected, the extension of the Outstill system was held to be preferable. The results of this change were investigated very fully in 1888, by an officer, Mr. Westmacott, placed on special

duty for the purpose. The final result was that from 1st April 1889 the Outstill system was again abolished in that district.

19. Apart from the question of the general inaccuracy of Mr. Smith's assertion regarding the action of the Bengal Government, the figures of the Excise Revenue show that there was not a decrease of ten lakhs which could by any possibility be due to the adoption of the recommendations of the Excise Commission. The Excise Receipts in Lower Bengal were in—

	Rx.
1883-84	1,042,539
1884-85	1,005,222
1885-86	958,469
1886-87	1,012,583

The Report of the Commission was laid before the Government of Bengal in September 1884. Orders were issued in the following month to carry out some of the recommendations; but as the contracts for the year had been made in the previous March, effect could not be given to those orders till the following year; and the first steps in the direction of substituting Central Distilleries for Outstills had effect from 1st April 1885. Consequently the decrease of revenue of the year 1884-85 as compared with 1883-84 had no connection with the adoption of the recommendations of the Commission. The decrease in 1885-86 was Rx. 46,753, or less than five lakhs. In 1886-87 the revenue again rose above the figure of either of the two previous years, although in that year Central Distilleries were substituted for Outstills in some more districts.

Assertion that there is no risk of illicit distillation.

20. The supporters of the Resolution adopted by the House of Commons attempted to minimise the risk of illicit distillation in India. Mr. Smith remarked that illicit drinking was "a mere bugbear, an excuse to salve the consciences of the British people, an easy way to throw dust in the eyes of inquirers;" and Sir William Harcourt remarked that "illicit distillation generally exists where the sympathy of the people is with drink, and not where it is against it." The following extracts throw light on this portion of the question:—

Extract from a memorandum by the Chief Commissioner of Assam.

"The preparation of rice-beer presents no more difficulty than the infusion of a pot of tea, and has this additional facility that, whereas tea, under the circumstances in which we most know it, is an imported product, which has to be purchased, rice is the staple food of the country, and, being cultivated and stored in large quantities, every Kachari and every Miri has it always at hand. The mode of preparation is to steep rice in water for two or three days, then boil it with certain herbs, which act as a yeast, and the result is beer. It is rarely sold, each person manufacturing his own supply, and borrowing from his neighbour if he falls short" . . . . . .

"Pachwai is manufactured so simply that the process is only a little more complicated than the preparation of rice for ordinary meals or the brewing of a pot of tea" . . . . .

"It should be noted that the rice-beer is sometimes made to undergo a further process of distillation, and the distillate is called phatika. It is almost as cheaply and simply made as the rice-beer itself: take two earthenware pots; in one of them put the rice-beer, and on the top of it stand the other pot, first knocking a hole in the bottom of it. Stand a saucer on the bottom of the higher pot, and stop the mouth of this pot with a vessel made in the shape of an inverted cone and filled with cold water. Now set the whole thing on a fire. The fumes rise, through the hole, into the upper jar, are condensed against the cold inverted cone, and drop into the saucer in the form of spirits" . . . . . .

"If people want to obtain spirits, they can do so either by getting smuggled spirit from the hills, or by brewing and distilling for themselves by methods with which they are quite familiar, and which are very cheaply and easily available."

Extract from a Minute forwarded by the Government of Bombay.

"When licit markets for toddy were opened in all directions, and tappers were allowed to take or send their toddy to any shop or distillery they pleased, the transport regulations broke down, and any one who wanted toddy for illicit distillation was able to carry it where he pleased on the plea that he was conveying it to some shop or distillery. How greatly the facilities for illicit distillation were thus increased will be understood when it is remembered that any pot of fermented toddy can be converted into a ready-charged still, and that distillation can be set going anywhere within the space of less than five minutes. All the apparatus necessary, besides the pot of toddy, is an earthen saucer and a little wet earth wherewith to close tightly the mouth of the pot, and a small bowl to be placed floating on the surface of the toddy in the pot. If a pot of fermented toddy thus treated is set to boil, and the saucer closing its mouth is kept cool by pouring water on it, the spirit given off from the boiling toddy in the shape of steam is condensed on the under-side of the saucer, and drips from the saucer into the bowl floating on the toddy ready to receive it. Two or three bottles of strong spirit can thus be made in a couple of hours from an ordinary sized pot of toddy. Distillation of this kind can be carried on anywhere, in the houses, or in the fields, or in the jungles; wood and water are plentiful in all these coast talukas. It was the custom of the whole country-side to make toddy spirit in this primitive fashion before reforms were taken in hand in 1887-78. In those days such stills were in almost daily use in every village and hamlet of the toddy-producing tracts."

Other passages bearing on this question are quoted in paragraph 70 (4) of this Despatch and in Appendix C. Passages to the same effect will also be found in Appendix L. The extracts quoted at the end of Appendix C show how prevalent illicit distillation is in the Punjab, a province in which the rates of duty are specially high. We would also refer to the experiment in Thana and Kolaba, described in the memorandum printed in Appendix E, as an instance in which the prevalence of illicit distillation, immediately following on an attempted increase in the rates of duty, led to a complete breakdown of the system.

21. There is no room for doubt that illicit distillation prevails in many parts of India, that it is easily carried on, and difficult to detect. The tendency to illicit distillation forms a very real and, at a certain point, an insurmountable obstacle in the way of raising the price of liquor by imposing a heavy duty on it. In some places, the sympathy of the people is distinctly on the side of illicit distillation, and we are not aware of a single instance in which zeal for the cause of temperance has led to the discovery of unlawful practices. In such a matter experience is a safer guide than theory. The Bengal Excise Commission was composed of two Natives of India and two Europeans who had spent the greater portion of their lives in Bengal, and who were intimately acquainted with the country. They visited 27 Bengal districts; personally inspected 216 Outstills and 9 Central Distilleries; and examined 320 witnesses either orally or by written questions. They had no other duties to perform, and though their inquiry began in November 1883 they did not finish their labours till August 1884. Their report and the record of the evidence and proceedings fill two bulky volumes aggregating 643 quarto pages of closely printed matter. The inquiry and report may fairly be characterized as exhaustive, and we have never heard that the perfect fairness of the inquiry or the impartiality of the members of the Commission has been impugned. One of the members was Babu Krishna Behari Sen, a brother of Babu Keshub Chunder Sen, referred to in paragraph 7 of this Despatch, himself also a zealous social reformer. On the question of the sympathy of the people with illicit distillation this Commission reported unanimously in the following terms:—

"But, as a general rule, illicit spirit was distilled in small quantities and in the inner rooms of the houses or in the jungles. In the latter case, detection could only be the result of

accident. In the former, no matter how active detective officers may be, they can do little unless they are supported by the fellow-villagers of the offenders; but it is notorious that excisemen cannot look for such support or aid. The sympathy of the people is entirely with the illicit distiller and the smuggler, who, as one of the witnesses expressed it, is always sure of his safety, impunity, and the friendship of his neighbours. He is sure that his neighbours will not betray him; and in case he is spotted by an outsider, the neighbours will never turn evidence against him."

Alleged statements of Mr. Lallubhai Gordhandas.

22. In connection with the question of illicit distillation Mr. Caine quoted the authority of an official who is intimately acquainted with the Excise administration of Bombay. Mr. Caine said:—

"Sir David Barbour is wisely silent with regard to Bombay. I will not be silent. While I was in Bombay I had a visit from Lallubhai Gordhandas, General Assistant in the Abkari Department. I had a long conversation with that gentleman. I made careful notes of it and read them over to him with some care, and he admitted that they accurately represented what he said. His statements were (I quote from my notes): 'Throughout the Presidency there is no illicit distillation whatever for sale. There may be a little prevalent where there are many toddy or mowra trees, for private consumption only. We have got Mr. Pritchard's system well in hand, and illicit distillation is now reduced to a minimum.'"

23. The statement of the official named, with reference to this remark, will be found among the enclosures of the letter from the Government of Bombay, enclosure No. (6) of this Despatch. From that statement it will be seen that Mr. Caine misunderstood what Mr. Lallubhai Gordhandas said: Mr. Lallubhai Gordhandas denies having used the words attributed to him by Mr. Caine regarding illicit distillation: the words he did use bear a very different meaning. Mr. Caine's memory has apparently also deceived him in leading him to say that he showed the notes of the conversation to Mr. Lallubhai Gordhandas, and that the latter admitted that the notes accurately represented what he had said. Mr. Lallubhai explicitly contradicts these assertions. The other enclosures of the Bombay letter furnish abundant proof of the incorrectness of the assertion that "throughout the" (Bombay) "Presidency there is no illicit distillation whatever for sale." Mr. Caine does not appear to have mentioned that Mr. Lallubhai Gordhandas told him that "the charge against the collectors" (of stimulating consumption by opening new shops) "was entirely groundless and opposed to facts"; "that his own observations and enquiry during his recent tours in Gujarat had inclined him to the opinion that, under the operation of the new abkari system and administration, the habit of liquor-drinking was unquestionably decreasing among the poorer classes and semi-wild tribes," and that he strongly cautioned Mr. Caine "against the fallacy of drawing general conclusions from isolated facts." Mr. Lallubhai Gordhandas's fairness, in the opinion he formed about an increase or decrease in the habit of drinking, is shown by his having stated that "indications of an extension of that habit among some of the middle and upper classes were perceptible," adding "that for this increase the Abkari Department was in no way responsible."

Fallacy of arguments based on increase of revenue in recent years.

24. Throughout the Debate there are frequent references to the increase of Excise Revenue in India in recent years as affording evidence of an increase of consumption. This question also was considered by the Bengal Excise Commission which remarked as follows:—

"Conclusions regarding the increase in the number of consumers drawn from revenue statistics are equally misleading. An increase in revenue in any given district or part of

district does not necessarily indicate increase either in the amount of spirit consumed or in the number of consumers; and in like manner a decrease in the revenue does not prove that consumption is decreasing. Any improvement in the administration which leads to the taxation of spirit previously consumed free of duty must cause a corresponding increase of revenue without any necessary increase of consumption. Thus since the duty, which, as has been shown in a previous section, used to be divided between the darogahs and the distillers, has been recovered by the Government, there has been an increase in the revenue to the extent of the previous frauds, but no increase in consumption. On the other hand, there has been an undoubted and most serious increase in the consumption of spirit of recent years in some places, such as the urban parts of the Patna and Monghyr districts, where the revenue has actually decreased in spite of the increased consumption.

"A consideration of facts like these has convinced the Commission that it would not be safe to accept the revenue figures by themselves as the basis of any calculation."

25. The facts connected with the consumption of ganja in Bengal afford a striking illustration of the danger of assuming that an increase of revenue can safely be taken as proof that consumption has increased. We quote the following passage from the Financial Statement for 1889-90:—

"The following statement shows the number of shops licensed for the sale of ganja, the quantity of ganja consumed, the total revenue, and the incidence of taxation per seer for every year from 1868-69 to 1887-88:—

Year.	Number of shops.	Consumption in maunds.	Total revenue.	Taxation per seer.
			Rx.	R
1868-69	4,073	8,442	89,524	2·6
1869-70	4,437	8,667	92,521	2·6
1870-71	4,749	9,682	103,251	2·6
1871-72	4,934	9,972	106 275	2·6
1872-73	4,694	8,593	110,028	3·2
1873-74	4,398	8,125	107,785	3·3
1874-75	4,394	7,830	105,818	3·3
1875-76	3,340	7,389	112,035	3·7
1876-77	3,130	7,458	119,711	4·0
1877-78	3,247	8,197	138,566	4·2
1878-79	3,244	5,460	134,555	6·1
1879-80	3,210	5,137	129,016	6·2
1880-81	3,411	5,600	145,467	6·4
1881-82	3,488	6,431	171,379	6·6
1882-83	3,271	5,646	186,050	8·2
1883-84	3,298	5,881	197,371	8·3
1884-85	3,196	5,798	198,760	9·0
1885-86	3,033	5,717	194,662	8·5
1886-87	3,046	6,264	207,567	8·2
1887-88	2,949	6,550	224,497	8·5

"Notwithstanding the large increase of population which must have taken place between 1868-69 and 1887-88, the number of shops for the sale of ganja has decreased by more than 27 per cent., and the consumption by more than 22 per cent., while simultaneously the revenue has increased by more than 150 per cent., and the incidence of taxation per seer has increased by more than 226 per cent."

26. In the period during which the Excise Revenue has increased there

has been a large increase in other branches of revenue. For example, the Stamp Revenue has increased between 1871-72 and 1888-89 from Rx. 2,476,333 to Rx. 3,927,088, or by about 59 per cent. The increase of Excise Revenue (including for the present purpose the receipts from the duty on imported wine, spirits, and beer), is much greater, being from Rx. 2,605,227 to Rx. 5,253,629, or by about 101 per cent. But the Excise Revenue has increased, not merely by ordinary growth, but also owing to the adoption of stricter systems and the steady raising of the rate of duty whenever it was possible to do so. The duty on imported spirits during the period in question has been raised from R3 per gallon L. P. to R5 L. P., or by 66 per cent, and in Appendix F will be found a statement showing the increases in the rates of duty on country spirit in recent years: the figures there given show that there has been a steadily increasing use of the form of discouragement of drinking which effects its object by increasing the duty and thus raising the price of liquor. The only exceptions are in the case of the North-Western Provinces and Oudh, where it was found necessary to reduce the high rates introduced experimentally on the first introduction of the Central Distillery system in 1860-63.

27. A large portion of the increase which has occurred in the Excise Revenue is due to the general prosperity which India has enjoyed for many years. The wage-earning classes have obtained more regular employment on the large works which have been constructed in the last thirty years, and their wages have in many cases been materially increased: the construction of Rail ways has improved the condition of the lower classes in most parts of India, an they have consequently been in a better position to indulge their taste fo drink than they formerly were. It is these classes that chiefly consume coun try liquor; and in India, as in England, an increase of the Excise Revenue i any year is an indication that the year has been a prosperous one. Th following extract from a statement by the Dewan of Mysore will show th similar causes are producing similar results in that State:—

"Excluding, therefore, this increase from consideration, we still find a further and conside able increase common to both arrack and toddy, which we can only attribute to increased co sumption. In my opinion, it is the result of prosperous seasons and good crops and of t very great rise in the wages of labour which has taken place within the last few years. Wi extensive railway works between Gubbi and Harihar, with the large expansion of the go industry in Kolar, and with public works of all kinds employing large numbers of coolies every part of the province, the demand for labour has for some time past been far in excess the supply, and led to the importation of a large miscellaneous class of labourers from outsi the province. The high wages earned by labourers of this class, as well as by those of t province, account in my opinion for a great part of the increased consumption of both arr and toddy."

28. In this connection we desire to refer to the import of spirits into In by sea, the increase in which was alluded to in the Debate as part of t indictment against the policy of the Government of India. In respect of t portion of the liquor traffic no accusation of stimulating consumption by Outstill or Farming system, or by imposing a minimum guarantee, can brought against any Province, for no such system is, or ever has been, appl in the case of imported liquor. Such liquor is practically dealt with in the sa way as liquor in England, except that the number of shops is very limi The consumption of imported liquor could therefore only have been stimula by reducing the rate of duty. The rate of duty has not been reduced, but on the contrary, been increased twice within the last twenty years.

29. We give below a table showing the imports of spirit for each year since 1870, the rate of duty per gallon, and the amount of duty realised:—

Importation of Spirits into British India by Sea from Foreign Countries.

During	Quantity.	Amount of Customs duty realised.	Rate of duty per gallon of London proof.
	Gallons.	Rx.	R
1870-71	461,323	184,309	
1871-72	671,626	167,417	
1872-73	723,609	184,068	3
1873-74	608,824	193,261	
1874-75	674,987	215,240	
1875-76	704,874	225,667	
1876-77	654,527	255,128	
1877-78	737,714	275,983	
1878-79	692,384	286,847	
1879-80	814,334	321,846	
1880-81	848,238	307,905	4
1881-82	842,739	337,497	
1882-83	949,169	353,624	
1883-84	894,420	355,210	
1884-85	857,970	344,993	
1885-86	936,984	363,075	
1886-87	1,064,386	429,708	
1887-88	1,084,487	462,935	5
1888-89	1,119,367	482,854	

30. It will be seen that in 18 years the rate of duty has been increased by 66 per cent., and that, nevertheless, the quantity consumed has increased by 142 per cent. and the revenue by 161 per cent. The fact that the rate of increase of revenue is not proportionate to the increase in quantity and in duty is an indication that the spirits now imported contain on an average less alcohol per gallon than in former years. In quantity of pure alcohol imported the increase is about 50 per cent. The increase of the Excise Revenue proper, *i.e.*, excluding the duty on imported wines, spirits, and beer, between 1870-71 and 1888-89 has been from Rx. 2,374,465 to Rx. 4,705,346, or an increase of 98 per cent., against one of 161 per cent. in the case of imported spirit.

31. The figures we have just given show clearly that an increase in the revenue derived from excise or even in the quantity of liquor consumed does not necessarily indicate any relaxation of the restriction on the liquor trade. We have adopted what is admitted to be the most efficacious means of restricting the consumption of imported spirits by imposing a high duty and raising the rate from time to time. The imports have, nevertheless, increased; and the increase has been greater, proportionately, than that of the Excise Revenue proper. We believe that a portion of this increase is due to the higher rates of duty gradually imposed on spirit manufactured in the country which have made it possible for imported spirit to compete in some places with country spirit. If we are correct in this conclusion, there cannot have been any stimulus of the sale of country spirit by reducing the cost at which it may be procured. But apart from that, the point we wish to bring out is that the fact of an increase having taken place in a similar branch of revenue where we have admittedly adopted the best possible means of restricting consumption is sufficient to show that a mere increase in the Excise revenue is not a ground for condemning our Excise administration.

Mr. Caine's statement regarding the increase of consumption of liquor in Bombay.

32. After the passage in his speech quoted in paragraph 22, Mr. Caine proceeded as follows :—

"The system has now been in good working order for ten years, and what are the results? In 1882 the consumption of ardent spirits in the Bombay Presidency was two millions of gallons, and in 1886 it had risen to 2,750,000 gallons, these being the latest available figures. There was thus a net increase of 40 per cent. in four years, which means that it would double itself in ten years. We are asked to believe that this increase is due to the change from illicit to licit consumption."

A reference to paragraphs 8 to 16 of the memorandum of the Commissioner of Abkari, appended to the Bombay Government's letter of 6th December will show that Mr. Caine has exaggerated the increase of consumption of liquor in the period he deals with. His figures do not represent the consumption of ardent spirits in the Bombay Presidency either in 1882 or in 1886. He has, apparently—his figures cannot be traced in the Excise Reports—, compared the consumption of a smaller number of districts at the beginning of the period with that of a large number at the end of it, and thence deduces an increase in consumption of 40 per cent. in four years. It is shown in the memorandum mentioned that, if figures which are rightly comparable are taken, the increase was 10 per cent. only: and it is claimed that of this the larger portion was due to the measures which had reduced smuggling from Native States and illicit distillation. We do not charge Mr. Caine with intentional misrepresentation: his mistake was no doubt made in ignorance, and was due to his imperfect acquaintance with the facts; but we would strongly urge that statements of this sort made in Parliament, where they cannot be contradicted at the time, should not be accepted as evidence sufficient to justify what is practically a vote of censure on the Excise administration of the Government of India.

Mr. Caine's statements in regard to the Revenue from Foreign liquor in Bombay.

33. Mr. Caine next gave figures showing the increase in revenue in the Bombay Presidency from (1) foreign liquors, (2) country spirits, and (3) drugs: he quoted average figures for the five years ending in 1877 and in 1882 and the figures of each year from 1883 to 1888.

The figures given for foreign liquors by Mr. Caine represent merely the fees payable on account of licenses for the retail sale of such liquors, and not the duty, and have only the most remote connection with the quantity of liquor consumed; with this important qualification, the figures are correct. But the increase of Rx. 1,600 in the five years ending 1882, as compared with those ending 1877, is almost entirely accounted for by the fact that in the earlier period the receipts in the city of Bombay averaging Rx. 1,300 were credited to the Municipality, and therefore not included in the Public revenue, whereas those receipts were in all, except the first year of the later period, credited to the Government. Mr. Caine has, therefore, inadvertently shown the increase of revenue at four or five times the real amount.

The omission of the Bombay City receipts in one of the five years ending 1882 vitiates the average of that period for comparison with later years, and there was no appreciable increase up to 1883-84.

After that year there was a considerable rise, correctly stated by Mr. Caine.

There was, however, a reduction in the number of shops from 393 in 1883-84 to 343 in 1884-85, and the increase in revenue was entirely due to a very considerable raising of the license fees for shops. Further comment on such figures, and the use made of them, is unnecessary.

Mr. Caine's statements in regard to Revenue from country spirit in Bombay.

34. For country spirits Mr. Caine gives what he states to be the revenue derived from "spirit manufactured at the Government distilleries." His figures are inaccurate, as is shown in the memorandum* by the Bombay Commissioner of Abkari. The increase which has occurred in the revenue from the still-head duty on spirits manufactured at the central distilleries in Bombay is mainly due, as stated by the Government of Bombay,—

(*a*) to the extension year by year of the Central Distillery system to districts in which the Farming system had before been in force;

(*b*) to the raising of the rates of duty, of which the Commissioner gives a few striking instances in his memorandum and full details in the appendix; and

(*c*) to the absorption of Native States into the system under the management of the Bombay Excise Department.

Mr. Caine's statement in regard to Revenue from drugs in Bombay.

35. In stating the revenue derived from drugs Mr. Caine has omitted to mention, no doubt because he was ignorant of the fact, that, in the period for which he gives figures, duty on import, export, and transport of drugs was added to the taxation previously imposed. The figures for the different periods are not, therefore, comparable.

Mr. Caine's remarks on the increased consumption of beer.

36. Mr. Caine made the following remarks concerning beer :—

"There was also an increase of 60 per cent. in the imports of malt liquors in the three years. Furthermore, there is, all over India, a steadily increasing manufacture of beer, strong in alcohol, on which no duty is paid. All the increased consumption is Native and not English. The English population is more sober and abstemious than in times past, and its consumption of liquor has certainly not increased. We have now 15,000 teetotallers in the Indian Army, and the evidence goes to show that a decreasing amount of liquor is consumed by our soldiers."

In the above statement there are one or two slight inaccuracies of fact which we need not specially notice, but the statement that no Excise duty is paid is true generally of beer manufactured in British India after the European method.

37. Within the last fifteen years—the manufacture of beer in India is of recent date—the propriety of levying an Excise duty on beer has several times been considered by the Government of India. The conclusion arrived at on each of those occasions was that it was undoubtedly right that a duty equal to that imposed on imported beer should be levied, but that the amount of beer manufactured in India was as yet so small that it was not worth while to undertake legislation for this purpose and to incur the cost of collection: if duty had been payable in 1888 at one anna a gallon, the amount of revenue would only have been Rx. 4,500, and from this must have been deducted the cost of collection. The levy of duty was, therefore, not finally negatived, but postponed until the manufacture of beer in India should assume larger proportions.

* Paragraphs 21 and 22, on page 27 of the enclosures.

38. The table below furnishes information regarding the consumption of beer in India since 1877—

Year.	Beer manufactured in India.	Imported Beer		Total.	Consumption.		
		For general consumption.	For consumption by Troops.		By Troops.		By others than Troops.
					Indian Beer.	Imported Beer.	
	Gallons.	Gallons.*	Gallons.*	Gallons.	Gallons.	Gallons.*	Gallons.
1877	2,164,048	1,328,077	3,123,128	6,615,253	954,933	3,123,128	2,537,192
1878	1,522,769	1,089,211	1,965,222	4,577,202	869,270	1,965,222	1,742,710
1879	1,569,026	1,065,347	2,156,325	4,790,698	872,296	2,156,325	1,762,077
1880	1,974,578	1,152,978	1,695,959	4,823,215	1,298,773	1,695,959	1,828,483
1881	2,448,711	1,199,395	1,708,596	5,356,702	1,764,927	1,708,596	1,883,179
1882	2,594,667	1,170,554	1,486,234	5,251,455	1,699,914	1,486,234	2,065,307
1883	2,597,298	1,261,444	1,906,520	5,765,262	2,027,169	1,906,520	1,831,573
1884	2,778,680	1,066,913	1,505,062	5,350,655	2,030,499	1,505,062	1,815,094
1885	3,150,342	1,299,408	375,396	4,825,146	2,266,801	375,396	2,182,949
1886	4,403,638	1,715,638	152,064	6,271,340	3,339,361	152,064	2,779,915
1887	5,085,030	2,138,518	387,788	7,611,336	4,178,658	387,788	3,044,890
1888	5,352,191	2,398,580	415,816	8,166,587	4,628,175	415,816	3,122,596

* Official years.

39. These figures do not bear out the assertion that the increased consumption of beer "is Native and not English." The consumption of beer by the British troops in India has increased. This is not necessarily inconsistent with Mr. Caine's assertion that the British soldier is more temperate than formerly, as the quantity of beer supplied to the British soldier by the canteens only represents a portion of the total consumption of liquor by the army, and there has been an increase in the number of the troops from 60,000 to 70,000, dating from 1885; there has also been a marked decrease in the consumption of spirits by British soldiers. Moreover, the consumption by the general population, shown in column 8 of the table, is not consumption by Natives of India only; Natives of India as a rule do not drink beer made after the European method, but there is a considerable and increasing European and Eurasian population in India; and increase in the consumption of beer by the general population is almost entirely confined to these classes. The number of Europeans in India was—

In 1871	121,147
In 1881	142,612
Increase	21,462

As the number of British troops was not increased between 1871 and 1881 the whole of this increase occurred among the European general population; and undoubtedly there has been a further increase since 1881 when the last census was taken. The census returns do not show separately the numbers of the Eurasian population; but there is no reason to doubt that this section of the population has also increased. A great part of the increase of consumption of beer must be due to the mere numerical increase in the European and Eurasian population. Mr. Caine's assertion that the whole of the increase in the consumption of beer is due to increased consumption by Natives is, as nearly as may be, the exact opposite of the facts.

40. On a consideration of the figures showing the amount of beer manufactured in India contained in the above table, we some time ago formed the opinion that the production has so increased as to make it worth while to impose an Excise duty. And in our Despatch No. 327, dated 15th October 1889, we proposed the levy of duty at the same rate as is levied on imported beer. Of this Your Lordship has since approved.

Additional liquor shops in Ahmedabad.

41. Mr. Caine made a charge regarding the opening of additional shops in the Ahmedabad District in the following words:—

"I read in this last report, 1886-87—

"'There were 102 spirit shops in the Ahmedabad district in the year 1884-85. Out of this number 19 shops were closed in the following year for want of custom. But during the year under report it was found necessary to re-open 11 of them.'

"Another paragraph in the same report gives the explanation of this remarkable operation:—

"'During the three years for which the farms were sold the farmer was not able to sell the full quantities of spirit removed by him from the distilleries under his minimum guarantee. So to enable him to do so, and keep up the revenue, 11 shops had to be re-opened.' During these four years under review in these paragraphs the spirit issued from the Ahmedabad Distillery to this farmer who required 11 shops to be re-opened was as follows:—48,000 gallons, 57,000 gallons, 33,000 gallons, 69,000 gallons. The maximum of revenue is undoubtedly secured, the minimum of consumption is secured by an increase from 48,000 to 69,000 gallons, an increase of 45 per cent. in four years."

42. The reason why so large a number of shops as 102 was allowed in Ahmedabad was that a part of the district interlaces with territory belonging to the Gaikwar of Baroda (the Chief who is said to have expressed to Mr. Caine his wish to enforce total prohibition if he were permitted), and that in the Gaikwar's territory the facilities for obtaining liquor were greater and the price of liquor much lower than in Ahmedabad; in consequence it was necessary to allow an unusually large number of shops with the view of preventing smuggling from the foreign territory. The facilities for obtaining smuggled liquor were, however, so great that the farmer gave up for a time the attempt to compete with the Baroda farmers, and asked that nineteen of the shops should be closed, hoping that the negociations then in contemplation for the introduction of a stricter system in the Gaikwar's territory would put an end to the illicit practices. As these negociations were prolonged the farmer asked that eleven of the shops might be re-opened in order that he might recover a portion of the custom in British territory which he had been compelled to relinquish to his rivals in Baroda. This was allowed. But when, in July 1888, the negociations with Baroda were brought to a successful issue, these eleven shops were again closed.

Alleged increase of shops in the North-Western Provinces and Oudh.

43. After referring to the increase of shops in Ahmedabad, Mr. Caine proceeded to make similar charges regarding several districts in the North-Western Provinces and Oudh, and quoted extracts from the Excise Reports of that Province. The Government of the North-Western Provinces and Oudh, in the letter which is appended to this Despatch, enclosure No. (12), deals in succession with each of those charges. We need not refer to them in detail; but merely remark that in our opinion it is shewn that if Mr. Caine had referred to the context of the reports from which he culled his passages, if he had even quoted in full all those he selected, and if he had stated the explanations of the various facts he brings to notice contained in the reports and in the orders of the Board of Revenue and the Local Government on them, the facts would have borne a different complexion from that which he put upon them.

44. The "standard" number of shops in proportion to population, mentioned in Mr. Caine's quotations, was laid down only as a general standard for comparison to assist Collectors in determining the appropriate number of shops

for their districts, because it had been found that the proportion of shops in different districts varied in a manner which appeared to be capricious. This standard had for its object, wherever it was to be used with the effect of increasing the number of shops, the displacing of illicit by licit consumption; and it was applied as frequently to the reduction of the number of shops as to their increase. The real facts are obvious from the Excise Reports and the orders passed by Government thereon.

We reproduce here the remarks of the North-Western Provinces Government on one of Mr. Caine's quotations, in which the standard number of shops was mentioned :—

"The passage referred to is paragraph 32 of the Report of the Commissioner of Excise for 1885-86, which runs as follows (the italics are not in the report) :—

"'*Etawah.*—The number of shops has increased from 53 to 67. There are 5 shops in the Municipality which are reported to be sufficient. In the village tracts the number is still far below the Government standard; *there is only one shop to 10,368 of population, or one in 23·6 square miles.* Efforts are being made to bring the number of shops up to the prescribed standard. Besides the 67 shops now opened, licenses were granted for others; but they were withdrawn when it was found that no liquor was sold at these shops.'

"Here, again, the words 'there is only one shop to 10,368 of population, or one in 23·6 square miles' have been omitted, with an object, obviously, similar to that which led to the omission of the words indicated in the preceding paragraph. A maximum standard having been prescribed by the Government with the object of adopting precautions against the consumption of unexcised liquor, the intention in this passage was to explain how and why this standard was not worked up to. The aim of the writer was not to draw the attention of the Government to the fact that he had increased the number of shops; but to explain that, although he had increased them, the circumstances of the district do not admit of the adoption of a standard prescribing a higher maximum as a safe guide. Incidentally he discloses, what Mr. Caine was careful to conceal from the House, that there is one shop only to more than 10,000 persons, and to every 23·6 square miles. From paragraph 15 of this letter will be seen more fully what are the circumstances of the district."

Since 1883-84 the number of shops for the sale of distilled liquor of all kinds in the North-Western Provinces and Oudh has been reduced by 1,523. This is conclusive proof that in recent years there has been no attempt to unduly increase the number of shops.

The liquor shop in Backergunge.

45. Mr. Caine in his speech during the Debate made a charge against the uthorities of a district in Bengal in the following words :—

"In the district of Backergunge, in Bengal, a religious fair is held every year. For som years past a liquor shop has been established there. The agent of one of the excellent an useful associations which are springing up all over India, watching the actions of Government called upon the zemindar who owned the land and urged him to refuse to supply land for th liquor-shops any longer. He refused accordingly: but the Collector, Mr. Clay, of Backer gunge, dropped on the zemindar at once, and wrote to him asking for an explanation. Th zemindar called and explained, and two more letters followed, both of which I will read: th first is addressed to Chunder Dass, farmer of corn, spirit, and drugs, Lakutia :—

"'In accordance with the order of the Collector passed to-day, you are directed to ope your shop as usual at the aforesaid mêla. A copy of this order is sent to the proprietors o that mêla, so that they may present to the Collector any objection, if they have any, to th opening of the aforesaid shop at the mêla—G. C. Dutt, Excise Deputy Collector.'

"The same gentleman, a Mr. Dutt, writes to Baboo Behari Lal Roy and two othe zemindars—

"'As a person named Parna Chunder Das, *for a fee of 75 rupees*, got a license for settin up a shop for the sale of wines, ganja, and opium at your Lakutia mêla, and you did not allo him place to open his shop then, an order was issued on him to open his shop, and a copy c that order served on you that you may present to the Collector your objections, if you hav any, to give him land for this purpose. Up to this day you have presented no objection an

given him no land for his shop. You are ordered to show cause before the Collector within two days why that shop should not be set up at your mêla.'

"What does this mean? These men are anxious to have their religious festival conducted decently and in order, and this Revenue official comes down upon them like a thousand of bricks, because of the shop not being opened. Just suppose for one moment a similar case in England."

The inference to be drawn from this statement is that undue pressure was put on the zemindar to induce him to give a site for a liquor-shop.

46. We will state the real facts of the case in connection with this shop. A fair is held every year in November at Lakutia. This fair is not a religious fair in any proper sense of the term. Like most, if not all, of the great fairs of India, it is held at the time of a religious festival, but is practically a fair for secular purposes. For more than twenty years a shop for the sale of liquor had been each year opened at the fair. Neither the proprietors nor any one else had ever raised any objection to the opening of the shop till 1888; no complaint was ever made of drunkenness at the fair, and the proprietors had always willingly granted a site for the shop. In November 1888 the right to open the shop was sold in ordinary course. When the purchaser went to open the shop a site was refused him and he reported this to the Deputy Collector. This was the first information the Excise authorities had of the change of view of the proprietors. As the reason of the change was not known a courteous letter was written on the 19th November by the Deputy Collector to the proprietors. Of that letter Mr. Caine has given a translation: the following is a full and exact translation, from which it will be seen that the tone of it is very different from what Mr. Caine believed it to be.

"To the Hon'ble Rakhal Chandra Ray, the Hon'ble Behari Lal Ray, and the Hon'ble Pyari Lal Ray Choudhuri—As a man, by name Purno Chandra Das, has taken the settlement at fees ₹75 of the ganja, opium, and spirit shops in your Honors' Lakutia fair, and as your Honors have not given him a site for the shop, an order (or permission) was given him for opening the shop, and a copy of the order (or permission) was sent to your Honors, so that your Honors might represent before the Collector any objection you have to granting a site, but up to the present your Honors have not represented any objection. Therefore it is now *written* (not ordered) to your Honors that you may within two days represent to the Collector the reason why the shop should not be opened."

When that letter was written by the Deputy Collector, the Collector had no knowledge of the fact that an objection had been raised to the opening of the shop. Mr. Caine was misinformed when he said that the letter quoted was written after the Collector's correspondence and interviews with the proprietor. The next day the proprietor wrote to the Collector that in order to check drunkenness he was not inclined to allow a liquor-shop to be opened at the fair. The Collector inquired why objection was raised then for the first time, as there had been none in former years. The proprietor on the 21st November wrote explaining his reasons at length. On receipt of his letter the Collector gave instructions that the shop should not be opened; and the shop was not opened.

47. This incident is a striking illustration of the disadvantage at which the Government of India is placed when its policy is discussed in England. The inaccurate version of the facts which was furnished by Mr. Caine was no doubt accepted as correct in the House of Commons. The true facts cannot be made known till this Despatch reaches Your Lordship.

The Opium shop in Lucknow.

48. In the Debate a description by Mr. Caine of a visit paid by him to an

opium shop in Lucknow was quoted. We accept Mr. Caine's words as a substantially correct, though highly coloured, description of what he saw; and we regret, as much as Mr. Caine and Mr. Smith, that the habits of any class of the people, however small, should be such as to lead to what Mr. Caine saw. The women whom Mr. Caine saw would be persons who were, or had been, leading a life of open immorality, and we believe that if the haunts of the dregs of the population in any great city are examined scenes of vice, misery, and excess will be found, and that Lucknow is not an exception to the general rule. We have done what we believed to be practicable and expedient in the direction of discouraging the smoking of opium and its preparations by imposing a heavy duty on it, and by reducing the number of shops licensed for smoking. The papers forwarded by the North-Western Provinces Government, enclosure No. (13) of this Despatch, show that the habit of opium-smoking was much more prevalent in Lucknow in the time of the Kings of Oudh than it is now. The number of shops licensed for opium-smoking has been steadily and persistently reduced till the number is now as low as is consistent with refraining from attempting the impossible task of absolutely preventing the smoking of opium. The number of shops for opium-smoking in the Lucknow District was—

In 1870	50
„ 1874	20
„ 1883	12
„ 1885	6
„ 1887	3
for 1890	2

Alleged wish of the Gaikwar of Baroda to prohibit the consumption of liquor.

49. In his speech Sir John Gorst remarked that there was not a singl Native State where total prohibition is effected or indeed attempted to be carrie out; and Mr. Caine thereon interpolated: "The Gaikwar of Baroda would d so to-morrow if he were permitted. He told me so."

We cannot, of course, say what the Gaikwar's personal wishes may b until he has directly or indirectly indicated them to us. But in the records o our Foreign Department there is nothing to show that the Gaikwar has ev shown any desire to abolish the liquor shops in his territory; and we have ascertained from the Resident at Baroda that the Durbar has never expressed a desire to adopt measures of total prohibition in respect of the liquor trade in the Baroda State.

50. That the wishes of the Gaikwar, as stated to Mr. Caine, if the statement was not merely a form of politeness misunderstood by Mr. Caine, were of very recent origin, our knowledge of the history of the Excise arrangements in Baroda proves conclusively. The Bombay Government in introducing the reforms of the last ten or twelve years—which may be generally described as the abolition of the Farming system, the introduction in its stead of a system under which a fixed duty is levied on each gallon of liquor, and the increase of the price of liquor by raising, from time to time, the rate of duty, coupled with strong preventive measures against illicit distillation and sale—encountered more difficulty in Gujarat than in any other part of the Presidency. In Gujarat British territory is surrounded by and interlaced with Native States,—the largest and most important of which is Baroda—the Excise arrangements of which rendered it impossible to

enforce a stricter system in our territory with the same measure of success as elsewhere. The system which up to 1887 prevailed in Baroda, the ruler of which is said to have expressed to Mr. Caine his desire to enforce absolute prohibition, was that referred to by Rao Bahadur Lallubhai Gordhandas as "the old detestable Farming system" in the extract from his report given in paragraph 72 of this Despatch. Some of the results of that system were the sale of liquor in Baroda at much lower prices than in adjoining British territory, constant smuggling from Baroda, frequent affrays between the smugglers and the British preventive officers, and the demoralization of the people on both sides of the border by the facilities furnished by Baroda for obtaining cheap liquor. It was only with the greatest difficulty, and after invoking the help of the Government of India, that the Government of Bombay induced the Baroda Darbar to modify these faulty Excise arrangements. In 1887 the Baroda State did consent to introduce a stricter system, the agreement made with it providing for the introduction of the Central Distillery system in a portion of the State, and elsewhere, for the maintenance of a narrow belt of land extending to two miles on each side of the border, in which shops and sales should be entirely prohibited. These arrangements are being carried out, but difficulties are still encountered in securing the co-operation of the Gaikwar's Government in measures which have for their object the enhancement of price and restriction of consumption of liquor.

51. The extract given in Appendix K from a memorandum by Rao Bahadur Lallubhai Gordhandas shows that judged by every possible test which can be reduced to figures—the proportion of shops to area and to population, and the consumption of liquor per head,—the facilities for drinking and the amount of drinking are very much greater in Baroda Territory than in the adjoining British Districts. It is also shown that there has recently been a larger proportionate increase of revenue in Baroda.

52. We therefore maintain that if the wishes of the Gaikwar are what Mr. Caine supposes them to be, he has, at any rate, not shown any sign of desiring to give effect to them; the actions of the Baroda State, so far from indicating a desire for total prohibition, throw obstacles in the way of increasing such restrictions as are practically possible, and greater facilities for drinking are afforded in the Gaikwar's territory than are allowed in the British Districts. Within the last few months the Government of Bombay has officially appealed to us to exercise the authority of the Government of India by compelling the Gaikwar of Baroda to withdraw his refusal to raise the duty on spirit and increase the selling price of liquor. The case is still under consideration.

53. One of the objections raised by the Gaikwar's Dewan to the proposal of the Bombay Government that the rates of duty should be raised was that the measure "would compel liquor consumers to resort to illicit distillation, which could not be checked except by largely increasing preventive establishment at heavy cost to their Government." This objection was raised in August 1889, and subsequent to the date on which Mr. Caine had his conversation with the Gaikwar, and certainly affords no indication of an intention to prohibit liquor altogether, a course which would lead to still greater loss of revenue and to heavier expenditure on prevention.

The Excise system of Bengal.

54. Mr. Caine said :—"The worst and rottenest Excise system in the

civilised world is that of India; the worst and rottenest of the various systems of India is that of Bengal." We have already explained the circumstances under which, owing to the growth of illicit distillation under the Central Distillery system, Outstills were, after 1877, extensively re-introduced throughout Bengal. We have admitted that the change was made without sufficient discrimination, and that, coupled with the removal of the restriction on the capacity of Outstills, it led to an increase of drinking. As soon, however, as experience had shown that this was the case, steps were taken to remedy the evil, and there are the strongest grounds for holding that in recent years drinking has decreased and not increased.

55. We shall now give a few figures to show that the Bengal system does not now, and never did, merit the indiscriminate condemnation which Mr. Caine has applied to it.

The number of shops for the sale of all kinds of liquor and drugs in Bengal is shown in the following table for each year since 1870 :—

Year.	Distilled liquor.	Drugs.	Tari.	Pachwai.
1870-71	8,193	15,565	21,670	1,687
1871-72	8,937	16,615	21,689	1,815
1872-73	7,271	17,119	22,351	1,844
1873-74	6,812	10,975	22,873	2,006
1874-75	6,152	9,240	19,424	1,868
1875-76	5,294	7,424	19,265	1,661
1876-77	5,183	7,092	18,844	1,677
1877-78	5,267	7,248	19,077	1,717
1878-79	6,751	6,999	19,048	1,739
1879-80	6,878	6,877	21,579	2,066
1880-81	7,369	7,145	25,563	2,034
1881-82	6,874	6,796	30,268	2,135
1882-83	5,634	6,499	30,311	2,159
1883-84	5,740	6,513	20,138	2,259
1884-85	5,502	6,291	19,577	2,168
1885-86	5,298	6,005	19,555	2,162
1886-87	5,310	5,922	19,471	2,195
1887-88	5,112	6,059	19,051	2,157
1888-89	4,539	6,092	18,467	2,203

It will be observed that since 1870-71 the number of shops for the sale of distilled liquor has been reduced by 3,654, or more than 44 per cent.; the number of shops for the sale of drugs has been reduced by 9,473, or more than 60 per cent.; the number of shops for the sale of tari has been reduced by 3,203, or more than 10 per cent.; the number of shops for the sale of pachwai or rice-beer, has been increased by 516, or more than 23 per cent.

Tari and pachwai are comparatively weak and harmless liquors.

56. Some difficulty is experienced in giving the rates of duty on spirit for different years in a form suitable for comparison, as there is no uniform rate for the whole Province and there have been frequent changes of system, the Central Distillery system and the Outstill system frequently replacing one another. The course of these changes is explained in Appendix H. We shall therefore, merely attempt to give an outline of the nature of the changes in the rate of duty.

57. The Central Distillery system was introduced into the eleven districts in Bengal comprising the Burdwan and Presidency Divisions in 1861-62; it was extended to sixteen other districts in 1862-63, and to seven more in 1864-65.

In the Burdwan and Presidency Divisions the duty was levied at the

uniform rate of R2-4 a gallon. But it was not found possible to evy the same high rate of duty in the districts in which the Central Distillery system was introduced in 1862-63 and 1863-64; and it was also found impracticable to enforce a uniform rate: while the rate of R2-4 was generally maintained in the Burdwan and Presidency Divisions, and even subsequently increased in many places, in other districts lower varying rates were imposed.

It will be seen from Appendix F that the general tendency was to increase from time to time the rate in all districts. The rates in the Presidency and Burdwan Divisions were doubled in some districts, and more than doubled in others.

In most districts of the Rajshahye Division the rates were also doubled. The same remark applies to the Bhagulpore, Patna, and Orissa Divisions, while the duty has been considerably increased in all districts of the Chota Nagpore Division.

There are three distinct periods in Excise administration in Bengal since 1860, namely, (1) the introduction of the Central Distillery system, (2) the reversion to the Outstill system in the years after 1877, (3) the reversion again in many places to the Central Distillery system in 1885-86 and following years. Up to the time of the abolition of the Central Distillery system the general tendency was towards an increase in the rates of duty, and when the Central Distillery system was re-introduced in 1885-86 the high rates previously levied were again imposed. The highest rate of duty is now R5 as compared with R2-4 in 1861, an increase of more than 120 per cent.

58. During the same period the rate of duty on ganja has been continuously raised from R2-6 per seer in 1870-71 to R8-5 in the present year. Ganja is a drug which is far more injurious in its effects than spirit or than any other drug commonly consumed.

59. The rate of duty on opium varies in different districts. In 1870-71 the selling price was as follows :—

R16 per seer in seven districts;
R18 in one;
R20 in two; and
R22 in thirty-three.

At the present time the rates are :—

R16 per seer in seven districts;
R20 in one;
R22 in one, and in part of another;
R24 in one, and in the remaining part of that just mentioned;
R26 in four;
R27 in five;
R28 in twenty-one;
R30 in one; and
R32 in three.

As the cost of producing opium is about R7 a seer, a rise in price from R22 to R32 represents an increase in duty of nearly 80 per cent.

60. The Chief Commissionership of Assam was formerly a portion of Bengal. It was separated from that Province in 1874, and the figures of number of shops and duty just given refer only to the present Province of Bengal. It will, however, be convenient to indicate in this place what the policy of Government has been in regard to the consumption of opium in Assam, because that policy was initiated by the Government of Bengal. Assam was acquired between 1826 and 1854. The poppy was extensively cultivated in it, and

the population, which was remarkable for its indolence, largely consume opium. It may be that the excessive dampness and malaria which preva in Assam make the consumption of opium beneficial in some respects, bu the Government of India believed that the extent to which opium was co sumed was injurious, and that it would be possible to restrict consumptio The cultivation of opium was consequently prohibited in Assam in 186 before the Province was separated from Bengal, while the number of shops wa gradually reduced and the rates of duty raised.

61. The following figures give the number of shops in Assam for the sal of opium every year since 1868-69 :—

1868-69	4,501
1869-70	4,556
1870-71	4,469
1871-72	4,567
1872-73	5,070
1873-74	3,977
1874-75	3,151
1875-76	2,833
1876-77	1,271
1877-78	1,342
1878-79	1,367
1879-80	1,397
1880-81	1,404
1881-82	1,373
1882-83	1,283
1883-84	1,250
1884-85	1,175
1885-86	1,067
1886-87	999
1887-88	1,067
1888-89	989

The number of shops has been reduced from 4,501 to 989, or by more than per cent. During the same period the selling price of opium has been increase from R14 per seer to R32 per seer, representing an increase in duty of 2 per cent.

62. These stringent measures have not been without success, as, in the Chi Commissioner's Resolution on the Excise Report for 1888-89, it was said :—

"The consumption of opium and the revenue obtained from it have been very stea during the last few years. So far as revenue is concerned, it is the consumption of this dr in the districts of the Assam Valley which brings us three-fifths of the whole Excise revenue the Province; and seeing that for some years past we have practically obtained the sa revenue from the same consumption with apparently very little, if any, smuggling, it wou seem that the time has come to raise the question whether the price at the treasury, which h been for some years at its present figure, might not now be increased. It is believed th the habit of opium consumption is becoming less inveterate among the indigenous Assame and that the generation now growing up will not be habitual consumers to the same exte as their fathers."

63. With the exception of the extension of the Outstill system, a removal of the restriction on the capacity of stills, which led to an incres of drinking between 1877 and 1884, we consider that the management the Excise Department in Bengal has been very satisfactory, and we t wholly unable to reconcile the figures for number of shops and rates duty which we have given with the terms of Mr. Smith's motion th "the fiscal system of the Government of India leads to the establishment spirit distilleries, liquor and opium shops in large numbers of places where

recently they never existed, in defiance of Native opinion and the protests of the inhabitants, and that such increased facilities for drinking produce a steadily increasing consumption, and spread ruin and misery among the industrial classes of India," or with Mr. Caine's assertion that "the worst and rottenest Excise system in the civilised world is that of India; the worst and rottenest of the various systems of India is that of Bengal."

Outstills at Tea Gardens.

64. There is one important statement made by Mr. Smith with which we are not in a position to deal fully at present. We refer to the quotation given from a letter received from a Tea plantation. The Excise question in connection with the coolies on Tea plantations is an extremely difficult one. The coolies generally belong to a class which habitually consumes liquor; they have removed from their native country and are employed in a damp, malarious, and unhealthy climate. Under such circumstances their desire for drink is strong, and the facilities for obtaining illicit liquor in the neighbourhood of the gardens are very great. The whole question connected with the liquor question in relation to Tea gardens is being thoroughly inquired into in Bengal and Assam, and when the inquiries are completed, we shall specially address Your Lordship on the subject. In the meantime we may remark that so far as the evidence before us goes, the statements made in the letter quoted by Mr. Smith appear to be greatly exaggerated. The reports on the subject which we have as yet received relate to Assam, and will be found as enclosures Nos. (18) and (19) of this Despatch.

Section II.—Excise Systems in force in British India.

65. We shall now attempt to explain the difficulties encountered in this country in dealing with the Excise question, and to set forth the systems adopted with the object of meeting these difficulties.

In Appendix G will be found a memorandum giving a brief description of the various systems of Excise which are in force at the present day in British India. In this memorandum we have grouped together the systems in different provinces which have the same main features in common, although they may be known by different names, and although the system in one province may have had a very different origin and history from that which it has had in another. The remarks in the memorandum apply only to systems for the levy of a duty on spirits manufactured in India. The system applied to foreign imported liquor is practically the same in all provinces. Imported wines and spirits pay the customs duty leviable under the Tariff Act, and licenses for their sale are granted by the several Local Governments, usually on the payment of a fixed fee for the year.

A sketch of the history of Excise in each of the five chief Provinces will also be found in Appendix H.

Impossibility of adopting a uniform system of Excise.

66. The system of Excise which we should adopt universally, if it were possible, is one under which a fixed duty would be levied on each gallon of spirit in proportion to alcoholic strength; this system has been approved for many years both by the Government of India and by the various Local Governments. It is known in its simplest form as the Central Distillery system, because under it all liquor is distilled at a public distillery, centrally situated

with reference to the tract to be supplied, and watched by a preventive establishment appointed by Government. No liquor is allowed to leave the Central Distillery until the duty has been paid.

67. The history of Excise Administration in India given in Appendix H will show that the line of progress has been from the Farming system, which we inherited from the Native States which preceded British rule, towards a system under which each gallon of spirit pays a fixed duty.

68. The earliest system was that of uncontrolled farming; the farmer paid a lump sum for the right to manufacture and sell liquor in a specified tract of country; there was no limit as to number of shops, and he made what profit he could out of his farm. The next step was the limitation of the number of shops. A further step was the establishment of the Outstill, under which only the right to manufacture and sell at a specified shop is granted. The chief objection both to the Farming and Outstill systems, as just described, is that there is no control over the rate of duty per gallon, and, consequently, it may be to the interest of the farmer or licensee to steadily lower prices. It then becomes necessary to consider whether an attempt can be successfully made to establish a system under which each gallon of spirits shall pay a fixed duty. This may be done roughly and imperfectly by limiting the capacity of the Outstill and fixing a minimum rate of duty for the right to work the Outstill. If the Outstill could only produce a certain number of gallons of spirit in the month and must pay a certain tax every month, we know that each gallon of spirit will bear, at least, a certain rate of duty and cannot be sold below a certain price. The practical difficulty in the way of securing this result is the facility which the licensee possesses for distilling in a still other than that which has been licensed. This difficulty is in some cases insuperable. The perfect remedy lies in the establishment of a Central Distillery system, but unfortunately the practical experience of years, and the results of many experiments, have shown that it is impossible to maintain this system in parts of India.

69. Under the Farming and Outstill systems the interest of the monopolist is enlisted for the suppression of illicit distillation, and sources of information and means of detection are available to him which are not accessible to officers. This is not the case under the ordinary Central Distillery system. Under this system it is to the interest of the distiller both to distil illicitly outside the distillery and to smuggle liquor out of the distillery without payment of duty. The shop-keeper and the subordinate officials share the profit. Thus it was proved in the course of a judicial enquiry in the Gya District of Bengal that out of the spirit made at one outlying distillery only one gallon out of three paid duty to Government, the duty on the second being retained by the preventive officer, who allowed the distiller to take out every third gallon free.

The key to the numerous and complicated systems of Excise which prevail in different parts of British India lies in the fact that they are attempts to combine the monopoly and fixed duty systems with the object of securing every gallon of spirit shall bear a certain rate of duty in places where it is possible to work the fixed duty system in its simplest form.

Unsuitability of the Central Distillery System for portions of India.

70. We will now state some of the chief reasons which render the Central Distillery system unsuitable in many parts of India.

(1) Where the quantity of liquor consumed is small, the cost of a central

distillery and of an establishment to guard it, and to prevent outside distillation, is prohibitive.

(2) It is found impossible, on the scale of pay which we are able to give, to obtain for those establishments men who are thoroughly trustworthy. In remote tracts where supervision is insufficient they enter into collusion with the distillers and defraud the Government. The Excise Reports abound with statements to the effect that a large portion of the liquor distilled in central distilleries was passed out for consumption free of duty. In places where such establishments and the police are entrusted with powers to detect and prevent illicit distillation, and where the inducements to resort to that practice are great, still more serious evils too often result. The nature of these evils is explained in the following extract from the Report of the Bengal Excise Commission :—

"One, and in the opinion of the Commission the main, reason of this* is not far to seek. Activity on the part of detective officers in Bengal must almost necessarily lead to their stretching the powers given by law to a perilous extent and too often, it is to be feared, to their abusing those powers. The most formidable and unpopular of these is the power of search. When it is considered that, as mentioned above, illicit distillation is most frequently carried on in the inner rooms of houses, it will easily be understood how hateful a zealous detective officer must be to the people of a village, and how formidable his power of oppression and extortion. It is not too much to assert that the evils and dangers almost inseparable from all attempts to put down the illicit manufacture of country spirit by direct preventive measures are as grave as those entailed by the prevalence of the unlawful practice, and the Commission consider that this is a most important factor in the Excise problem. They wish to direct special attention to the subject here, as many of the witnesses who appeared before them seemed to think that the suppression of illicit distillation is merely a question of employing a sufficiently strong detective establishment, and to have overlooked completely the danger of such a force becoming an engine of oppression, worry and extortion more formidable and dangerous to the innocent than to the offenders, particularly in outlying and jungly places, where the supervision of trustworthy superiors would almost necessarily be wanting, and where, owing to the great probability of the existence of illicit practices, the excisemen would have most opportunities to harass and oppress unoffending people. Colonel Dalton, in a report from which an extract has already been made, stated that there was nothing which had set him so much against the Central Distillery system as the number of persons he had lately seen undergoing imprisonment in the common jail for offences against the Excise laws. This consideration appears very much more grave when it is realised that the numbers of offenders actually convicted were in all probability very few in proportion to the number of innocent people who had been worried and harassed in the process of hunting out the breaches of the law. It must never be forgotten that all attempts to limit the consumption of spirit by over-stringent Excise measures must have a tendency to lead to illicit practices; that the same considerations which lead to the restriction of licit consumption make it necessary to take further measures to prevent such illicit practices; and that there is in this a constant source and most serious danger to innocent people. All this, of course, is not an argument against the attempt to regulate consumption, but it proves the necessity of always proceeding in a cautious and tentative manner."

* The sympathy of the people with illicit practices and their unwillingness to assist the officers of Government in detecting them.

(3) Another reason is defective means of communication. Many parts of India are at all times difficult of access, and during the rainy season many more are practically entirely shut off from communication with neighbouring places. In such tracts unless the inhabitants are to be entirely deprived of liquor—a deprivation to which they would not submit, and against which the facilities for illicit distillation furnish them with a powerful protection—it is necessary that the liquor should be distilled on the spot, communication with the Central Distillery being frequently interrupted.

(4) The difficulty of preventing illicit distillation is very great. We have already dealt with this question in paragraphs 20 to 23 and need not say anything

more in this place beyond quoting, from a memorandum by the Chief Commissioner of Assam, passages which show that the circumstances of a tract so considerable as the Province of Assam are such as to render impossible the introduction not only of the Central Distillery system, but of any system which involves the direct control of distillation. In nearly the whole of Assam we must be content with enforcing direct restrictions on the *sale* of spirit, sale to the public being a transaction which cannot be altogether concealed, while distillation may be carried on in secret without fear of detection :—

"12. Now let us look for a moment at the means we have of controlling and restricting the manufacture and use of liquor among the population, that is, the means we have of enforcing any prohibition that we may choose to issue.

"First of all, to what extent may the country itself be considered open or accessible? The following are the statistics :—

Districts.	Settled and cultivated.	Forest and uncultivated.
	Acres.	Acres.
Goalpara (a)	72,000	938,000
Kamrup	688,000	1,635,000
Darrang	362,000	1,826,000
Nowgong	318,000	1,767,000
Sibsagar	609,000	1,217,000
Lakhimpur	279,000	2,104,000
Total	2,328,000	9,487,000

(a) Excluding the permanently-settled portion.

"In short, about four-fifths of the area is covered either with tree or with grass jungle. And this jungle is not confined to one part of the district, but is scattered all through it. The cultivation, in short, is in patches, reclaimed here and there from jungle (and often falling back into it), and, except in some parts of Kamrup, none of it is really far from jungle.

"13. Moreover, the Assam village is not, like the village in Bengal or in Northern India, an aggregation of houses in a single part of the village area, where every man lives within hail of his neighbour. The Assamese loves to bury himself in the privacy of his own domain, and his house is separated from his neighbours by a belt of trees or of bushes. It remains to note that, according to the Census of 1881, the average number of houses to the square mile is 18, and of persons 105.

"14. These, therefore, are the circumstances with which we have to deal,—a sparse population scattered over a country of which four-fifths is jungle, in which every villager surrounds his house with high vegetation, and has nowhere very far to go if he wants to hide himself away altogether from human sight. The drinking classes among them, familiar with the methods of brewing and distilling, continually possessing the materials at hand, and nowhere more than twenty miles distant from places where every householder has for ages brewed or distilled his own liquor and consumed it as regularly as he eats his food. Where is the means under such circumstances of prohibiting or even restraining any man who wants to drink? It seems to me that the most efficient preventive service in the world would find it difficult to attain any success; and unfortunately we have hardly any expectation of finding any but a most inefficient service. We can under present circumstances use the police only, that is to say, looking to the number of policemen available for district duties, one man for every thirty or forty square miles: and as the higher officers of the police belong to a large extent to foreign races, the force is less efficient on this account.

"15. It follows from all this that it is hopeless to establish in the Assam Valley districts any system of Excise administration which in any degree depends upon our ability to prevent or detect illicit distillation. If people want to obtain spirits, they can do so either by getting smuggled spirit from the hills, or by brewing and distilling for themselves by methods with which they are quite familiar, and which are very cheaply and easily available.

* * * * * * * *

"19. The result of all these considerations is that over nearly the whole of Assam only one method of taxing liquor is open to us, *viz.*, that of licensing individual shop-keepers to distil and sell country spirits at specified places. We cannot afford even to impose any restrictions upon their distillation, such as by limiting the size of stills or the hours when they

may be used. The latter restriction we have no means of enforcing, and the former can be easily evaded by setting up a still in some adjacent jungle. It is the selling, and not the distillation, which must for the most part take place in public and can therefore be subjected to control; and our principal means of preventing illicit sale is to make it the licensee's interest that no sale shall take place besides that in respect of which he has paid a fee to us.

"20. Personally, I hold most strongly to the view that the system of a still-head duty per gallon is the only satisfactory method of Excise administration, and that no other system can give us a satisfactory control over spirit manufacture and spirit consumption. But the result of such information as I have been able to gather from officers who have dealt with the problem in Assam and from a perusal of past records, and especially of a recent discussion on this very point, which Mr. Fitzpatrick submitted to the Government of India with his letter of 13th November 1888, is to show that the circumstances of Assam are such that the first conditions of such a system, *viz.*, the possibility of preventing illicit distillation, does not exist. The only area where a Central Distillery system seems to have any chance of success seems to be the central portion of Cachar, and the success of the system there would largely depend upon the possibility of keeping outside the Central Distillery area the spirit distilled under the Outstill system all around it."

The following extract from the report of the Bengal Excise Commission shows how extensively illicit distillation and smuggling prevails in some places under the Central Distillery system :—

"*Positive evidence of the prevalence of illicit distillation in various districts.*—The actual fact seems to be that illicit distillation extensively prevailed in some districts, especially in those in which the mohwa-tree grows, those in which the lower classes of the population use country-liquor extensively, and generally in wild and thinly-populated tracts; and that, on the other hand, it was comparatively rare in towns, thickly-populated tracts, and among populations not given to the use of spirituous liquors. This view is supported by the positive evidence on the subject. In Gya, Baboo Bhup Sen Singh, the Government Pleader, who has an intimate knowledge of the district, stated that there had been illicit distillation under the Central Distillery system, and this was corroborated by Shek Aulad Ali, an Assistant Superintendent of Police with 45 years' experience of the district; by Ray Brahmo Datta, now excise-inspector of the Division, formerly excise-sheristadar; and by Baboo Prankumar Das, excise deputy collector of the district, whose evidence on this point should be referred to. In Patna and Sarun it would seem to have been less prevalent, though there is clear evidence as to its existence in both districts The deputy inspector of schools in Mozufferpore stated that while the Central Distillery system was in force well-to-do people used to distil spirits in their own houses. Munshi Kuldip Narain, sub-manager of Raj Durbhunga, stated that in the Durbhunga district many cases of illicit distillation were heard of previous to the introduction of the Outstill system. Mr. Cameron, sub-divisional officer of Bettiah, stated that there used to be much illicit distillation in Chumparun; and this is corroborated by Mr. Shaw, of Pursa indigo-factory, and other witnesses. In Monghyr the Rev. Mr. Evans and other witnesses give strong opinions as to the improbability of the existence of illicit distillation owing to the ease with which it could be detected; but Mr. Pushong, a witness who has unusual opportunities of knowing the actual facts, stated from personal knowledge that considerable illicit distillation among respectable people had been carried on before the introduction of Outstills; and he added that wherever there is a Central Distillery there will also be illicit distillation and smuggling. This view was strongly represented to the President of the Commission in conversation by Baboo Kamalesri Prosad, a wealthy zemindar, whose father had been for many years engaged in the spirit trade. In Bhagulpore Baboos Surjya Narain Singh, Tej Narain, Tarini Prosad, and others spoke of the existence of illicit distillation in that district. In Chota Nagpore there was much evidence of the prevalence of illicit distillation during the Central Distillery period, but a few examples will suffice. In Hazaribagh the Government Pleader, Rai Jadu Nath Mukerji Bahadur, one of the best informed and most experienced witnesses that appeared before the Commission, said:—'There used to be much illicit distillation under the Central Distillery system, but it has diminished of late. It is the interest of the Outstill-holder to put down illicit distillation. It was the interest of the retailer to sell illicit spirit under the cover of duty-paid spirit, and he was therefore the ally of the illicit distiller when he did not illicitly distil himself. Zemindars and other well-to-do people send their material to Outstills to be distilled. They used to do the same with the sudder distillers but not often." Baboo Navakrisna Roy, police inspector of Lohardugga, has given lists of 54 villages in two thanas of that district in which cases of illicit distillation were detected, and adds that it was known to exist in very many more villages, in which, however, no cases

were detected. The Rev. Mr. Uffman, a missionary who has resided for 17 years in Manbhoom, states that there used to be illicit distillation in that district. In Beerbhoom the Commission obtained a list of 40 villages in which illicit distillation was known to have existed, and some most respectable gentlemen were unanimous as to its prevalence in 31 of these. Some of them, but not all, had heard of the illicit practice in six of the other villages, and none of them knew anything about the remaining three."

(5) Even where there are no special difficulties of communication, it is sometimes necessary that the liquor should be distilled on the spot and not brought from a distant distillery; because in the hot season some kinds of liquor of low strength will not bear transportation. Any measure which would drive the people to the use of a stronger instead of a weaker liquor is opposed to sound principles of Excise administration as we understand them.

A series of extracts from Reports showing the difficulties in the way of adopting the Central Distillery system in many places will be found in Appendix L.

Difficulties in connection with Native States.

71. The state of things to which we have just referred exists within the borders of British India, and the consequent difficulties in enforcing restrictions on drink would arise if the British administration extended over the whole of India. But of the continent of India, a scattered area, interlaced in many places with British territory, amounting in extent to about one-third of the whole, and containing a population of about one-fifth, belongs to Native States, with the internal administration of which in matters of Excise the Government of India does not ordinarily interfere, and cannot in some cases interfere as a matter of right without straining its authority beyond what is safe or justifiable. In all those States the Excise systems were, and in most still are, incomparably more lax than in British territory. The system generally followed in them has 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 is that the cheaper liquor of Native States is constantly smuggled into British territory. The only complete remedy for this evil lies in inducing those States to adopt a stricter system and to impose higher rates of duty; and this the Local Governments have in some cases succeeded in doing in recent years, notably in Bombay and, more recently and to a much smaller extent, in the Punjab. In Bombay the Government has also obtained, at a not inconsiderable cost, the consent of some Chiefs to our officers undertaking the direct management of the Excise administration of their States.

72. The following extracts from a Report by Rao Bahadur Lallubhai Gurdhundas, dated 15th July 1887, indicate the serious nature of the difficulty described in the preceding paragraph. He remarks:—

* * * * * * * * * * * * *

"5. Under this 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 the liquor, and as there is a certain price, varying according to the character, habits, and wealth of the people, which can safely be realised on the spirits consumed by the masses, and which cannot be exceeded with impunity, the duty on liquor ought not to exceed the difference between that price and the cost of the 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 desire 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 round will flock daily for drink to the foreign liquor shop; and experience has shown that Kolis, Warlis, and other low classes addicted to drink will not mind walking 10 miles to a shop and back in order to get cheap liquor; and, 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 the consumption of liquor will 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 Native Chiefs is essential to the mutual advantage of themselves and the Government.

"6. Government have experienced comparatively little difficulty in securing the co-operation in this behalf of the Native Chiefs in the Konkan, Deccan, and Southern Mahratta country, all of whom, with a few exceptions, have handed over the management of the abkari of their States to the Government for a term of years on payment of liberal annual compensation; and Government have thereby been enabled, not only to supplant the infamous Farming system of old and to launch with success the new system of the equitable taxation in those States as well as in their own contiguous districts, but also to bring within a short period of three years the Excise rates in the greater portion of the territories concerned to the desired level. The excepted States are those of Kolhapur, Savantvadi, and Janjira, which with equal readiness have adopted the same system and rates on their own account, and have for years past been reaping the fruits of their foresight and prudence in the shape of large progressive profits to the State treasury and improvement in the moral and material condition of the poorer classes—results which are no less conspicuous in the British districts and other Native States brought under the influence of the new system and policy . . . . . .

"7. In Gujarat, on the other hand, opportunity has not yet been afforded to try the same experiment under equally favourable conditions. Consequently, considerably lower rates of liquor excise and selling prices still prevail in that province, while in the contiguous Native States the old detestable Farming system continues to flourish. . . . . A question naturally arises, why has Gujarat, with all these favourable circumstances, lagged in recent years far behind other districts of the presidency in the progress of abkari reform designed to raise the largest amount of revenue from the smallest consumption of liquor? The answer to this question directly points to the obstacle—the absence of sympathetic arrangements and action in contiguous Native States—which the subject of this report is intended to remove. It is needless now to describe here the details of the correspondence carried on during the last eight years with a view to the removal of that obstacle. Happily, the controversy promises to terminate with the acceptance by our Government and faithful observance by the Native Chiefs concerned of the understandings which I shall proceed directly to narrate.

"8. I request you to glance at the map of the Bombay Presidency and to mark the contrast which the situation of British Gujarat presents to that of the rest of the presidency with reference to foreign territory. Barring the Holkar's dominion which marches along the northern frontier of Khandesh for a distance of about 150 miles, and with which no abkari convention has yet been thought of, and barring also the Nizam's dominion which marches along the eastern frontiers of the districts of Khandesh, Nasik, Ahmednagar, Sholapur, Bijapur, and Dharwar almost in a regular line for a distance of about 700 miles, and with which the mutual retirement of liquor shops and stills to a distance of 3 miles on either side of the frontier has just been agreed upon, the rest of the Native territory with which the larger block of the presidency south of Daman is concerned consists of but one first class State and a number of petty holdings of small extent and importance, all imbedded in the midst of British territory. British Gujarat, on the other hand, is, as it were, surrounded by a sea of, and intersected by, innumerable gulfs, creeks, and lakes of foreign territory, which includes the large and important State of Baroda, many other first, second, and third class States, and a number of petty talukas and thakorates, each owned by a separate Chief or Thakor. From this geographical contrast between the two divisions of the presidency, it will readily be seen that the task of forming what for brevity's sake may be called the abkari *zoll-ver-ein* must be much more difficult in Gujarat than in the rest of the presidency. The difficulty of the task, which is due to the peculiar configuration and relative situations of British and Native territories in Gujarat, to the great difference in the magnitude, status, and the internal and external conditions of the different Native States to be dealt with, and, above all, to the conservatism of the Chiefs and their sentiments of dignity and rights, has been two-fold: first, to incline all these Chiefs, large and small, to co-operation; and, secondly, to arrange with each the form and terms of co-operation which might be acceptable to the Chief and satisfactory to Government."

73. Further extracts bearing on this question will be found in Appendix D, but we will quote in this place an extract from a letter from the Government of the North-Western Provinces and Oudh, which gives Sir Auckland Colvin's personal experience in the cold weather of 1888-89 :—

"During his march last year throughout Oudh, in no single instance has the Lieutenant-Governor and Chief Commissioner observed a case of drunkenness until he arrived on the Nepal border, when special police precautions had to be taken to prevent the camp-followers obtaining liquor at cheap rates on the Nepalese side of the frontier. In spite of these precautions as soon as the camp reach the Nepal border, men who, in face of the higher price of the excised liquor in our own territory, had hitherto found no opportunities of indulging their appetite, were seen by no means unfrequently in various stages of intoxication along the line of march."

Groundlessness of the charge that our Excise Administration gives greater facilities for drinking than an administration based on principles approved by the Native inhabitants and Native rulers would do.

74. The extracts just quoted and those given in Appendix D have been referred to with the object of explaining the existence of a very serious practical difficulty in the enforcement of Excise regulations in British India. But they also serve another purpose, and prove how groundless are the charges made against the Government of India that any increase in the habits of drinking which has taken place in India is due to the British Excise administration, and that, had the administration been conducted on the principles approved by the Native inhabitants and Native rulers, an increase would not have occurred. It may be true that, in some instances, our Excise administration has 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 is due to the less stringent regulations which prevail in the Native States adjoining and interlaced with British territory. Those States are ruled by Native rulers in accordance with Native ideas; and it is found that until pressure is brought to bear by the Paramount Power to induce them to adopt more stringent regulations, their Excise systems are such as to offer the smallest possible discouragement to drinking and are many times more lax than the laxest of the systems with which the Government of India has been in places obliged to be content, and the existence of which forms the main ground of the attacks which have been made on its Excise policy. In short, the mere fact of a British district being coterminous with a Native State is 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. The only resource in such cases, when it is found impossible to make any satisfactory arrangement with the Native ruler, is to place the tracts affected under the Farming or Outstill system. The amount of revenue obtained in this way is never great, and the restriction on consumption is comparatively slight, but at any rate there is some restriction and the revenue is not wholly lost.

In a note by Rao Bahadur Lallabhai Gurdhandas, dated 19th July 1889, which will be found among the enclosures of the letter No. 9255 of 6th December 1889 appended to this Despatch, a comparison of the Excise arrangements existing in the Native States of the Bombay Presidency with that in the neighbouring British districts is made. The general assertion made in this paragraph is there proved by statistics to be true in regard to those particular Native States. The figures in that note show conclusively for each State

included in the examination that the number of shops per square mile is larger, that the average population served by each shop is smaller, and that the consumption per head is greater than in the adjoining British districts, and this is the case in spite of the fact that these States have been induced by the Bombay Government to adopt a system which is far more strict than that which formerly prevailed in them.

Reasons for the existence of many different systems.

75. The examination of the history of the Excise administration given in Appendix H will show that the tendency has always been towards the general introduction of the Central Distillery system, and that partial reversions towards a more primitive and less satisfactory system have either been temporary and experimental, or have arisen from the fact that the introduction of the Central Distillery system had been carried too far.

76. It was between 1860 and 1864 that the Central Distillery system was generally introduced into Bengal and the Upper Provinces of India.

In the Province of Bengal it was found necessary to abandon the Central Distillery system in a few places very shortly after it was introduced. It was also found that the high uniform rate of duty could not be enforced in all places where the Central Distillery system was maintained. The choice, therefore, lay between a low uniform rate of duty and a scale varying from place to place. The latter alternative was adopted. The subsequent substitution on an extensive scale of the Outstill for the Central Distillery system after 1877 was not made without cause. The objections to the Central Distillery system were obvious and it was hoped that certain advantages, such as the suppression of fraud, of illicit manufacture and smuggling, and a consequent increase of revenue would be obtained. These advantages were actually secured, but the change was accompanied by the removal of the restriction on the capacity of outstills, and an increase of drinking followed which has rendered it expedient to return to the Central Distillery system where practicable, and to impose various restrictions on the Outstill system where it must be retained.

77. In the North-Western Provinces certain tracts had to be removed from the operation of the Central Distillery system, and though the uniform rate of duty has been retained this has only been rendered possible by fixing the rate at a comparatively low figure, and increasing the numbers of shops so as to reduce the temptation to illicit practices.

78. In the Punjab, the Central Distillery system has been introduced and, with two trifling exceptions, maintained throughout the Province; the rate of duty is high, and it is practically uniform; on the other hand, illicit distillation and smuggling are more common than in any other Province, and the number of shops for the sale of liquor has been increased, though there is still only one shop for the sale of liquors of all kinds to nearly 10,000 of the population.

79. In 1878 the Central Distillery system was generally introduced in Bombay, but it was found necessary that it should be accompanied with the grant of monopolies and with a "minimum guarantee," the amount of the guarantee being fixed by competition. The system of a "minimum guarantee" fixed by competition is now being altered, as it was found to be open to objection in some respects.

80. In 1869 the Central Distillery system began to be introduced in Madras. It was accompanied with various conditions and special provisions

and has since been extended to nearly all the districts of the Presidency, having now developed into a system which is almost the Central Distillery system in its simplest form, and with a high rate of duty. The success of the system adopted in Madras is, however, accompanied by a large number of shops.

81. The various systems of Excise in force in British India are described in Appendix G. It would be a fruitless task to attempt to explain, in every instance, to English readers, the minute local peculiarities which render it necessary to have recourse to each system. All the systems, other than the ordinary Outstill and Farming systems, have a common object, namely, to render it possible to impose a fixed rate of duty on each gallon of spirit that passes into consumption, and in this respect they are improvements on the Outstill or Farming system.

82. Though we cannot undertake to explain fully the special reasons which lead to the local adoption of each system, we will try to make it clear why one system was adopted which has been loudly attacked on plausible grounds.

We refer to the "minimum guarantee" system which in recent years has prevailed extensively in Bombay.

Under this system the monopoly of sale and manufacture is granted to the person who undertakes to pay duty on the greatest number of gallons of spirit, and of course any such system is open to attack on the ground that it offers a direct incentive to attempts to increase the consumption of spirit. We shall show hereafter that this objection, though not without force, is theoretical rather than practical; but in the first instance we will set forth the considerations which have led to the introduction of such a system, considerations of a very different character from a mere desire to increase revenue by stimulating consumption.

83. The difficulties which render it impossible in certain tracts to maintain the Central Distillery system have already been stated in paragraph 70.

These are, briefly,—(1) the expense relatively to the amount of revenue to be collected, (2) impossibility of securing a trustworthy preventive establishment, (3) defective means of communication, (4) facilities for illicit distillation, (5) deterioration of liquor in transport, and (6) smuggling from foreign territory.

It will be obvious that these difficulties are, to a very large extent, obviated if a Farming or Outstill system be adopted. Under such a system (1) expense is reduced to a minimum, as a comparatively costly central distillery, with an establishment to watch it, need not be kept up; (2) a large preventive establishment (with its attendant risks of collusion with the distiller and oppression of the people) is no longer necessary, because the grant of a monopoly enlists, from strong motives of personal profit, the distillers and shop-keepers, with all their local knowledge, on the side of prevention; (3) the difficulties arising from defective communications are obviated, because the liquor can be distilled on the spot where it is consumed; (4) illicit distillation is checked by enlisting the local knowledge of the shop-keepers on the side of prevention; (5) the liquor can be distilled on the spot and the risk of deterioration in transport is avoided; and finally (6) smuggling from foreign territory is reduced to a minimum, because the monopolist can reduce the price of his liquor so as to exclude smuggled liquor, which must be imported from a distance and which is also handicapped by the risk of detection.

Against these advantages must be set certain evils which attend the introduction of the Farming or Outstill system, and which in many cases

would be more serious than those which it is desired to prevent. The chief of these is that the price of liquor may be greatly reduced. The object of the monopolist is simply to make the largest possible profit, and in many cases it will happen that the maximum of profit will be secured by a large sale at low prices rather than by high prices with a restricted sale. A check may no doubt be applied to this evil by fixing a minimum rate for retail sales, and limiting the capacity of the outstill, but the effective maintenance of regulations of this nature requires a strong preventive force, and in some places the enforcement of a minimum price for retail sales and the prevention of distillation in any but the licensed still are practically impossible.

84. In the circumstances described in the preceding paragraph the question naturally arises, whether it is possible to combine the advantages of the Farming or Outstill system, which may be described as the monopoly system, with those of the Central Distillery, in such a way as to prevent the sale of liquor at very low rates. This result, it was supposed, could be attained in certain tracts by granting a monopoly of manufacture and sale coupled with the conditions that the farmer shall guarantee a minimum payment by way of duty, that he shall distil only at a central distillery, and that he shall pay a fixed duty per gallon of liquor issued from the distillery. Such a system is suitable only where the chief difficulties to be overcome are illicit distillation on an extensive scale and the evils connected with preventive establishments.

85. An arrangement under which the monopoly of sale and manufacture is granted to a single person, who is required to distil in a central distillery, and to pay a fixed duty per gallon, obviates the risk of illicit distillation by the general public, but it offers to the monopolist the temptations which exist under the ordinary Central Distillery system—(1) to distil illicitly on his own account outside the central distillery, and (2) to enter into collusion with the preventive establishment to pass liquor out of the distillery without payment of duty. As a remedy the further condition of a "minimum guarantee" is imposed, or, in other words, the monopolist is required to pay duty on a certain quantity of liquor whether he can sell that quantity or not. If he sells more than the guaranteed quantity he pays duty on the excess; if he sells less he is obliged to make up the duty to the amount of the guarantee.

86. It will be obvious that if the amount of liquor on which duty is guaranteed is about equal to the amount for which there is a demand, there is no risk of illicit distillation with the connivance of the monopolists or of liquor being passed out without payment of duty. Until the amount guaranteed has been made up there is no profit to be made either by illicit distillation or by removing liquor without payment of duty, and if the amount guaranteed is not greatly less than the normal demand, the profit to be made by illicit dealings is not sufficient to induce the monopolist to run the risk of violating the law.

87. Unfortunately very great difficulty, especially at first, was experienced in determining what was the normal demand, and it was found necessary to determine by public competition the amount to be guaranteed, the monopoly being granted to an approved tenderer who undertook to guarantee the maximum quantity.

This condition is open to attack, since it may be said, with some reason, to make it the interest of the monopolist to stimulate the consumption of liquor. The objection, however, has less practical weight than might at first sight be supposed. As the number of shops is limited the monopolist could not increase consumption by multiplying shops, and as he paid a heavy duty

per gallon he could not reduce the average price of his liquor below the rate of duty *plus* cost of production, &c. The incidental attractions of lighting and so forth, employed by public houses in England to increase the number of their customers, are not available in India, and, so far as we can see, the only effective method by which the monopolist could stimulate consumption was by raising the price of liquor where the demand for it was strong, and by lowering it in places where a reduction in price was accompanied by a more than equivalent increase in consumption, the average price, as above explained, being in this way maintained.

88. But it might, and would no doubt occasionally, happen that under a system regulated by public competition the tenderer would guarantee duty on a larger quantity of liquor than he could sell at a rate per gallon not below that required to give him a profit, and in such case he would be under a strong temptation to diminish the loss on his contract by reducing the price of liquor below what it cost him, including duty, in the hopes that increased sales would diminish the excess payment under the guarantee. At any rate the Bombay Government was satisfied that the minimum guarantee system, the amount guaranteed being determined by competition, was open to such strong objection, that in the two districts of Thana and Kolaba they substituted, experimentally, a system under which the monopoly was granted to the person who undertook to pay the highest rate of duty per gallon, in excess of a stated minimum, on all spirit manufactured and sold by him. This system removed all ground for the accusation that it was made the special interest of the monopolist to stimulate consumption; but in other respects the results were disastrous. The rate of duty fixed in this way by competition was so high that a great impulse was given to illicit distillation, and as the monopolist was under no obligation to take a minimum quantity, he was not specially interested in preventing smuggling, and confined himself to selling what liquor he could at a very high price, leaving those who could not, or would not, pay his price to provide themselves with liquor by illicit means. The facts connected with this experiment were reported to Your Lordship in our Despatch No. 340, dated 22nd October 1889, but for facility of reference we have reprinted as Appendix E the account of the experiment given in a memorandum received from the Bombay Government and forwarded to Your Lordship with that Despatch.

89. On recognizing the failure of the experiment the Bombay Government directed that in future the amount to be guaranteed should be fixed by the Collector of the District and not determined by competition, and that the monopoly should be given to a person approved by the local authorities. We trust that this system may be so successful as to justify its permanent and wider adoption, but it is obviously open to the objection that it may lead to charges of favouritism being brought against the local authorities, and it may produce a loss of revenue if the monopolist can succeed in concealing the total amount of the liquor manufactured and sold by him, and in this way secures a low "minimum guarantee" which makes it profitable for him to run the risk of illicit distillation and smuggling on his own account.

We are, however, satisfied that no system can as yet be devised which will be absolutely free from objection, and we must be content to adopt that one to which fewest objections can be made.

90. We fear Your Lordship may think we have dealt at undue length with questions connected with the minimum guarantee system, but we are anxious

that some of the difficulties which we have to encounter and of the measures adopted in order to meet them should be set out at length. We have in fact only dealt in an imperfect manner with one branch of the Excise administration of a single Province, and our remarks are necessarily neither as full or complete as if the question had been dealt with by the Local Government concerned. No slight advantage of the introduction of the system of minimum guarantee lies in the fact that under this system it becomes possible to insist on proper distillation and the use of the best apparatus, with a consequent improvement in the quality of the liquor offered for sale.

91. What we have already said will, we trust, be sufficient to satisfy an impartial mind that the local authorities in India have great difficulties to meet, that they are doing their best to overcome them, that the numerous systems of Excise which prevail locally in British India hav been adopted with legitimate and praiseworthy objects, and that rash interference with the Excise Administration of India might be productive of great evil. We do not claim that the Administration is perfect; we acknowledge that mistakes have been made, and that experiments have failed, but we need hardly say that we have no desire to establish different systems merely for the sake of avoiding uniformity, and it may be taken for granted that there must be reasons, of greater or less weight, for such diversity of practice as we have shown to prevail in India. A simpler and uniform system would be more easily worked, and could be more readily understood, and would thus obviate much misapprehension and criticism. Unfortunately the circumstances do not permit of our adopting such a system.

SECTION III.—OBJECTS AND PRINCIPLES OF EXCISE ADMINISTRATION.

Raising of Revenue and Regulation for purposes of Police.

92. 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 that 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 present time, however, there is no general agreement of opinion regarding the measures which may properly be taken by a Government for these purposes.

93. In India no special difficulty is experienced in regulating the Excise system for purposes of police, and such minor difficulties as arise in this connection are due rather to the want of an efficient agency to ensure that prescribed rules are duly observed than to any difference of opinion as to what these rules should be.

In respect of the realization of revenue, the principle to which we have given our adherence, and which has been generally adopted, is to impose as high a tax as may be possible without giving rise to illicit practices; this principle is, of course, subject to such limitations in practice as special circumstances may justify.

No general agreement regarding the extent to which Government should go in the direction of restricting the consumption of stimulants or narcotics.

94. So long as we confine ourselves to police and fiscal considerations we

deal with questions regarding which the functions of Government are defined with sufficient clearness and unanimity; on the other hand, when we endeavour to introduce an Excise system with the object of modifying the habits of the people in regard to drinking, we are confronted with complicated moral and social problems, any solution of which is impeded by obstacles both of a theoretical and of a practical nature. It is owing to an alleged failure to discourage drinking that the Indian system of Excise has been attacked, for, though it has been asserted that we especially encourage 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 our wish to increase the revenue, we do not go as far in discouraging drinking as we ought, or as those who make the accusation think we ought. Every Excise system in force in British India does, at any rate in some degree, check 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 on it.

95. It will be obvious that when we are charged with not sufficiently discouraging drinking a wide door is opened for difference of opinion and profitless discussion so 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 we 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.

96. 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, we have no hesitation in saying that for India the answer must 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, in our opinion, be far less satisfactory from every point of view than moderation in the use of stimulants due to conviction and enforced by public opinion.

97. 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 of far too sweeping a character when applied to

the whole population of India. On this subject the Government of Bengal uses the following language:—

"The Lieutenant-Governor considers that he should not in this report pass over without remark the observation in Mr. Smith's speech that among the native population 'there is no such thing as a class of moderate drinkers, though there may be a few educated Natives who have adopted English habits. A Native, if he drinks at all, drinks to get drunk and he drives hard bargains with the publicans for the purpose.' Sir Steuart Bayley's experience of Bengal, and especially of Behar, where the drinking population is the largest, enables him to assert confidently that Mr. Smith has been misinformed on this point. It is not the case with the great bulk of the lower classes, who habitually use stimulants, that they drink only for the purpose of intoxicating themselves."

The same opinion is expressed by Mr. Mackenzie, the Chief Commissioner of the Central Provinces:—

"Whatever may be the case elsewhere, it is quite incorrect to say that a Native of these Provinces, who is in the habit of drinking country liquor, 'drinks only to get drunk.' As was noticed in paragraph 17 of this Administration's letter No. C—50, dated 24th September 1888, the extreme weakness of the spirit which is manufactured from mohwa by the kullars of these parts is a fairly effective check upon excess. Spirituous liquor, which is from 70° to 80° below London proof, must be consumed in inordinate quantities before intoxication supervenes: and except on festal occasions the kullar's customer is content with his glass. In fact, the only class of Native of these Provinces in respect of whom the accusation that drink is taken for the purpose of getting drunk is not a libel is, in the Chief Commissioner's opinion, the numerically small, but more influential section who have so far adopted European manners as to have cultivated a taste for English spirits. Generally throughout India it is the growth of intemperance in this class that has given rise to the complaints of Native reformers like Keshub Chunder Sen, and has seemed to give point to the charge that drinking habits are extended in India under British Administration."

Local option impracticable.

98. A consideration of the arguments just referred to, as well as of others which we need not here specify, has convinced us that absolute prohibition, and what is known as local option, are both out of the question in India. A system of local option would throw the whole administration into confusion, and would in some places create an intolerable class tyranny which might have very serious political effects. We doubt greatly if a Sikh community would quietly submit to the total prohibition of liquor by a Muhammadan majority, and we believe that in some tracts local option would lead to the indefinite multiplication of liquor shops and the reduction of the rate of duty to a minimum. We have already dealt with this question at some length in our Despatch to Your Lordship, No. 157, dated 25th May 1889. As was stated in that Despatch, any system of local option presupposes the existence of a highly developed system of local or municipal institutions to which representatives are elected by the mass of the people, and in which all conflicting interests command their due share of attention. No such system exists in India.

Difficulty of ascertaining public opinion on the question of drink.

99. Putting aside the question of local option, the difficulties even 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

that the only general principles which it is expedient or even safe to adopt are the following:—

(1) that the taxation of spirituous and intoxicating liquors and drugs should be high, and in some cases as high as it is 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 can be purchased should be strictly limited with regard to the 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 are the principles which have 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.

104. 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 inexpedient 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 steps we have recently taken in the direction of providing that public opinion shall be consulted have already been explained in our Despatch No. 157, dated 25th May 1889, and Your Lordship has approved them in Despatches No. 67, dated 18th July, and No. 113, dated 21st November 1889. The following is a copy of the instructions which we have issued:—

"2. It will be observed that, in the opinion of the Government of India, the best method of ensuring that due regard shall be paid to local public opinion in the matter of licensing liquor shops consists in the issue of appropriate instructions to the officers to whom the Excise administration of districts is entrusted. The Government of India do not consider that it would be useful at present to issue any general instructions on the subject applicable to all provinces, but desire that the several Governments may give the matter careful attention, and after consideration of the measures in force and the experience gained in other provinces, as described in the enclosures of this letter, take such steps to secure the object in view as may seem suitable. The Government of India are inclined to think that the procedure adopted in Bengal, where distinct instructions have been given to the licensing officers to ascertain and consider local opinion, and directions have been issued that where municipalities exist the Municipal Commissioners should be consulted in determining the location of shops, might be generally followed with advantage. But having regard to the varying conditions of different provinces, it has been thought desirable for the present to leave to Local Governments full discretion to decide what measures are expedient in each case."

We have found it necessary merely to indicate the general line of policy to be followed in this matter, leaving the Local Governments at liberty to carry out that policy in the manner which, with reference to local conditions, seems likely to secure the most satisfactory results.

105. The practical measures which we propose to adopt in future in furtherance of our declared policy comprise (1) the abolition of the Farming or Outstill system in places where it is 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 will bear, subject to the limitation that such duty shall not exceed the tax levied on imported liquor, and (4) the restriction of the number of shops. Where the Outstill system is retained we shall, as far as possible, enforce the limitation of the capacity of the still, and in some instances a minimum selling price.

We do not anticipate that the carrying out of this policy in a rational manner and with reasonable regard to the circumstances of the country will lead to any loss of revenue. On the contrary, we believe it will be as successful from the financial as from every other point of view.

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APPENDIX A.

Evidence of Mr. Halliday before the Bengal Excise Commission.

"There can be no question that drinking to some extent has increased in this Division during the last ten years as the transactions of the Excise Department prove; but I believe the increase is not more than proportionate with the following causes, *viz.*, increase of population in that period, improved circumstances of the people, and the comparative cheapness of the liquor obtainable at outstills. It must, however, be remembered that much of the increase of consumption now apparent under the present system is in fact a nominal increase, and the same consumption to that extent really went on under the distillery system, though it did not come to light in the transactions of the sudder distillery. One hears a good deal of the argument that since there has been a considerable increase in the revenue from country spirits of late years, there must have been a proportionate increase in the consumption of country liquor. The idea is, I think, fallacious. The revenue derived from country spirits under the sudder distillery system did not correctly indicate the amount of drinking which prevailed under that system. Any one with practical experience of the working of the distillery system knows that a large quantity of liquor passed into consumption without payment of any duty, and, similarly, a large quantity passed out with a much lower duty than that correctly leviable.

"It may be urged that we have not sufficient figures to show for such an assertion, and we have not: but the fact, notwithstanding, was notorious to every Collector that facilities inherent in the sudder distillery system, and which could not from the very nature of its organization be successfully contested against, existed at nearly every distillery for the practice of fraud, both in the record of the quantity of spirits issued, and the revenue recoverable thereon by Government. The extent of the fraud practised varied in degree, as the site of the distillery was in or near the head-quarters of the district or remote from it. If it be urged that had such illicit consumption really existed to such an extent there would have been a far greater number of cases of detection thereof than there were, I would reply that we had not the detective agency sufficient on the one side to compete on the other side with the distillers themselves and the Government establishments at the distilleries leagued together to defraud. Now, under the present outstill system, we have, as has been so often noticed before, the distillers themselves acting as a detective agency in their own interests, and our own special excise agency besides on a much more complete and efficient basis than I ever remember to have existed under the sudder distillery plan. It need scarcely be a matter of surprise that statistics proving the extent of illicit consumption under the old system are not available. As has been already remarked in the Annual Excise Reports from this Office, under the old system a part of the profits to which Government is

entitled was intercepted by the manufacturers and vendors and the subordinate excise officers and no means could be devised to check the practice. Under the outstill system the whole of the profits are divided between Government and the manufacturers and vendors.

"I have previously, in the course of the several Annual Excise Reports which I have submitted for this Division, expressed my opinion that the extension of the outstill system has not affected the drinking habits of the well-to-do or educated classes, but that the drinking habits of the labouring classes have increased in consequence of the cheapness of the outstill liquor. I still adhere to that opinion, and I think the opponents of the outstill system do not sufficiently bear in mind the important facts that a large quantity of illicit liquor, which was consumed in secret, has been displaced by licit liquor, and increase of consumption means increase of licit sales. I would repeat here what I have before recorded that it is a hasty assumption which accepts as conclusive that because circumstances have given facilities to the *drinking* capacity of the people, therefore the vice of *drunkenness* must have increased in the same proportion. I may mention, what was a well-known fact, that among the "Lallah" caste it was customary for those who could afford it to have private stills in their houses, where liquor of any strength could be distilled so long as hush-money was properly expended. It was not, then, particularly to the interest of vendors to interfere on their own account when the subordinate excise officers had been "squared" by the owners of private stills. Vendors had enough to do to keep their own frauds and smuggling "squared" with the distillery officers, and *vice versâ*. Now, under the outstill system, it is not worth the trouble and risk for these same "Lallahs" to keep up their stills; they can get their liquor much more easily and with no trouble from the outstill vendors, and they do so. Here we have a large class of people of the "educated" class, who drank before in secret just as much, perhaps more than they do now, swelling the number of *public* consumers, and the outstill system is credited with creating the tendency to drink.

"I have not been able to discover that people belonging to classes which did not drink while the sudder distillery system was in force have now acquired the habit of drinking; and with regard to the retail prices of liquor under the different systems, it would seem that spirits are now sold at nearly half the price of that under the sudder distillery system.

"The last five years, as is well known, have been on the whole prosperous in this Division, and I am strongly of opinion that prosperity has affected the consumption of liquor. Whatever may be said to the contrary—and I believe there are people who are committed to a contrary view—prosperous and adverse circumstances have much to do with the increase or decrease of consumption of country liquor. The common answer by a person of what may be called the drinking classes, if questioned as to the extent of his consumption of liquor in a time of scarcity or high prices of food, is—"How can I afford to pay for a drink in these hard times?"

"It is a sufficient fact that the settlement of country-liquor shops for 1884-85, recently completed in the several districts of this Division, shows a considerable decrease in the revenue, and this decrease is everywhere ascribed to the high prices prevalent of food-grains.

"Several holders of outstills relinquished their license in Gya because of the falling-in their sales owing to partial scarcity of the crops.

"As to the question of the degree of strength of the liquor under the old and the present systems, there is a difference of opinion. I have had most contradictory statements made to me. I do not myself think that the liquor formerly *consumed* by the people was stronger than it is now, though that *issued* from the sudder distilleries was as a general rule stronger than what is now generally distilled. The liquor manufactured in the distilleries loses much of its strength on its way to the shops. The liquor distilled in the outstills is not, I believe, more injurious to health than that which used to be distilled in sudder distilleries. I am informed that vendors would lose their custom if they resorted to such tricks as using dhatura or any poisonous substances, and I doubt whether any practice of the kind exists

APPENDIX B.

EXTRACTS SHOWING THE PREVALENCE OF THE HABIT OF DRINKING AMONG MANY CLASSES OF THE POPULATION OF INDIA.

(1) *Extract from a Report by the Chief Commissioner of Assam.*

"Assam proper consists of the valley of the Brahmaputra, which is about 400 miles long and about 50 broad. Of this 50 miles of breadth, the northern portion, say ten miles of breadth, may be described as a submontane tract, sparsely populated and full of jungle; it is inhabited by the Kachari tribe, who also hold a number of villages scattered through the country as far south as the river. In the eastern half of the valley the Miri tribe dwell in considerable numbers all along the northern side of the river. Both these races have been addicted from time immemorial to the most liberal indulgence in rice-beer (pachwai)."

(2) *Extracts from the Reports of District Officers in Assam.*

"The Bodo portion of our population, consisting of . . . and many other classes, consumes fermented liquor to an enormous extent. Among the non-Hindu Bodos it is brewed in almost every house; it is brewed very strong, much stronger than our beer, and the consumption of it is enormous."

"Among the people of this district the consumption of rice-beer is said to be confined to the Kacharis, Sandangs, Turungs, and Miris. The use of the liquor is necessary on all great occasions, such as village assemblies, marriages, funerals, &c."

"An ordinary Kachari family consumes about two kalsis, *i.e.*, twelve seers (24lb) of pachwai a day. . . . On the occasion of Bihu festivities, marriages, or deaths, pachwai is largely consumed.

"Extra deep potations are taken on the occasion of festivals, pujas, marriages, ten days after the birth of a child, and a month after the death of a relative."

(3) *Extract from a Report by the Chief Commissioner of Assam.*

"This valley is limited on the south by a range of forest-clad hills, inhabited by the following tribes . . . among whom again drinking has for immemorial ages been a national habit."

(4) *Extract from Appendix III (page 317) to the Report of the Famine Commission relating to a portion of the Hyderabad State.*

"Moulvie Nazeer Ahmed writes.—The cultivators of Telingana are, as a class, idle, shiftless and improvident, these characteristics being induced and aggravated in a great measure by two special causes—toddy-drinking and the influence of climate. In this part of the country there will hardly be found a single individual, whether cultivator or labourer, who is not addicted to toddy-drinking. Among the females, though the vice is not so very general, a large number of the young women of the lower classes are given to it. From about an hour and a half before sunset up to 10 P.M. the toddy shops are thronged, and a large part of the village population apparently passes away that interval of time in this foolish and injurious mode of dissipation."

(5) *Extract from the Report of the Bengal Excise Commission of 1883-84.*

"There are some castes in which the use of spirit in social and other ceremonies is prescribed by custom. A list of these* has been given by Rai Joyprokash Lall Bahadur, dewan of the Doomraon estate. There are other castes in which spirit-drinking is allowed, but in which it is not part of the framework of the caste. Among the latter habitual drinkers are much fewer than among the former, and a great proportion of the members of such castes are total abstainers, especially in North Behar, in part of which there is a tendency, even among the castes in which spirit is used in social and semi-religious ceremonies, to restrict its use to such occasions. It is to be regretted, however, that this is due to some extent to the use of the pernicious drug ganja in these tracts." . . . . . .

* Sixteen in number.

"It has already been said that in Bengal there is nothing analogous to the drinking castes, in the sense in which the term is used in Behar, and it seems equally doubtful whether any caste can be described as wholly abstaining from spirit. On the other hand, there is a religious distinction, the use of spirits being allowed and even sometimes enjoined on Sivites, and strictly

forbidden to Baishnabites . . . . the doctrines of Siva or Sakta worship, and the Tantras which inculcate them, give free liberty to their votaries to indulge in drinking spirits. The Sakta Tantras go further, and insist upon the use of wine as an element of devotion."

(6) *Extract from a letter from the Chief Commissioner of the Central Provinces.*

"It was impossible in a country like the Central Provinces with its long stretches of hill and forest, and with a large aboriginal population habituated for generations to the use of liquor, and requiring it for the daily worship of their deities, to carry on the excise administration under the central distillery system pure and simple."

(7) *Extract from a letter from the Government of Bombay.*

"Owing to the relaxation of religious and caste rule it is probable that intoxicating liquor is now used often secretly by classes, who formerly in this as in other practices of self-indulgence were restrained, but large sections of the population, including most of the indigenous tribes, have from time immemorial used intoxicating drink. Though its abuse often leads to crime among these classes, habitual drunkards, in the English sense of the term, are very rare and little domestic unhappiness is caused by the abuse of liquor."

(8) *Extract from the Bombay Excise Report for 1883-84.*

"The following extract is from a letter recently addressed by an experienced revenue officer serving in the Kolaba District to the Editor of the *Bombay Gazette*, in reply to an article that appeared in that paper a few weeks ago alleging that the present abkari policy has encouraged liquor drinking:—

"'There is one thing certain to me about the present management of the Abkari Department, and that is that it has diminished drunkenness in the North Konkan. I have had the honour to serve in that province off and on for nearly twelve years, and my service and personal tastes have been such as have brought me very much into friendly contact with the poorer classes, and especially with the hill and coast tribes—the Thakurs Katkaris and Kolis—men of the forest and the wave. Within my memory these people were literally slaves to drink. The coast Kolis were rarely sober when ashore; and in the hill and forest villages, where the people take their liquor like gentlemen in the evening, it was a common thing for every male soul above twelve years old to be stupid drunk by eight or nine o'clock P.M. I had at one time to do a great deal of night patrolling and have often come into a village where not a soul could answer the simplest question.

"'Now, all this is to a great extent a thing of the past. During the past three years I have had many of the coast Kolis serving under me as public and private servants, and I have not once had occasion to punish them for drunkenness. I am now employing a good many of the forests tribes, and I find the same improvement. Of course, I do not mean to say that they never get drunk; but they are not now drunk so often, or at such times as to interfere with their earning their bread, or to make them a common public nuisance. The reason they assign is that liquor is dear. One sarcastic old life-boatman added—'and the Sahebs of now-a-days are stingy.'

"There are occasional 'temperance movements' among them and always have been in my memory. These are spasmodic, but no doubt the dearness of liquor assists them, and they seem to have more and longer life now than they had ten years ago. Whatever may be said against the Abkari Department it has had such a success in putting down intemperance as no teetotal association ever had."

(9) *Extract from a letter from the Commissioner of Abkari, Bombay.*

"The outlying block consisting of the Dohad and Jhalod Talukas was excluded, because it is surrounded on all sides by foreign territory in which the outstill system prevails, and the population consists almost entirely of Bhils who have been allowed for several years past to manufacture spirit for themselves on certain religious and festive occasions, and it would not be expedient to interfere too abruptly with this privilege, which is valued on superstitious grounds."

APPENDIX C.

EXTRACTS SHOWING HOW GREAT ARE THE FACILITIES FOR ILLICIT DISTILLATION IN MANY PARTS OF INDIA.

(1) *Extracts from Mr. Buckland's Report on the Bombay and Madras Excise systems.*

"It has been the policy of the Department* to place raw toddy at reasonable rates within the reach of the people, but a difficulty arises from the fact that a low rate of duty on raw toddy tends to its greater production, and consequently to the supply of material for illicit distillation into toddy spirit. The juice ferments in two or three hours and often in the pot and reaches a high state of fermentation within 24 hours. Nothing is required but to let the vessel remain quiet for that time; when the juice has fermented, a floating saucer is placed inside, and the mouth of the vessel closed, the latter is put over a fire to boil, and distillation ensues.

* In Bombay.

"Mention has been made elsewhere of the danger of illicit distillation which arises when both raw toddy and toddy spirit are in demand, and especially when materials are at hand for the production of the former in abundance as they are in certain parts of the country.

"The preparation of toddy is a process which is familiar in every Madras village."

(2) *Extract from the Bengal Excise Report for 1861-62.*

"During the year 1862-63, most districts of the Nuddea, Burdwan, Rajshahye, and Dacca Divisions will be entirely under the fixed-duty system. In the Bhagulpore and Patna Divisions experiments are being made, but the system is by no means so well adapted to the spirit in use in those divisions as it is to that of Lower Bengal, in which the spirit is distilled from molasses, and averages about 25 per cent. below London proof, while that in vogue in Behar is extracted from the mohwa flower, which is produced in every jungle."

(3) *Extract from a Minute by the Lieutenant-Governor of Bengal, dated 18th February 1875.*

"It is to be remembered that the materials from which liquors and spirits are manufactured, namely, molasses, rice, and the flowers and juice of certain trees, are articles produced in the greatest abundance in the country, are most easily obtained, and yield liquor or spirits by the cheapest and simplest processes within reach of the poorest persons. If therefore any section or sections of a vast population desire (as they certainly do desire) to make liquor or spirits, it is not in the power of the most highly organized Government to altogether prevent them, without at least resorting to measures more injurious even than excessive consumption."

(4) *Extract from the Report of the Bengal Excise Commission.*

"Illicit distillers, as a rule, avoid the use of the upright still on account of its comparative complexity and the danger of the hot spirit while falling from the tubes into the receiver betraying them by its smell. On the other hand, the necessity of constantly pouring water on the receiving vessels, in which the spirit is condensed in distillation by the inclined still, is an objection to the use of the latter by illicit distillers. A third variety is therefore most commonly used by them, a sketch of which will be found in plate IV. This apparatus consists of two large and one small earthen pot, and one copper pot. One of the earthen pots which is placed over the fire serves as still, and is charged with fermented wash to about two-thirds of its holding capacity. Upon its mouth is fixed the second earthen pot with a circular hole in its bottom, over which, but with sufficient opening to let the vapour pass through, is placed the small earthen vessel. On the mouth of the upper earthen pot is placed the copper vessel filled with cold water, and all the joinings are carefully luted so that nothing can escape. The vapour passing through the whole in the second vessel and beneath the small one strikes on the cold surface of the copper pot, and being condensed there drops into the small earthen vessel below, which thus acts as a receiver. There is of course no smell during the process of distillation, and if the refuse or spent wash be disposed of quickly, the smell from it is not likely to betray the distiller."

"Many of the witnesses who appeared before the Commission were of opinion that it was almost impossible that illicit distillation could be carried on without detection owing to the smell and the general difficulty of concealing the operation. But these gentlemen argued from what they had seen of those outstills where the spirit is carried through a tube open at one end into an unclosed vessel, and where no attempt is made to hide the smell either from the materials in process of distillation or from the refuse thrown outside the stilling house. The illicit distiller on the other hand ferments his material in pots buried in the ground, or makes the spirit from pachwai or tari fermented in a licit manner. He uses a still which

allows no smell to escape during the operation, and he takes means to get rid of the refuse either by burying it or by giving it as food to cattle. There have been instances of illicit distillation conducted on a large scale; for instance, in 1867 four stills were seized in the house of a man in the Maldah district, and 40 gallons of distilled liquor were found on the premises. But as a general rule illicit spirit was distilled in small quantities and in the inner rooms of the houses or in the jungles. In the latter case detection could only be the result of accident. In the former, no matter how active detective officers may be they can do little unless they are supported directly by the fellow-villagers of the offenders; but it is notorious that excisemen cannot look for such support or aid. The sympathy of the people is entirely with the illicit distiller and the smuggler, who, as one of the witnesses expressed it, 'is always sure of his safety, impunity and the friendship of his neighbours. He is sure that his neighbours will not betray him; and in case he is spotted by an outsider the neighbours will never turn evidence against him.'"

(5) *Extract from a letter from the Chief Commissioner, Central Provinces.*

"We have here, in a country much of which is wild and hilly and covered with long stretches of forest, a large aboriginal population, and in certain parts of the province large numbers of persons of the lowest castes, who with their forefathers have always been accustomed to the use of liquor made from the flower of the mohwa tree. This tree occurs abundantly all over the Central Provinces and the process by which spirit is distilled from the mohwa flower in the wilder parts of the country is of the simplest character—a couple of earthen pots and a piece of hollow bamboo, to form a tube, constituting the distiller's apparatus. There is not a district in some portion of which spirit cannot under these circumstances be distilled illicitly without much fear of detection, and experience has proved most convincingly that unless the inherited taste of these people for this stimulant is satisfied by the establishment of shops within their reach, where they can buy taxed spirit, they will resort to illict distillation, and render themselves liable to the penalties of the criminal law."

(6) *Extract from a letter from the Chief Commissioner, Central Provinces.*

"It has been pointed out before, but it may be well to repeat, that the material (mohwa) from which spirit is universally distilled in these provinces is readily procurable in every district, and that the apparatus required for extracting the weak spirit ordinarily consumed is of the simplest description. A couple of earthen vessels and some pieces of hollow bamboo are all that are necessary. The mohwa tree occurs everywhere. Its flower is freely used as food by the hill tribes and also affords the material for the manufacture of spirit."

(7) *Extract from the Report of the Excise Commissioner, Punjab, for 1888-89.*

"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 affected 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 sugarcane country and a population of Jats (Sikh or Hindu), and the practice will certainly be prevalent unless kept down by severe preventive measures. No special appliances are required for distilling, the vessels in ordinary use by the zemindars being quite sufficient for the purpose. The danger of detection by the district preventive establishment, which usually consists of a single responsible official, the Darogah, and a few chuprasis, is remote, for all traces of the operation can be removed in a very short time."

"Umballa Deputy Commissioner's Report:—"Illicit distillation is exceedingly common throughout the greater part of the Rupar and Kharar Tahsils. As a Settlement Officer, it came to my knowledge that there are many villages in these tahsils making quite a large income from the practice."

Hoshiarpur District Report:—"Illicit distillation is rife in the district."

Jullunder District Report:—"We have here a magnificent sugarcane country and an agricul-
ral population of which a considerable portion is given to drinking, and these conditions are
y favourable to illicit distilling. I have seen all but one or two districts now, and I should
s Jullunder with Lahore and Gurdaspore (in Amritsar special measures have been taken which
greatly diminished the evil) as districts in which the people most openly defy our excise
and Jullunder is probably worse than the other two. The matter calls for very serious

penalties, and with the sympathies of the whole country side against us, our preventive service can make but little head against the practice."

Ferozepore District:—"As in all Sikh districts, illicit stills are common enough, but it is believed that in this district they are being gradually suppressed."

Amritsar District:—"The Amritsar district has hitherto had deservedly the reputation of being one of the worst, if not the worst, in the province in the matter of the breach of our excise laws; and the Commissioner of the Division on the report last year recorded his opinion that 'as long as we have a system of excise which runs the price of a bottle of more or less diluted liquor to over R1 the Sikh Jat will have his illicit still.'"

MADRAS RECORD OFFICE

APPENDIX D.

EXTRACTS SHOWING THE DIFFICULTIES IN CONNECTION WITH NATIVE STATES.

(1) *Extract from Mr. Buckland's Report of 4th August 1889.*

"The difficulty of placing the abkari administration of the Presidency* on a satisfactory basis has been considerably enhanced by the existence of the many Native States either within or adjacent to the borders of British territory. The cheapness of liquor, the number of shops, and the general want of control in those States, for a long time prevented anything like systematic attempts to raise the price of liquor within British territory. The policy of Government has therefore been to rent (even at considerable cost) the abkari management of a number of the Native States, or to induce some of the more important States, *e.g.*, Baroda, to assimilate their abkari systems with those of the neighbouring British districts. This has been a work of negotiation and has necessarily taken time to accomplish."

* Bombay.

(2) *Extract from the Report of the Bengal Excise Commission.*

"The Commission have been unable to obtain much detailed information regarding the systems of excise prevailing in the majority of Native States. They are indebted to the courtesy of the Governments of Hyderabad and Baroda for notes upon excise in those States, which are reproduced in the following sections. The Resident of Nepal writes that in the valley of Nepal, by which is meant the valley of Khatmandoo, there is no excise duty, but that any man can make spirit in his own still. On the other hand, there are regular outstills throughout the Nepal Terai, from which much cheap spirit has for many years back been smuggled into British districts. It is said that these stills pay a small fee generally of R12 yearly to the local Nepalese officers. In the States adjoining the North-Western Frontier the outstill and farming systems prevail. In Dholpore several shops are in many cases supplied from one outstill. In Mysore, where the outstill system prevailed under the Native Government in Buchanan's time, sudder distilleries have been of late introduced into some parts of the State. Of the remaining States it may be said generally that in most the right to manufacture and sell spirituous liquors is given out on contract, the contractors and sub-contractors being allowed to open shops as they please. In some, however, of the States of Rajputana and Central India, the Thakoors have the right to manufacture to any extent, and in some the right is practically unlimited for all. In some of the Bombay States the Governments tax palm, and it is believed even mohwa trees, and also levy duty on manufactured spirits in transit; but it has not been found possible to obtain accurate details about this. On the whole, it may safely be concluded that in most Native States the sole purpose of any interference with the trade in spirituous liquors is to raise revenue, and that no attempt is made to check consumption by excise arrangements." . . . . .

....."The excise, or otherwise called abkari, in Hyderabad proper is managed directly by Government; the area to which it applies is defined, and extends about two miles radius beyond the walls and limits of the city of Hyderabad, and protected by chowkies and nakas....

"Save the locality above referred to, in other parts of His Highness the Nizam's dominions the contract system prevails. Each district talukdar puts up to auction the abkari of his district for a period of three to five years." . . . .

Baroda.—The excise system, which is otherwise known as the sudder distillery system, has been in force in six mahals† of the Naosari division. . . . . .

† Sub-divisions.

"In the other parts of Baroda territory the right to sell country liquor is leased out to contractors, who procure the liquor from wherever they like or manufacture it themselves."

(3) *Extract from a Memorandum by the Chief Commissioner, Assam.*

"The Nagas have only recently come under our administration, and must, for the present, be, to a large extent, ruled according to their own notions and not according to ours; and the question about interfering in the Khasi and Jaintia Hills has more than once been raised and negatived. Our relations with the Khasi Chiefs practically acknowledge their independence; in matters of importance we can make them do what we want, simply exercising our authority as paramount power; but we have no right to impose upon them any particular excise system, or order them to levy excise taxes or to restrain their brewing and distilling. In 1876-77 the Chief Commissioner proposed to subject distillation to some restriction, but found it impossible to do anything more than to compel the local chief to impose some restriction in part of his

territory (Bholaganj) which is geographically part of the Sylhet district. To this even the Seim objected, on the ground of the British Government having no right to interfere in his administration, and, though he was admitted to be technically right, he was told he could not be suffered to manage matters so as to embarrass a neighbouring British district. But outside Bholaganj he certainly does so, for he maintains several shops exactly upon his border, knowing that they will be mainly used for the smuggling of liquor into Sylhet. I am inclined to think that the time has come when we should interfere."

(4) *Extract from the Report of the Excise Commissioner, North-Western Provinces, for 1882-83.*

"A large number of distilleries—ill-built, ill-guarded, and ill-supervised—was established throughout the country, and the vain hope was entertained that by the rapid raising of the still-head duty intemperance might be promptly and finally suppressed. But the law-makers of the day did not keep the law-breakers sufficiently in mind. It was acknowledged that the distillery system was inapplicable in the Kumaon and Jhansi divisions, but the system was too rigidly extended throughout the rest of the North-Western Provinces. Experience, however, soon proved that what was true of Lalitpur and Jhansi was equally true of other sparsely inhabited tracts, especially of those which adjoined Foreign territory."

(5) *Extract from the Report of the Excise Commissioner, North-Western Provinces, for 1874-75.*

"As regards the existence of illicit distillation and surreptitious abstraction of spirit from the distilleries without paying duty, nearly all officers are prepared to admit some illicit form of trade does exist. Those officers whose districts are conterminous with Foreign States declare that the illicit trade of these districts is owing to the facilities which exist for distilling in those States. This is without doubt true perfectly of the Nepal Frontier, Rewah, and the Rajputana States."

(6) Extracts from an enclosure of a letter, dated 23rd January 1889, from the Excise Commissioner, North-Western Provinces, in which are stated the reasons for the establishment in certain places of the farming or outstill system in preference to the central distillery system. Of the 21 districts in parts of which these systems are maintained, one or the sole reason assigned is, in the case of 16, the proximity of Native States.

Muttra.—Farming system is in force since October 1882, and it is preferable because the tracts in which the system is in force adjoin the Native territory of Bharatpur.

Agra.—Farming system has been introduced from October 1883 into those tahsils which border on the Native States of Gwalior, Dholpur, and Bharatpur. . . . . .

In parts of this district the outstill system was introduced from October 1881, and it is preferable because the tract is thinly populated and borders on the two Native States of Gwalior and Dholpur, also because it is inaccessible during the rainy season, and because it is always a difficult country for carts to traverse. These afford ample facilities for illicit distillation.

Bareilly.—Baheri and Miraganj Tahsils were brought under the outstill system from October 1881 and 1882 respectively. Both adjoin the Rampur State.

Pilibhit.—In Tahsil Puranpur the farming system is in force from a long time, and it is preferable, because the tahsil contains large jungles, and the Nepal territory is on its border; also because the population is poor.

Allahabad.—Outstill and farming systems are preferable in the south of the district by reason of the neighbourhood of the Native State of Rewah.

Hamirpur.—This district is entirely under the outstill system since October 1881 in substitution of the farming system. The reason why this system is preferable is that the district is a primitive and sparsely populated tract and honeycombed with Native States.

Gorakhpur.— . . . In the following year some modification appeared necessary, and the system was extended throughout those four tahsils for the following reasons:—

(1) Suppression of smuggling from over the border.

* * * * *

Basti.—In 1880-81, parts of this district were brought under the outstill system. The advantages over the distillery system are as follows:—

(1) The tract under the outstill system is the trans-Rapti country in the north of the district adjoining the Native territory of Nepal. The Nepalese have stills all along the frontier; they could easily undersell any distillery liquor.

Mirzapur.—The farming system has been introduced in Tahsil Robertsganj in 1868, in parts of Chunar and Mirzapur in 1878, and in parts of Tahsil Chakia in 1882. The main

reasons for preferring the farming system in the upland portion of this district are (1) to the enormous distance from the distillery, often as much as *80 to 100 miles*, to the difficulty experienced in travelling over bad roads and across mountain streams, ravines, and hills, and (2) the proximity to Native States, as well as to the many facilities which the peculiar physical condition of the country for illicit manufacture affords.

Jalaun.—In this district the farming system is in force since British rule commenced in these parts. The reasons given in the G. O. No. 185—XIII-28, dated 22nd August 1888, apply to this district, the population being a scattered one and the whole of the western border of the district being bounded by Native States.

Jhansi.—Since the establishment of the district (1854), the farming system has been in force. The district is surrounded by and interspersed with Native States.

Lalitpur.—The farming system was in force throughout the district, but in 1881-82 Pergunnah Lalitpur was brought under the outstill system. With the exception of a small portion in the north facing Jhansi and in the south where it is bounded by the Sagar District (Central Provinces), Lalitpur District is surrounded by Native States; it is thinly populated, and has large barren and forest tracts.

Terai.—The farming system is in force from April 1871. This system is suitable because the district is thinly populated and covered with forest bordering on Native States of Rampur and Nepal. The distillery system was once tried but proved a failure. The climate of the district necessitates the consumption of native liquor which, if not available, is smuggled.

Kheri.—Outstill system was introduced in the sub-division of Mohamdi and Nighasan in 1883 and 1887 respectively. This system is preferable in Nighasan, because it adjoins the Nepal territory and is divided from the rest of the district by rivers which render the conveyance of liquor from the central distillery difficult and expensive during the rainy season. For the prevention of smuggling from the adjoining outstill tracts, Tahsil Mohamdi has also been brought under that system.

(7) Extract from a letter from the Chief Commissioner, Ajmere.

"It seems to me that ordinarily the real remedy for an increase of intemperance among the people would be the total prohibition of the manufacture of strong country liquor, but in these districts, surrounded as they are by Native States where strong liquor is freely brewed, such a measure would in any case be of doubtful efficacy. Those people who have acquired the taste for luxuries of this nature would still endeavour to indulge it, and unless very large additions were made to the strength and efficiency of the preventive establishments the districts of Ajmere-Merwara would be unable to cope with the inevitable smuggling from Native States."

(8) Extract from a letter from the Commissioner, Ajmere.

"These districts are surrounded by Native States where liquor is brewed freely, and is both stronger than, and inferior in quality to, that produced under our excise system. It is also much cheaper, and complaints of smuggling in contravention of our rules have been requent."

(9) Extract from the Central Provinces Excise Report for 1872-73.

"The Hoshangabad district is in the main a narrow valley, the whole northern border stretching for 150 miles along the Narbada, which, easily fordable for several months in the year, alone divides it from Indore and Bhopal. While on the British side, under the present system liquor is dear and difficult to procure, across the river in the Native States the supply is free and unrestricted, and at a price so low as to present a temptation almost irresistible to the smuggler."

(10) Extract from the Central Provinces Excise Report for 1873-74.

"It is generally admitted that the people have been in the habit of supplying themselves with untaxed liquor, either by illicit distillation or smuggling from Native States, to a large extent."

(11) Extract from the Central Provinces Excise Report for 1880-81.

"At the head-quarters of Sambalpur there is a contract still, while the wants of the district are met by outstills. Though the district is fairly accessible the numerous Zemindari and Feudatory States which make it up render it difficult to work a system of direct duty."

(12) Extract from the Resolution by the Chief Commissioner on the Central Provinces Excise Report for 1886-87.

"Mr. Mackenzie has lately had before him reports upon the condition of some twenty angly zemindaris in a remote part of this province, which are isolated from direct communication with the revenue-paying districts, and left to manage their own affairs in their own way. In many of these the income from excise forms a principal source of the zemindar's revenue, and an outstill or a spirits shop is to be found in almost every village. In no British district would this be tolerated. If the Chief Commissioner had to assume the direct management of any of these estates, the first step taken would be to limit the number of shops and stills and raise the price of liquor."

(13) Extract from the Punjab Excise Report for 1888-89.

"The subject of smuggling from places to which our system of excise does not apply also requires to be noticed. A reference to any map of the Punjab will show clearly the difficulties with which we have here to contend from within as well as from without the Province —especially in the districts of the Delhi and Jullunder Divisions, owing chiefly to the intricate manner in which Native territory is mixed up with ours. Till quite recently the state of affairs was that, at almost every point of our very extended border, spirits could be purchased at half the price, or even less, that our licensed vendors charged for them. It was not only by the smuggling thus encouraged that our excise arrangements were injuriously affected, for our villagers could, without a breach of the law, obtain and consume on the spot these cheap spirits offered for sale at shops in Native territory within easy reach of our border.

"In the Firozpur Tahsil of the Gurgaon district, which adjoins the territories of the Alwar and Bharutpur States, there has been such trouble, that we have finally, with effect from 1st April 1889, had to abandon our ordinary arrangements and to introduce a modified outstill system. The area to which this will be applied is very limited.

"As to the States under the political control of the Punjab Government, with regard to which our chief difficulties have hitherto arisen, the arrangements which have been effected are most satisfactory, and they have relieved Government of a serious difficulty. * * This has had the result of raising the price at which spirits can be retailed, and in the territories of these States, to what is practically the same level as that prevailing in our own districts. Of course there is a good deal of difference between the nominal acceptance of our system and the strict working of it.

"Attention may be invited to the remarks on this subject in Part II, Districts Rohtak, Karnal, Hissar, Umballa, Ludhiana, and Ferozepore. Spirits are very cheap in Kashmir, where the duties are farmed, I believe, and there are no restrictions on manufacture; and complaints are made of the location of shops close to the borders of Gurdaspur and Sialkot districts (see the district notes in Part II)."

(14) Extract from a letter No. 69, dated 3rd August 1889, from the Excise Commissioner, Punjab, regarding the Excise arrangements of the Firozpur Tahsil of the Gurgaon District.

* * * * * * * * *

"3. Correspondence with regard to the Excise arrangements of this tahsil has been going on for the last ten years, Government having been first addressed on the subject by the Financial Commissioner in his Secretary's letter No. 775, dated 7th July 1879. The correspondence is very lengthy, and it would serve no useful purpose to go through it in detail. The following brief account of the circumstances which have given rise to the necessity for the steps now taken will suffice.

"4. The area affected (a single tahsil) is really very small, and the consumption of spirits is not of any great extent. But owing to the way in which the territories of the Bhartpur and Alwar States interlace with this tahsil, and the ease with which cheap spirits can be obtained from those States by our villagers, we are now driven to admit that the maintenance of the central distillery system is impossible. The Excise system in these two States, over which the Punjab Government has no political control, is that of 'farming' pure and simple. An unlimited supply of spirits is available in them at the price of a few annas per bottle, and shops are located along our border within easy reach of most villages in the tahsil. Our villages can without any breach of the Excise law cross over to these shops and drink their fill, and it is not surprising that there has been no demand for the high-priced spirits which our licensed vendors can offer. The printed map accompanying this letter will serve to illustrate these remarks.

"5. It was reported in 1879 (*see* letter quoted above in paragraph 3) that the receipts from license fees and still-head duty had fallen to ₹200 per annum in 1877-78, while the cost of the establishment employed in the central distillery amounted to ₹300. A statement

of the receipts and expenditure which will be found in Punjab Government Proceedings for September 1888 (Finance Department Nos. 6 and 7) show that during the six years, 1877—1883, the receipts averaged only R121 per annum, while the expenditure remained R300 as before. The rate of still-head duty was reduced by one-half. There appears to be some doubt as to the date from which this measure came into force. According to the statement in Deputy Commissioner, Gurgaon's letter No. 496, dated 7th November 1882 (Proceedings, Financial Department, December 1882, No. 6), it was some time in 1881, while that given in Mr. Maconachie's letter No. 123, dated 8th May 1888 (Proceedings, Financial Department, September 1888, Nos. 6 and 7), seems to indicate the commencement of the financial year 1883-84 as the date. Taking this latter date, the statement last referred to shows that the result of the reduction of duty was an immediate increase in the receipts from the tahsil, which averaged R335 per annum for the five years 1883—1888. The experiment of reduction in the rate of still-head duty (to R1-4 per gallon of proof spirit) has now been tried for at least five years, with the result that we have to admit that this is not an adequate remedy, and that it is not possible to maintain the central distillery system in any form. Government during the last five years has been incurring on the average an expenditure of R300 to get in a revenue of R335. Further, the Deputy Commissioner estimates that even with this low rate of duty the present consumption of spirits is at least double the quantity which now pays duty (about 166 gallons), the untaxed supply being obtained from Native territory, and he bases his proposals on the recognition of this as the normal amount of consumption by the inhabitants of the tahsil.

"6. The details of the system which has with effect from 1st April 1889 been substituted for that hitherto in force may be gathered from Mr. Maconachie's note received under cover of his letter No. 97, dated 21st January 1889, to my address, and the subsequent correspondence of which copies are now submitted. The central distillery has been closed and in its place the licensee who has secured the license for the whole tahsil has been allowed to set up a still of his own, which is worked under supervision. The number of retail shops remains as before (five), each shop being separately licensed. A copy of the license will be found as the enclosure to Deputy Commissioner's letter No. 450, dated 1st April 1889. This has been taken with slight alterations from the form in use in the North-Western Provinces (Appendix No. XVIII, North-Western Provinces Excise Manual). I would invite attention to condition 4, from which it will be seen that the outturn of spirits from the still is strictly limited by the capacity of the still and the number of days that it can be worked in the year free of extra charge. The outturn allowed for is 336 gallons per annum, this being the amount of estimated consumption (*see* conclusion of paragraph 5 above). If the licensee desires to distil more spirits he will have to pay R5 for each time that the still is used. It is not probable that there will be much spirit produced in excess of the amount allowed for, and if there is, it will pay what is virtually a still-head duty of 10 annas a gallon. The spirit produced will probably be of low alcoholic strength; but if this extra charge is found insufficient it can be raised for next year."

APPENDIX E.

Report on the system tried as an experiment in 1888 and 1889 in the Districts of Thana and Kolaba.

Government Resolution No. 3898, dated 28th June 1887.
Letter No. 4527, dated 18th July 1887.
Government Resolution No. 6127, dated 10th September 1887.
" " No. 6801, dated 6th October 1887.
" " No. 7997, dated 22nd November 1887.
" " No. 3546, dated 4th June 1888.

The circumstances brought to notice in his report are the outcome of the application of the orders passed by Government in their Resolutions and letter noted in the margin.

The leading facts to be dealt with are:

The licit sales of country spirit in each of the last four years were—

Year.	Thana District.	Kolaba District.
	Gallons 25° under-proof.	Gallons 25° under-proof.
Old system . 1885	305,289	139,575
1886	316,487	124,648
1887	361,574	150,629
New system . 1888	186,508	118,550

A further drop in licit sales has occurred in the current year 1889.

The licit sales in the first three months of 1889 contrast as shown below with those for the corresponding period of 1888:

Year.	Thana District.	Kolaba District.
	Gallons 25° under-proof.	Gallons 25° under-proof.
1888	66,185	44,398
1889	47,199	22,545

Speaking roughly, the effect of the new system has been to reduce the licit sales in the two districts by 50 per cent.

The rates of still-head duty levied under the old and new systems are contrasted in the following table:—

Talukas.	Old system.	New system.
	R a. p.	R a. p.
Thana District.		
Umbargaon	1 8 0	2 7 0
Jawhar	2 0 0	2 1 1
Dahanu	2 0 0	2 15 0
Mahim	2 0 0	3 4 0
Bassein	2 0 0	3 8 0
Salsette	2 0 0	3 10 3
The six inland talukas	2 0 0	3 9 9
Kolaba District.		
Panvel	2 0 0	3 7 6
Alibag Bagayat	2 0 0	3 5 0
Rest of district	2 0 0	3 4 3

Under the new system the rates of taxation on country spirit have been enhanced by about 70 per cent. The rates are mostly far in excess of those levied in any other part of the Presidency, including the town of Bombay. The highest rate levied elsewhere in the Presidency is R3-2.

Under the old system the ordinary retail price of a bottle of country spirit was in some talukas 8 annas and in other talukas 6 annas. Under the new system 12 annas has been the prevailing price, and in places still higher prices have been charged. The retail prices of country spirit have thus been enhanced by from 50 per cent. to 100 per cent.

Under the old system toddy was sold at 6 pies per bottle at the tree-foot and at 8 pies per bottle in shops. In Umbargaon and Dahanu the prices were 6 pies and 4 pies per bottle. Under the new system the ordinary price everywhere has been 9 pies per bottle. The retail prices of raw toddy have thus been increased from 50 per cent. to over 100 per cent.

Mr. Trevor estimates the quantities of *raw* toddy made available for use in the two districts, exclusive of the quantities distilled in the public distilleries, in 1886-87 and 1888-89, as follows :—

Year.	Thana District.	Kolaba District.
	Gallons.	Gallons.
1886-87	831,545	155,491
1888-89	1,473,084	309,520
Increase in 1888-89	641,539	154,029

The whole of these quantities were available for consumption in the raw state or for illicit distillation.

The outturn of licit toddy spirit in 1886-87 and in 1888 was—

Year.	Thana District.	Kolaba District.
	Gallons 25° under-proof.	Gallons 25° under-proof.
1886-87	62,558	21,665
1888	25,986	1,972

The number of places in the Thana district at which country spirit and toddy were sold, or made available for disposal, in each year since 1877-78 are shown in the table annexed :—

Kinds of sale licenses.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
Spirit and toddy	944	400	405	397	402	368	269	253	191	...	...	...
Spirit only	...	...	...	...	...	...	114	130	253	429	376	*(?)
Toddy only (shops)	...	...	...	...	...	119	354	207	488	443	189	203
Toddy (tree-foot)	...	...	...	...	...	...	...	...	...	470	652	714
Toddy (domestic consumption)	...	...	...	...	...	...	...	...	...	†(?)	459	413
TOTAL	944	400	405	397	402	487	737	590	932	1,342	1,676	1,330

* Mr. Trevor's reports do not show the number of *spirit* shops licenses issued in 1888-89.

† Mr. Trevor's reports do not show the number of domestic consumption licenses issued in 1886-87.

The number of places at which intoxicating liquor has been made available for sale and for domestic consumption has increased enormously. The increase is confined to toddy. The number of spirit shops has remained tolerably steady since 1878-79.

Illicit distillation is prevalent throughout the Thana District, and prevails to a smaller extent in the Panvel and Alibag talukas of Kolaba.

The revenue results are as follows :—

Year.		Thana District.	Kolaba District.
		R	R
Actual	1886-87	8,11,155	3,33,614
	1887-88	7,11,226	3,20,630
Estimate	1888-89	6,96,862	3,27,191

The inciting cause of the serious outbreak of illicit distillation that has now to be dealt with lay in the departure made in 1887-88 from principles of abkari management previously recognised and acted on. The retail prices of spirit were forced up to rates that consumers could not afford to pay by the competition for the farms which were sold under the new system* introduced on the 1st January 1888 to the persons who volunteered to pay the highest rates of still-head duty, while the restrictions that compelled farmers to retail within fixed maximum prices were

* Under the system previously in force, the rates of still-head duty and the maximum retail selling prices were fixed by Government, and the farms were then put up to public competition and sold to the persons who guaranteed payment of the highest minimum revenues.

placed in abeyance. At the same time the rates of tree-tax in several of the principal toddy-producing talukas were lowered, and the restrictions that confined tree-tapping exclusively to persons who had provided themselves with a fixed and certain market for the licit disposal of the toddy they drew were relaxed. Before these changes were made, tapping licenses were issued only on the application of persons to whom licenses either to sell or to distil toddy had been granted, and for the supply of specified shops or of specified distilleries. In 1888 these limitations on the grant of tapping licenses were removed, and tapping licenses were made issuable, without any limit as to number of trees, to *all* applicants; and the only obligation with respect to the disposal of the toddy drawn placed on the tappers was one that bound them to sell it to some licensed shopkeeper, or to some licensed distiller, within the limits of the taluka or mahal concerned. Tapping licenses were also made issuable to approved applicants, who were privileged to sell toddy to the public at the tree-foot and to toddy distillers; and further tapping licenses for a limited number of trees in each case were made issuable to tree-owners with the privilege of using the toddy they drew for domestic consumption, and of selling it to licensed shopkeepers or licensed distillers. The provisions expressed in the tree-foot and domestic consumption licenses as to the disposal of toddy to licensed shopkeepers and distillers allowed such disposal of *surplus* toddy only; but as a "surplus" quantity is an indeterminate quantity, this provision in practice was altogether ineffective, and it was open to the tree-foot booth and domestic license tappers to sell as much or as little of their toddy as they pleased for the supply of licensed shops or licensed distilleries, and gave them an opening for selling toddy to persons who put it to illicit uses.

The almost indiscriminate grant of tapping licenses induced by these changes of system naturally led to a very large increase in the number of localities in which licit tapping operations were carried on. This circumstance facilitated *illicit* tapping, as the establishments were not strong enough to watch carefully all those localities; and of course it is very much easier to detect, and therefore very much more risky to attempt, illicit tapping in places where *no* tapping is licensed than in places where licensed tapping is in progress. Mr. Trevor has not reported the number of licenses issued to speculative tappers with no fixed market for their toddy, and the numbers cannot now be ascertained without references being made to the talukas, which would take time to answer. The number of places at which raw toddy was licitly disposed of in the talukas of Bassein and Salsette in each year since 1880-81 is given below, and from this an idea may be formed of the great increase in the number of localities in which licit tapping was carried on in 1888-89 :—

Bassein Taluka.

1880-81	45
1881-82	48
1882-83	50
1883-84	53
1884-85	53
1885-86	69
1886-87	74
1887-88	...
1888-89	235

Salsette Taluka.

1880-81	73
1881-82	72
1882-83	73
1883-84	77
1884-85	77
1885-86	92
1886-87	225
1887-88	...
1888-89	406

NOTE.—Tree-foot booths were first established in 1886-87. Figures for the year 1887-88 are omitted, as licenses on one set of conditions were issued for the first five months of the year, and fresh licenses on another set of conditions for the last seven months of the year.

The regulation of the transport of toddy by rules forbidding the transport without permit of toddy in excess of a certain fixed quantity is one of the measures chiefly relied on for the checking of illicit distillation; but, in order to obviate needless annoyance to tappers pursuing their occupation lawfully, an exception is made in the transport rules exempting from their operation toddy in transit from the place at which it was drawn to the place at which it is to be licitly disposed of. When licit markets for toddy were opened in all directions, and tappers were allowed to take or send their toddy to any shop or distillery they pleased, the transport regulations broke down, and any one who wanted toddy for illicit distillation was

able to carry it where he pleased on the plea that he was conveying it to some shop or distillery.

* * * * * * * *

The remarks made by Mr. Trevor (paragraphs 55 and 62 of his report No. 2405) are well worth attention. Speaking of the effect of the changes lately introduced, he says (paragraph 55) :—

"In Thana it (the result) has been simply disastrous."

And again (paragraph 56) :—

"I am afraid there is no room for doubt that in Thana the only difference is that illicit liquor is consumed instead of licit, and that the demoralising practices that had with difficulty and after a continued and costly struggle, lasting through nearly ten years, been nearly suppressed, have in as many months, and in spite of strenuous effort, become as rife as ever, and that the same is true to a great extent of Kolaba also."

Speaking of illicit toddy distillation, he remarks (paragraph 36) :—

"The temptation to use 'surplus' toddy for illicit distillation must be very strong, and it is the more dangerous for the reason that the process leaves no refuse, and is so simple that it can be carried on in the distiller's house with his domestic utensils, and all traces of it can be cleared away in a few minutes while the excise officers are kept waiting outside. It is thus most difficult to detect and suppress, and most likely to spread where the practice once takes root. Mr. Todd mentioned to me some little time back its prevalence in Bassein and Salsette as something new, and the Inspectors of those talukas, both experienced men, are convinced that it goes on largely."

In paragraphs 37 and 38, Mr. Trevor details the experiences of the Bassein and Salsette Inspectors in the matter of recent illicit distillation. Mr. Sibbald and Mr. Ardagh are experienced officers, and what they state is well worth attention. Mr. Sibbald, the Bassein Inspector, says that little or no mowra is used in Bassein; that he has detected several cases of illicit tapping with traces of illicit distillation in the neighbourhood; that most of the tree-foot booth licenses have been taken up by a syndicate that held the spirit farm last year; that stale toddy is sold at 3 pies a bottle, and sold for distillation; that the tree-foot booth license-holders distil themselves; that at one village where he made a camp, the sales of spirit at the local shop, which had previously been about a bottle a day, sprang up at once to the value of R2,000 or R3,000 in four days, the increase being partly due to the occurrence of weddings, but much more, as he is convinced, to the temporary stop put by his presence to illicit distillation; that on the same occasion the villagers commenced to send toddy to the Bassein distillery at the rate of 100 gallons a day, whereas the admissions previously had been *nil;* and that he has detected some 60 cases since October last as compared with 10 or 12 previously.

The Salsette Inspector, Mr. Ardagh, declares his belief that the people of Vesava and Absi distil all their surplus toddy, and he has detected between 30 and 40 cases of illicit distillation mowra and toddy since last August.

It seems probable that Mr. Trevor has considerably under-estimated the quantities of toddy put to illicit uses and the prevalence of illicit toddy distillation in both the Thana and Kolaba districts.

In paragraph 32 he estimates that in Thana 641,539 gallons and in Kolaba 154,029 gallons more toddy were made available for consumption in the raw state (and for illicit use) in the current year than in 1886-87. Of these quantities the increase in the Salsette and Bassein talukas alone amounts to 484,684 gallons, while in Panvel and the Alibag Bagayat of Kolaba the increase amounts to 157,739 gallons, and in the rest of the Kolaba District there has been a falling off in the quantities of toddy drawn. Now, it is in these very four talukas that past experience leads to the belief that illicit toddy distillation would prevail most extensively if opportunity for it were given. The population there has a great craving for spiri and cares but little for toddy. With raw toddy selling at prices 50 per cent. in excess of th prices previously prevailing, it is scarcely likely that the consumption of raw toddy would hav increased largely; and it is noteworthy that in talukas like Dahanu and Umbargaon and in th inland talukas of Thana and of Kolaba, where there has always been a steady demand for ra toddy, the consumption has not increased, or not increased largely at any rate, under precisel the same conditions as those obtaining in Bassein, Salsette, Panvel, and Alibag.

Paragraphs 67 and 68 of Mr. Trevor's report are also important. He there shows that i 1886-87 there were 234 cases of illicit distillation in Thana and 17 in Kolaba; in 1887-88 tl number rose to 373 in Thana, and there were 14 cases in Kolaba; and *in the first seven mont only* of 1888-89, 304 cases were detected in Thana and 10 in Kolaba.

Referring to these figures, Mr. Trevor says (paragraph 57) :

"The difference would have been greater but that, as the Inspectors in Thana are almost unanimous itting, their efforts to stamp out the recent access of illicit distillation have so far proved ineffectual. T result has been that the operators have grown more careful, and that whereas at first they used to disti

their own houses and compounds, they now carry on the business in the fields and jungles with a sharp look-out, all round. Thus it happens that when the abkari officers appear on the scene, they find traces of the still, &c. but nothing to give any clue to the identity of the offender. The work is becoming more difficult day by day *and the cases brought into Court are not a tithe of those which are known to occur.*"

In paragraph 62 Mr. Trevor shows that the imports of mowra by rail and sea into the Thana District in 1888 amounted to 48,904 maunds against an import of 10,365 maunds in 1887, and in Kolaba to 2,000 maunds in 1888 against *nil* in 1887; also that the use of mowra grown in the Thana forests has ceased altogether at the Uran distilleries, though before 1888 large quantities were used there.

Further, he shows that it was established by the evidence recorded by the Mowra Committee that in Thana and Kolaba mowra flowers are not used as food either by the people or for cattle, and that the only purpose to which it is put is the manufacture of spirit; also that, according to paragraph 25 of the Report of the Bombay Abkari Commission, about 11 Bengal maunds of mowra are required to make 52 gallons of spirits 25° under-proof. Now, leaving out of consideration the mowra locally produced in the inland talukas of Thana, the quantity imported in 1888 sufficed for the manufacture of 240,000 gallons of spirit 25° under-proof. These are large figures, but they do not represent the whole* extent of the illicit distillation, as those

* It has been ascertained from Mr. Shuttleworth, Conservator of Forests, that in the year 1884 the Forest officers collected mowra flowers departmentally in the Thana forests, at they then bought up about 24,000 maunds. This, rse, does not represent the whole of the produce. ly, 24,000 maunds suffices for the manufacture of 0 gallons of spirit 25° under-proof. In paragraphs 39 3 of his report, Mr. Trevor estimates the illicit toddy ation at about 50,000 gallons; but his estimate is pro- below the mark. Adding these items together, we to contemplate illicit distillation reaching the enor- quantity of *400,000 gallons 25° under-proof.*

esenting the spirit made from mowra locally produced and from toddy illicitly distilled e to be added. It must be remembered that the recorded licit sales of spirit in 8 were less by more than 207,000 gallons than those of the preceding year, and that the s in the early months of 1889 have been much smaller than those of the corresponding iod of 1888.

It will be observed from the general tenor of Mr. Trevor's report, and specially from what says in paragraph 40, that he is not of opinion that illicit toddy distillation prevails to any at extent in Kolaba; and the reasons he gives are that the farmers are supposed to have rved the demand for toddy when the sale was in their hands, and that there have been no ports of illicit distillation. Panvel has always been about the hottest of all hot-beds of illicit stillation. The number of brab trees now being tapped there is more than double the num- r tapped in any year since 1882-83; very little toddy spirit has been licitly distilled there d the Panvel Kolis and Agrias are hard spirit-drinkers, and are not accustomed to drink uch raw toddy, while the facilities for obtaining toddy for illicit distillation have been creased in precisely the same manner as in the Thana District. If but few cases have been etected, this would furnish some reason to suspect the establishment of inertness. The 'anvel smugglers are apt to use violence when interfered with, and it does not seem certain hat the present establishment is very anxious to act against them. The Commissioner's atten- ion should be drawn to this matter.

Soon after the introduction of abkari reforms in Thana, a very serious outbreak of illicit *mowra* distillation occurred in the Thana District. It was confined to the inland talukas of Thana and the Panvel Taluka, which then belonged to the Thana District, and was only suppressed with the very greatest difficulty, and after the placing of punitive police posts in many villages and the heavy punishment of numbers of contrabandists. Several lives were sacrificed, and many men were seriously injured in conflicts that then occurred between the Government servants and men engaged in illicit distillation. The struggle lasted for some three years. The Mowra Bill was an outcome of those circumstances.

The situation that has now to be faced is much more serious than that which existed in 1881-83. Illicit distillation was then confined to the inland talukas of the Thana District and Panvel, and to mowra spirit; now it has extended over the whole of the Thana District and part of Kolaba, and the illicit distillation of toddy as well as of mowra spirit is rife.

All preventive measures that are practicable during the currency of the existing farms have been taken in pursuance of the orders in Government Resolution No. 4032, dated 3rd instant.

APPENDIX F.

The Rates of Still-Head Duty on Country Liquor in the several Provinces.

Bombay.—In the districts of the Bombay Presidency in which still-head duty was levied in 1860 the duty has since been increased more than 50 per cent., and in the districts brought under the reformed system in 1878, 1881, and 1884, with a still-head duty of R2-8 per gallon, the rate has since been increased to R3. The details concerning the various districts are given below.

In the town and island of Bombay, the rate per gallon London proof on mowra spirit was R1 from 1860 to 1873; it was raised to R1 per gallon 25° U. P. in 1874-1877 inclusive, to R1-12 in 1877, to R2-4 on the 1st January 1878, and to R2-12 in 1884 at which it remains.

In the Ahmedabad city and cantonment the rate was R1 per gallon London proof from 1860 to 1874; R1-1 from 1875 to 1877; As. 12 in 1877-78; R2 from 1878-79 to 1883-84; and R2-4 for 1884-85 onwards. The rate in the whole of the Ahmedabad district, when brought under the Central Distillery system in 1881, was R2 per gallon 25° U. P., which was further increased to R2-4 in 1884-85, at which it remains.

In the two talukas of the Kaira district brought under the Central Distillery system in 1881-82 the rate was R2; that system had to be abandoned in the following year, but was re-introduced in 1883-84 with the rate at R2-4, and extended to the whole district in 1884-85, the rates being R1 and R2-4.

The Panch Mehals were wholly under the outstill system until 1885-86, when the Central Distillery system was introduced into three talukas with a still-head duty of annas 12 per gallon.

In Broach town, Anklesvar town, the villages of Sajod and Andada, the rate for spirit London proof was R1 per gallon from 1860 to 1867; R1-4 from 1868 to 1877; R2 per gallon 25° U. P. from 1879 to 1884, and was then raised to R2-4, except for the city of Broach, and 10 miles round it, where the rate was slightly higher, *viz.*, R2-6.

In Surat city, and six miles radius, the rate was R1 between 1860—1867; R1-4 between 1868—1877; in the town of Bulsar it was 8 annas between 1874—1877; and it was 15 annas and 6 annas in Surat and Bulsar, respectively, for 1887-88; R2 and R1, respectively, for 1878-79; for the city of Surat and Chorasi and Olpad talukas a rate of R2 has been maintained between 1879-80—1887-88; and in the Bardol, Bulsar, Chikhli, Jalapur, and Pardi talukas a rate of R1-8 between the years 1881-82—1887-88.

On the Poona district being brought under the Central Distillery system in 1877-78 and the Ahmednagar, Sholapur, and Satara districts in 1878-79, the rate of duty imposed was R2-8, at which it continued up to 1883 (excepting the town of Ahmednagar and the cities and cantonments of Poona and Sholapur, and 10 miles radius, during the years 1881-82—1883-84 when the rate was R12) when it was raised to R3, at which it remains.

Similarly, in Belgaum, the rate first imposed under the reformed system was R2-8 in 1881-82 up to 1883-84, after which it was raised to R3 per gallon, and to R3-2 in 1887-88.

In Dharwar and Bijapur, brought under the reformed system in 1884, the rate was R2-12 in part of the district and R2-8 in the rest. In 1887 the rate was raised to R3 in the whole district.

In Kolaba the rate was R1-8 in 1878 up to 1884, when it was increased to R2.

In the current year it has had to be reduced to R1-8 per gallon for spirit 25° Under Proof, and 12 annas for spirit 60° Under Proof, in consequence of the illicit distillation caused by the extra percentage experiment of the last two years.

The extra percentage in those two years was in addition to the rates above mentioned.

In the district of Thana the rate has been gradually increased from R1, R1-4, R1-8, and R1-12 in 1878 to R2 from 1st January 1878. The extra percentage system was also tried there and the rates have been reduced from the current year.

In the Navapur, Petha, and the Akrani pargana and the villages situate within Mehwas limits in Taloda taluka of the Khandesh district a rate of 12 annas has been imposed on the abolition of the outstill system in January 1888; in the rest of the district the rate was R2 per gallon.

Bengal.—Below are shown the rates of still-head duty levied in the several districts of Bengal during the years in which the Central Distillery system was in force.

In the Burdwan, Bankoora, Beerbhoom, Midnapur, and the Hooghly (with Howrah) districts the rate was R2-4 in 1861-62; R3 in 1862-63—1864-65 (excepting in Bankoora for the latter year, when it was raised to R3-12). In Burdwan it was R1 and R3 from 1865-66 to 1867-68 inclusive; R1-8 and R3 from 1868-69 to 1875-76 inclusive. It was raised to R2 and R4 in 1876-77—1880-81; in 1885-86—1886-87 the same rates were levied; and in the two years ending 1888-89 the rate uniformly throughout the district was R4. In Bankoora the rate was raised to R3-12 in 1865-66; reduced to R3 during 1866-67—1868-69 inclusive; R1-8 in 1869-70—1875-76 inclusive; it was R1-8 and R2 in 1876-77; R2 in 1877-78; R2 and R4 in 1885-86—1886-87; and it was R4 uniformly throughout the district in 1887-88 [illegible] 1888-89. In Beerbhoom the rate remained at R2 during 1865-66—1869-70; R1-8 and [illegible] in 1870-71; R2 in 1871-72—1878-79. On the re-introduction of the Central Distillery [illegible]em the rate was R2 and R4 for 1885-86—1886-87; and R4 for 1887-88—1888-89. In [illegible]apore the rate was R3 during 1864-65—1866-67 inclusive; R1 and R3 in 1867-68—[illegible]69; R1 and R1-8 in 1869-70; R1 and R3 in 1870-71—1875-76 inclusive; R1 and

R4 in 1876-77—1878-79; and it was raised uniformly to R4 during 1879-80—1880-81, when the outstill system was introduced. In Hooghly with Howrah the rate was R3 during 1865-66—1875-76; R3 and R4 in 1876-77; and during 1877—1889 inclusive it has been raised uniformly throughout the district to R4.

In the 24-Pergunnahs, Calcutta, Nuddea, Jessore, and Khulna districts of the Presidency Division the rate levied per Imperial gallon London proof on the introduction of the Central Distillery system was R2-4; this was raised to R3 during the years 1862-63—1875-76 inclusive.

In 1876-77, in the 24-Pergunnahs, the rate was raised to R4, while in Calcutta, and the Nuddea, Jessore, Khulna districts, different rates of R3 and R4 were adopted for different tracts of the districts. In the same five districts the rate remained at R4 for the years 1877-78—1880-81 inclusive. In 1881-82 in the three districts of the Presidency Division in which the Central Distillery system had not been replaced by the outstill system, *viz.*, 24-Pergunnahs, Calcutta, and Nuddea, the rates remained at R4.

During the years 1882-83—1884-85 the Central Distillery system has only remained in force in the 24-Pergunnahs and in the Calcutta districts of the Presidency Division, but the Moorshedabad District was again brought under the system in 1885-86. In Calcutta the rate remained at R4 during 1882-83—1886-87, but was raised to R5 in 1887-88—1888-89. In the 24-Pergunnahs different rates were charged during 1882-83—1886-87 as below:—

	R	a.	R	a.
1882-83	3	4	4	0
1883-84	2	4	4	0
1884-85	0	12	3	12
1885-86 } 1886-87 }	1	0	3	12

and in 1887-88—1888-89 it has, as in the case of Calcutta, been raised to R5.

In Moorshedabad the rate was R2-4 in 1861-62; R2-6 in 1862-63—1863-64; R3 in 1864-65; R1 and R3 in 1865-66—1871-72 inclusive; R1-8 and R3 in 1872-73—1876-77 inclusive; R1-12 and R3-8 in 1877-78; R3-8 in 1878-79—1880-81 inclusive; during 1885-86—1886-87 it was R3-8; and it has been raised to R4-6 in 1887-88.

In the Dinagepore, Rajshahye, Bogra, and Pubna districts the duty was R1-5 in 1863-64—1864-65; R1-8 in 1865-66—1868-69 inclusive; R1-8 and R2 in 1869-70; R2 in 1870-71—1875-76 (excepting in Rajshahye in 1871-72, when it was R1); and R2-8 in the same four districts from 1876-77—1879-80 inclusive, excepting the Bogra district in 1876-77, when it was R2 and R2-8.

In Rungpore it was R1 in 1863-64; R1-5 in 1864-65—1867-68 inclusive; R1-8 in 1868-69; R1-8 and R2 in 1869-70; R2 in 1870-71; R1 in 1871-72; R2 in 1872-73—1875-76 inclusive; and R2-8 in 1876-77—1879-80 inclusive.

In Julpaigori it was R1-8 in 1868-69—1875-76 inclusive, and R2 in 1876-77—1879-80 inclusive.

In the Dacca, Furreedpore, Backergunge, and Mymensing districts the rate was R2-4 in 1862-63—1863-64; R2 in Dacca in 1864-65; and R2-4 in each of the other three districts. In Dacca R3 from 1864-65 to 1875-76, excepting for the year 1871-72, when different rates of R1 and R3 were charged; R3 and R3-8 for 1876-77: and it remained at R3-8 during 1877-78 to 1879-80 inclusive, up to the introduction of the outstill system. On the reversion to the Central Distillery system the rates charged were R3-8 for 1885-86—1886-87, and R4-6 for 1887-88 to 1888-89.

It was R2-8 in the Furreedpore, Backergunge, and Mymensing districts in 1865-66—1867-68 inclusive.

In Furreedpore it was R2-8 and R3 in 1868-69; R3 in 1869-70—1872-73; R1-8 and R3 in 1873-74—1879-80 up to the introduction of the outstill system.

In Backergunge it was R2-8 in 1868-69; R1-8 and R2 in 1869-70; R2-8 in 1870-71—1875-76; R2-8 and R3 in 1876-77, and R3 in 1877-78—1879-80 inclusive.

In Chittagong district the rate was R2-4 in 1862-63; R3 in 1863-64—1864-65; R2 from 1865-66 to 1875-76 inclusive; and R2-8 for the four years ending 1879-80.

In the Noakhally and Tipperah districts of the Chittagong Division the rate was R2-4 in 1863-64; R1-8 in 1864-65—1870-71; R1 in 1871-72; R1-8 in 1872-73—1875-76 inclusive; and R2 during 1876-77—1879-80 inclusive, excepting in Tipperah for the year 1876-77, when different rates of R1-8 and R2 were charged.

In Patna different rates of R1 and R1-8 were levied in 1865-66; R1-8 in 1866-67—1870-71 inclusive; R2 in 1871-72—1875-76 inclusive; R2-8 in 1876-77; and R3 in 1877-78—1879-80.

In Gya the rate was R1-8 in 1868-69—1870-71; R2 in 1871-72—1876-77 inclusive, and it was raised to R3 during the years 1877-78—1878-79 before the reversion to the outstill system.

On the re-introduction of the Central Distillery system into Gya in 1885-86 the rate was R3; R2 in 1886-87; and in the two following years it was raised to R2-8.

In Shahabad it was R1-2 in 1863-64—1865-66 inclusive; R1 in 1866-67—1870-71 inclusive; R2 in 1871-72—1876-77 inclusive; and it was raised to R3 during the three years ending 1879-80. On the re-introduction of the Central Distillery system in 1886-87 and following years the rate has been R2.

In the Mozufferpore, Durbhunga, Sarun, and Chumparun districts of the Patna Division the lowest rate levied in the years 1863-64—1871-72 was R1 and the highest R1-8.

But in these four districts the rate was raised to R2 in 1871-72—1875-76; and the same rate prevailed in these districts in the next year except Sarun, where it was R2-8. During the next two years it was raised to R3.

On the re-introduction of the Central Distillery system in Durbhunga, Sarun, and Chumparun in 1885-86 the rate was fixed at R3; but this was lowered in the case of Durbhunga to R2-6 in 1886-87, and in that of Sarun and Chumparun to R2. The rates, however, were raised to R2-8 in 1887-88 at which they remained.

The latter rate was also levied on the re-introduction of the same system in Mozufferpore in 1887-88—1888-89.

In Monghyr the rate was R2 during the years 1866-67—1876-77 inclusive; it was raised to R3 in the two following years; and on the re-introduction of the Central Distillery system in 1885-86 the higher rate of R3 was levied and has been maintained since.

In Bhagulpore, Purneah, and Maldah the rates followed those in Monghyr between the years 1870-71—1875-76 inclusive; but in the following years up to the introduction of the outstill system the higher rate of R2-8 was levied.

Previous to 1870-71 in Bhagulpore in 1864-65 the rate was R1; in Purneah in 1865-66 R1-8; and in Maldah in 1863-64 R1.

In the Sonthal Pergunnahs the rate was R1 in 1863-64—1864-65, and R1-8 in 1865-66, and between the years 1871-72—1888-89 varying rates of R1, R1-8, and R2 have been levied in different tracts of the district.

In Cuttack varying rates of R1 and R1-4 were levied in each of the years 1863-64—1865-66.

A uniform rate of R1 was charged then up to 1876-77.

In the following year the rate was raised to R2 at which it has remained.

In Pooree and Balasore uniform rates of R1 were levied between 1863-64—1876-77 inclusive. During the years 1877-78—1888-89 the rates in these districts have been raised to R2.

In Hazaribagh and Lohardugga the rate for 1864-65—1865-66 was R1; and R1-8 for the years 1866-67—1880-81 inclusive. The same rate continued in the Hazaribagh district up to 1886-87; but in the next two years it was raised to R1-14.

In Singbhoom the rate was R1-8 for the years 1866-67—1876-77 inclusive; in the following year it was reduced to R1-2; and in the years 1878-79—1879-80 raised again to R1-8.

In Manbhoom in 1864-65—1865-66 the rate was R1, and R1-8 in 1866-67—1868-69; different rates of R1 and R1-8 were levied in 1869-70—1870-71; in 1872-73—1878-79 a uniform rate of R1-8 was charged.

Central Provinces.—The method of raising the excise revenue in the Central Province differs from that in the other provinces, inasmuch as the *mohwa*, the material from which th spirit is distilled, is taxed at a certain rate per seer weight, and not the spirit distilled from it

In Nagpur, in Chanda, Jubbulpore, Saugor, the rate has been for the years 1874—188 1 anna 6 pies per seer of mohwa.

In Wardha varying rates were levied in 1874-75, *viz.*, 2 annas, 1 anna 9 pies, anna 6 pies, and 1 anna; in 1875 the rate was 1 anna 6 pies and 1 anna; in 1876, 1 anna pies; in 1877 and 1878, 1 anna 3 pies; in 1879, 1 anna 10 pies, and in 1880—88, 1 anna 3 pi per seer weight of mohwa.

In Balaghat it has for 1876—1888 been 1 anna, except during 1875-76 when varyin rates of 1 anna and 9 pies were levied.

In Seoni varying rates of 10 annas, 8 annas and 1 anna were levied in 1874-75; sin 1875 up to the present time the rate has been 1 anna.

In Betul varying rates of 9 pies, 1 anna, 1 anna 2 pies, 1 anna 3 pies, 1 anna 6 p were levied in 1874 and 1875; 1 anna 4 pies for 1876—1879; and 1 anna 6 pies for 1880 1888 inclusive.

In Chindwara varying rates of 1 anna 9 pies, 1 anna 6 pies, 1 anna 3 pies were levied 1874, but since then the rate has remained at 1 anna 3 pies. In Hoshangabad varyi rates of 9 pies, 1 anna, and 1 anna 3 pies were levied in 1874-75; in 1875-76 the rates w 9 pies and 1 anna; in 1876—1882 the rate was 9 pies; and in 1882—1888 the varying ra in each year were 9 pies and 1 anna. In Narsingpur the rate was 1 anna for 1875-76 1877-78; 9 pies for 1878-79—1882-83 inclusive.

In Nimar the rate in 1875-76 was 1 anna 6 pies; 3 annas in 1876—1881 inclusi and 1 anna 6 pies from 1882-83 up to the current year.

In Rajpur the rate was 1 anna 3 pies from 1875 to 1887; and in the current year it been raised to 1 anna 6 pies.

With the exception of the year 1874-75 when the rate levied was 1 anna 6 pies per seer of mohwa weight.

Punjab.—On the introduction of the Central Distillery system into the Punjab in 1 the rates of still-head duty were fixed at—

R2 per gallon for spirit of the strength of London proof.
R1-8 " " " 25° under proof.

In 1863 these rates were raised to—

R2-8 per gallon for spirit of the strength of London proof.
R2 " " " " 25° under proof.
R1-8 " " " " 50° " "

In 1865 the rates were increased in the Rawal Pindi and Multan Divisions and the Hazara Districts to—

R3 per gallon for spirit of the strength of London proof.
R2-8 " " " " 25° under proof.
R2 " " " " 50° " "

In 1877 these higher rates were extended to the whole Province with the exception of the Umballa and Hissar Divisions, which adjoin the North-West Provinces. There has been no change since.

NOTE—In the enclosures of the Punjab letter the rates of duty have been, through a misapprehension, calculated in the same way as the incidence per gallon of the license fees. The above shows the rates of fixed duty actually in force.

North-Western Provinces, Oudh, and Coorg.—The changes in the rates of duty in these three Provinces since 1860-61 are shown in the following table:—

Years.	North-Western Provinces.	Oudh.	Coorg.
			R a. p.
1860-61	Farming system was in force.	R2 for 25° U. P. R1-8 for 30° U.P.	1 10 8
1861-62			1 10 8
1862-63	R1 per gallon for spirit 25° U. P.: 8 annas weaker strength.		1 10 8
1863-64	R2 and R1 respectively.		1 10 8
1864-65	R1-8-0 and 12 annas molasses spirit. R1 and 8 annas mahua spirit.		1 10 8
1865-66	R2 and R1 R1-8-0 and 12 annas } as above.	R1 exceeding 25° U. P. 12 annas 25° to 30° U. P.	1 10 8
1866-67	Ditto ditto.		1 4 0
1867-68			
1868-69			
1869-70	R1-8-0 irrespective of strength and material.		
1870-71	R1-8-0 ditto.		
1871-72	Above continued.		1 10 0
1872-73			
1873-74			
1874-75			
1875-76			
1876-77			
1877-78	R1 irrespective of strength and material.	R1 irrespective of strength and material.	2 10 0
1878-79			
1879-80			
1880-81			
1881-82			
1882-83			3 2 5
1883-84			
1884-85			
1885-86			
1886-87			
1887-88			
1888-89			
1889			

Madras.—For the rates of duty in Madras reference should be made to the tables given in paragraph 3 of the Resolution of Madras Board of Revenue dated 20th September 1889 and the Appendix to that Resolution (enclosure No. 8 of the Despatch.)

Burma and Assam.—In these two Provinces the farming or outstill systems are in force; and there are no still-head duties on country liquor: the only central distilleries which exist are for the manufacture of spirits after the European method.

APPENDIX G.

Description of the various systems of Excise in force in British India.

1. Before the advent of 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 or 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 British rule attempts were made to modify and improve the system, but the measures adopted to introduce the desired regulation and control were worked out in each province separately with reference to local peculiarities, and by officers having as a rule only local experience, and possessing no knowledge, or only a very general knowledge, of what was being done in other provinces. The result has been to bring about many shades of difference in systems bearing a general resemblance and, in not a few cases, to cause different names to be applied to systems identical in all essential particulars, while sometimes the same name has been given to systems which differ in not unimportant respects.

2. For practical purposes the spirits consumed in India in the present day may roughly be divided into three classes—(1) Imported spirits, (2) Country spirits, and (3) Spirits manufactured in India after the "European method." "Country spirits" include spirits manufactured in India by the rough and careless methods which have long prevailed. Spirits manufactured after the "European method" are spirits manufactured in India as carefully as spirits are manufactured in Europe. The distinction is one which it is not easy to draw in all cases, but it has been found convenient to maintain it, because the more carefully manufactured spirits, ordinarily consumed by a wealthy class, can be made to bear a higher rate of duty.

3. The numerous systems applicable to country spirits may be divided into two main groups:

(A) Those under which a fixed duty is levied on each gallon of spirit manufactured and issued for sale.

(B) Those under which the tax is not thus directly proportioned to quantity, but is levied in the gross by payments the amount of which is usually fixed by competition.

The general designation for the first group is the Central Distillery system and of the second group the farming and outstill system.

The Central Distillery System.

4. The system to which the name of "Central Distillery" was first applied, and perhaps the simplest form of the group, is one under which a central distillery is maintained by the Government, and any approved person is allowed to set up a still in the building and to manufacture spirits under the supervision of the officials attached to it: the distiller pays the fixed duty on each gallon of manufactured spirit which he passes out of the distillery: in addition to the duty, which varies in different provinces and districts, the distiller is usually required to pay a rent for the use of the building, or a small fee to cover the cost of the building, and establishment: no monopoly of manufacture is created, and the right to manufacture is kept distinct and separate from the right to sell.

5. A Central Distillery system of this character is in force in Lower Bengal, the North-Western Provinces and Oudh, and the Punjab; also in Burma where, however, it is applied only to spirits manufactured after the "European method." This system is, in all essential points, and as nearly as may be, the same as that which prevails in Great Britain.

6. The same system is in force in the Central Provinces, with this difference that the fixed duty is levied not on the quantity of manufactured spirits, but on the quantity of material used for distillation. This difference in the mode of calculating the duty, though not necessarily in the duty, is due to the fact that it is considered easier to ascertain the quantity of material than the quantity of spirit, 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 the spirit.

7. Under the system just described the number of shops and the precise locality of each shop are fixed by the district authorities. The sale of liquor at any place other than these shops is forbidden. License fees are charged for the right to sell at the shops, of which the number has been limited as above stated. The method of levying those fees varies in the

provinces named and in different portions of the same province. The fees are in some places fixed annual or monthly amounts, in others the amount is determined by competition at auction or by tenders. The shops are generally disposed of separately, but occasionally they are disposed of in groups for certain areas. The strict limitation of the number of shops causes the right of sale at a shop to be in many cases a source of large profit, and the right of sale is consequently disposed of by competition to approved persons, because in no other way could that profit be obtained as revenue for the State.

The "Free Supply" System of Madras.

8. The system known by the somewhat misleading name of the "Free Supply" system which prevails in Madras is very similar to that just described. Under it the right of sale and of manufacture are kept distinct, and no monopoly of the latter is granted, while the regulations regarding sale are as stated in paragraph 7 of this Appendix. It differs from the ordinary Central Distillery system in that no distillery is maintained by the Government. Any respectable person is allowed to establish a distillery of his own on payment of the prescribed fixed fee, and in it to manufacture liquor under the supervision of excise officers.

9. This is the system which now prevails in the greater portion of the Madras Presidency, where it is being extended and, where it is being worked with great success from every point of view. The term "Free Supply" is applied to it in order to give prominence to the fact that a licensed shopkeeper may obtain his supply of spirits from any distiller, whereas under the superseded systems each shop was required to draw its supply of liquor from a particular distillery.

10. In the town and island of Bombay both the ordinary Central Distillery system as described in paragraph 4 of this Appendix and the Madras "Free Supply" system are in force, the former being applied in the case of spirit distilled from toddy and the latter in the case of spirit distilled from mohwa.

The System of Monopoly Supply.

11. The Madras "Monopoly Supply" system resembles those described in paragraphs 4 and 8 of this Appendix in keeping the right of manufacture and of sale distinct and in the regulations regarding sale, but differs from them in that a monopoly of the right of manufacture for the supply of a certain area is granted. The grant of the monopoly is determined by tenders; the rate at which the manufacturer is to supply liquor to the licensed vendors is fixed, and the monopoly is given to the tenderer who agrees to pay out of that charge the highest sum to the Government as still-head duty. The monopolist distils in his own private distillery as under the system described in paragraph 8. This system now prevails only in a few districts of Madras.

The Guaranteed Minimum System.

12. The next form of the Central Distillery system which we shall describe is that which has lately been introduced in the greater portion of the Bombay Presidency, though modifications of importance are now being made, which are likely to be made applicable universally. Under it, the right of manufacture and of sale are disposed of together, being granted to a monopolist for a district or smaller area: the monopolist is required to manufacture in a distillery maintained by the Government under the supervision of the excise establishment, the cost of which he is required to pay: on each gallon of liquor issued from the distillery he pays the fixed duty prescribed for the district: the number and locality of the shops at which he may sell the liquor he manufactures are fixed: and limits for the retail prices to be charged at those shops are fixed by the Government: the grant of the monopoly is in most districts determined by tender, the subject of tender being the number of gallons on which the tenderer will undertake to pay still-head duty: the successful tenderer is required to pay the still-head duty on that number of gallons in any case, and on any number in excess of that which he may actually issue.

13. This system is in force in Ajmere as well as in most of the Bombay Presidency. It was also in force for several years in a large part of Madras, but it has now been superseded there chiefly by the system described in paragraph 8 of this Appendix.

The Modified Distillery System.

14. Another form of the Central Distillery system is one under which a monopoly of the right both to manufacture and to sell liquor is granted, but instead of guaranteeing the payment of duty on a minimum number of gallons, the tenderers offer to pay a lumpsum in

addition to the fixed duty on each gallon, and the monopoly is granted to the highest tenderer: in other respects the conditions are generally as stated in paragraph 12.

15. This system is in force in a few districts of Madras. It was also that which was introduced in a very few places in the North-Western Provinces under the name of the "Modified Distillery System;" but after the experiment known by that name had been tried for a few years and found unsatisfactory, the Bombay condition of a minimum guarantee was added in most of the few places in which the system was allowed to continue.

Experiment in Thana and Kolaba.

16. A system similar to that of paragraph 14, called the "extra percentage" system, was tried for two years in two districts of Bombay—Thana and Kolaba. There, instead of the tenders being for the payment of a lump sum, they were for the payment of an extra duty per gallon. The upset rates of duty in those districts were fixed at a high figure, and the rates were increased so much by competition in the tenders for the "extra percentage," that the high price of liquor led to a great increase in illicit distillation, and the excise administration of the districts was thrown back to the level of many years ago: the experiment has been abandoned and the "minimum guarantee" system introduced with the modification that the amount guaranteed is not fixed as the result of public competition.

The Tree-tax.

17. In Madras and Bombay, where spirit is distilled to a great extent from toddy—the juice of the palm-tree—there is a tree-tax on every tree which is tapped for distillation, as well as a direct tax on the quantity of liquor distilled.

The Contract Still System.

18. A system which may be described as lying in the middle land between the Central Distillery system and the Outstill system, but which is closer to the former than to the latter, is that known as the "Contract Still" system in the Central Provinces. A distillery is maintained by the Government, and any approved person is allowed to set up a still of a known capacity in it, being required to manufacture under a limited supervision by the excise officers, and to pay a fee, proportioned to the capacity of the still, for each day it is used. The right of sale in the area supplied from a contract still is disposed of separately in the same manner as under the Central Distillery system of the Central Provinces.

19. In one small tahsil in the Punjab a system, bearing a great resemblance to the Contract Still of the Central Provinces, has just been in roduced. A full description of this with the reasons for the step, is given in extract (14) of Appendix D. The right to manufacture spirits for the tahsil has been sold to a monopolist for a fixed sum, which entitles him to manufacture a certain quantity of spirit—the quantity estimated as the consumption of the area—licit and illicit—in the last few years: for any liquor distilled in excess of that quantity he will be required to pay a fee for each time the still is used. The right of sale is disposed of separately in the manner usual in the Punjab.

The Farming System.

20. Under all the systems in group B, mentioned in paragraph 3, the right of manufacture and of sale are disposed of together. Originally an unrestricted farming system prevailed in India, and the monopoly of manufacture and sale in a certain area was granted in return for the payment of 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.

21. Wherever the farming system is now in force in British India the number and location of the 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: sometime 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. This system is in force in some districts of the North-Western Province and Oudh, in a few districts of Madras, and in still fewer districts in Bombay, in which last it is known as the "outstill" system.

The Outstill System.

22. Next comes the Outstill system properly so called. The difference between this and the Farming system, described in the preceding paragraph, is that each still, usually with one shop only attached, but sometimes a slightly larger number, is disposed of separately. The

manufacture at the outstill and to sell the spirit there manufactured is sold by auction highest bidder. And in the original form of this system the control over the monopolist ned to ensuring that he manufactures and sells only at the places mentioned in his t. This system is in force in Assam, Burma, and part of the North-Western Provinces dh, and till recently it was the system which prevailed most extensively in Lower l.

3. But wherever it is still considered necessary to maintain the outstill system, the t is being made to subject the licensee to greater restriction and more control than in the simplest form of the system. A description of the more important of the res designed to effect this will be found in Chapter X of the Report of the Bengal Excise ission: they are chiefly the limitation of the capacity of the fermenting vats and stills f their total annual outturn, the regulation of the strength of liquor manufactured, and nforcement of minima retail prices. In Bengal this regulated system is being annually ded, and the number of places in which the less satisfactory system described in the last raph prevails will be gradually reduced until it disappears altogether. The other Governs, in whose jurisdiction the outstill system is still a necessity, are also considering the bility of introducing similar improvements. The outstill system in force in two tahsils of Kangra district in the Punjab is of this regulated kind rather than of that described in the eding paragraph.

APPENDIX H.

Sketch of the History of Excise Administration.

1. On the subject of excise before the days of British rule the information is scanty. But there is enough to show both that the habit of drinking, and even excessive drinking, was not unknown, and that the native rulers realised revenue from excise. It would serve no useful purpose to go deeply into the history of the pre-British period, but one extract is given which is in point. It is from a translation from the *Tarikh-i-Firuz Shah* (History of the reign of the Emperor Firuz Shah), published in Volume XXXIX of the Journal of the Asiatic Society.

* * * * * * * *

"After several days' and nights' deliberation the conclusion arrived at by these councillors was, that the cause of the revolts was comprised in four things;

* * * * * * * *

Secondly, wine, for people are in the habit of having parties for the purpose of wine-drinking when they disclose their most secret thoughts to each other, make confederates and hatch conspiracies;

* * * * * * * *

[Thirdly, with the view of preventing revolts in future, the drinking and the sale of wines were prohibited. Afterwards the Sultan also prohibited *bagui* and hemp (*bhang*), as also gambling. Great exertions were made to carry out the prohibition of the sale of wine and *bagui*, and special wells were constructed to serve as prisons. Drunkards, gamblers, bagui-vendors were driven out of the city into the country, and the enormous taxes which the State had derived from them had to be struck off the revenue books. The Sultan, first of all, gave the order to remove from the social assembly-rooms of the palace all decanters, *ma'baris*, the porcelain vessels painted with gold, and the glasses and bottles. All were smashed, and the broken bits were thrown in heaps before the Badáon gate. The bottles of wine were also taken from the assembly-rooms and poured out, and the quantity of wine thus thrown away was so great that pools and puddles were formed as in the rainy season. The Sultan Aláuddin also discontinued his wine assemblies, and he told the Maliks to mount elephants and go to the gates of the city, and into the streets and the districts, the bázárs and sarais, and proclaim that it was his order that no one should drink or sell wine, or have anything to do with wine. Decent people gave up wine-drinking as soon as the order was published, but shameless ill-disposed wretches, pimps and panderers, erected stills (*Hind. bhatti*), and distilled spirits from sugar and drank and sold wine in secret; or they filled leather bags outside the town with wine and put them between loads of grass or fuel, or had recourse to other tricks of conveying wine into the city. The spies made strict inquiries, and the guards at the gates and the runners (*harid*) posted there examined every one, and seized the wine and the owners and took them before the palace. It was then ordered to give the wine to the elephants of the Imperial stables to drink; and such as had sold it, or smuggled it into the city,* or had drank any, were beaten with sticks, and fettered, and put into prison, where they were detained for some time. But as the number of the prisoners increased very much, they made wells before the Badáon gate at a place where all people pass by, and into these wells all were thrown that drank or sold wine.]

* Delhi.

"Some from the distress and misery they suffered in the wells died there, while others who were released after a time, came out half-dead, and it took ages for them gradually to recover their health and pull up strength. Many, therefore, through fear of imprisonment abjured the use of wine, and if they were unable to control their appetities they used to go [to the fords] of the Jamna, and the villages ten or twelve *kos* off, and drink it there. In Ghiáspur, however, and Indarpat, and Kilukhari, and the villages four or five *kos* away, as well as in the sarais outside the town, the sale and purchase of liquor was no longer feasible. It is nevertheless certain that some reckless individuals continued to distil wine at their own houses, and to drink and to sell it, and ultimately suffered disgrace and infamy, and were cast into prison.

"When the prohibition of the use of wine began to press too severely, the Sultan gave orders that if any one distilled spirits privately, and drank the liquor in seclusion, without having a party or assembly and without selling it, the spies were not to interfere with him nor enter his house nor apprehend him."

A tax on spirituous liquors appears among the lists of taxes of the Muhammadan period.

2. This extract and others which could be made from Muhammadan historians show that at times drinking prevailed even among Muhammadans, and that revenue was derived from the taxation of it. As to Hindus and the period of Hindu rule, there is similar evidence, for which we may refer to paragraph 7* of the Report of the Bengal Excise Commission, where authorities are quoted to show "that spirits and other intoxicating drinks have been extensively used in India at all times and by all classes," and that the practice was made a source of revenue in Hindu India:—

* "7. *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 prefusion of instances taken from

Sanscrit 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 lawgivers, 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 Mahábhárat were addicted to strong drinks; that the Rámáyana frequently notices spirit-drinking with evident approbation; that in the time of Kálidása drinking seems to have been very common not only among men, but even among women of high rank; that the Puránas abounded in descriptions 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, of the materials from which they were made, and of the manner of making them, which will be referred to in succeeding parts of this report. 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 is 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 Nunda there is mention of a spirit-shop, and there are similar references by Kálidás and elsewhere noticed by Dr. Rajendralala. There are also many references to the use of spirit in Buddhist works, and it was stringently prohibited in Buddhist scripture. Reference to the subject will be found in Hodgson's Languages, Literature, and Religion of Nepaul and Thibet; in Spence Hardy's Eastern Monachism; in Bishop Bigandet's Life or Legend of Gautama; and in the second volume of Burnouf's Lotus de la Bonne Loi."

Bengal.

3. In Bengal, in the period immediately preceding British rule, the tax on spirits and drugs was for the most part levied, like other taxes, through the agency of the zemindars or tax farmers; and the Bengal Excise Commission recorded their opinion that under that system "it is probable that there was a practically unrestricted system of outstills paying very low rates in many places." In other words, the system which the British Government found universally in force in Bengal was the worst form of the most inefficient system that has ever prevailed in the country. This system was necessarily continued for some time under British rule: under it the price of spirit was less than it has ever been anywhere in Bengal since the modern excise system was introduced in 1790, and complaints were then rife about the spread of drunkenness among the lower classes of the people.

4. In 1790 the Bengal Government determined, on moral grounds, to resume from the zemindars the right of collecting duties on spirits and drugs the immoderate use of spirituous liquors and drugs, "which had become prevalent among many of the lower orders of people owing to the very inconsiderable price at which they were manufactured and sold previous to 1790," being stated in the preamble of one of the Regulations as a reason for the new rules. This was the first step taken in the direction of reform, and the ground then gained has never been lost, as the number of shops has since that date been always limited by Government and not left to be settled as caprice or the cupidity of individual land-owners dictated. The Regulations issued between 1790 and 1800 prohibited the levying of a tax on the manufacture or sale of liquors except on the part of Government, and manufacture or sale without a license from the Collector: a daily tax was levied on each still, and the officials were instructed to reduce as much as possible the number of licenses, and to fix on stills the highest rates which could be levied without operating as a prohibition. The system thus introduced was the outstill system of paragraph 22 of Appendix G: each license was for one still only.

5. In 1813 an attempt was made to introduce central distilleries in large towns, outstill licenses being prohibited within eight miles of any such distillery. Twenty-one central distilleries were opened; but after a few years' experience the opinion was formed that the measure had not in general been productive of the advantages expected to be derived from it, and the distilleries were closed in all districts except five.

6. After 1824 the farming system, with apparently the restrictions mentioned in paragraph 21 of Appendix G more or less strictly enforced, was tried, and the system was extended to nearly the whole province.

7. This in its turn was found to be open to objection, to lead to an encouragement of consumption, and to involve a sacrifice of revenue, by which the farmer alone benefited; and from 1840 changes were introduced which resulted in the general re-introduction of the outstill system except in a few places where central distilleries were continued.

8. In 1856, by Act XXI of that year, the Excise Law of Lower Bengal and the North-Western Provinces was consolidated and amended. The manufacture of spirit after the English method was confined to duly licensed distilleries, and the rate of duty on such spirit was fixed at one rupee a gallon: the customs duty on imported spirit was then R1-8 a gallon. Collectors were to issue licenses to any person for the manufacture of country spirit: they were also authorised to establish distilleries for the manufacture of country spirit and to fix

limits within which no liquor, except that manufactured at such distillery, should be sold, and no stills established or worked. There is no mention in the Act of the levy of a fixed rate of duty per gallon on the produce of such distilleries; the Boards of Revenue were merely given a general power to prescribe the conditions on which spirits might be manufactured at them The levy of a tax or duty on licenses for retail sale was prescribed, and generally wide powers were given for the restriction and taxation of the trade in spirits and drugs.

9. In 1859 the Government of India suggested to all Local Governments the expediency, on moral and fiscal grounds, of extending the Central Distillery system, with a fixed rate of duty per gallon, to many populous localities, if not universally. The Bengal Government adopted this view, thinking that the measure would render it possible to increase the *rate* of tax and discourage consumption. The system was accordingly introduced almost universally throughout the province in the next few years, the objections of local officials that in many places the system could not be worked successfully being overruled.

10. Before the end of the decade numerous objections to this wholesale measure were forced on the attention of the Government, and in 1874 several memorials praying that steps might be taken to counteract the growing increase of drinking and drunkenness were received. The objections to the universal adoption of central distilleries were so strong that it was decided to re-introduce outstills in certain places; from 1871 steps in this direction were taken, and after 1877 the reaction was carried to very great lengths, and outstills again became the general rule, central distilleries being the exception.

11. A few years' experience of this system proved that while it was not open to the objection of forcing the people to illicit practices, it was open to that of insufficiently discouraging drinking, as, in some cases, it admitted of liquor being sold at very low rates. This consideration led to the appointment of the Bengal Excise Commission, and since the Report of that Commission was received the Government has been engaged in correcting the evils arising from the excessive reaction in favour of the outstill system: the Central Distillery system is being re-introduced wherever there is a prospect of its being worked with satisfactory results: and the measures for regulating outstills recommended by the Commission are being adopted.

12. This brief notice of Bengal is sufficient to show that since 1790, when the worst conceivable system existed, having been taken over from the previous Native Government, attempts have been continually made to introduce the sounder and more scientific practice of levying a fixed duty on each gallon of spirit, and that the errors committed have generally been the introduction of reforms in too great haste, and the consequent reaction and reversion to stricter systems which invariably followed. The question of the comparative merits of the central distillery and the outstill in particular localities is one on which there may be, and is, great difference of opinion, because their relative advantages cannot be tested by figures. The danger of the immediate future is that the reaction against the outstill system may now be carried too far. But one branch of the excise question refers to the number of shops, and the rates of duty. If the number of shops has not been increased, and the rates of duty not lowered, still more if the number of shops has been reduced and the rate of duty raised wherever a fixed duty is levied, it will be clear that in these respects at least there has been no relaxation in the restrictions on drinking.

13. The number of shops for the sale of all kinds of liquor and drugs are shown in the following table for each year since 1870:—

	Distilled liquor, of all kinds.	Drugs.	Tari.	Pachwai.
1870-71	8,193	15,565	21,670	1,687
1871-72	8,937	16,615	21,689	1,815
1872-73	7,271	17,119	22,351	1,844
1873-74	6,812	10,975	22,873	2,006
1874-75	6,152	9 240	19,424	1,863
1875-76	5,294	7,424	19,265	1,661
1876-77	5,183	7,092	18,844	1,677
1877-78	5,267	7,248	19,077	1,717
1878-79	6,751	6,999	19,048	1,739
1879-80	6,878	6,877	21,579	2,066
1880-81	7,369	7,145	25,563	2,034
1881-82	6.874	6,796	30,268	2,135
1882-83	5,634	6,499	30 311	2,159
1883-84	5,740	6,513	20,138	2,259
1884-85	5,502	6,291	19,577	2,168
1885-86	5,298	6:005	19,555	2,162
1886-87	5,310	5,922	19,471	2,195
1887-88	5,112	6,059	19,051	2,157
1888-89	4 539	6,092	18,467	2,203

14. From the above it will be seen that there has been on the whole a decrease in the number of shops for the sale of distilled liquor—the shops for the sale of Central Distillery spirit, outstill spirit, spirit manufactured after the European methods, and foreign imported spirit being shown together,—and that since 1880 the decrease has been steadily progressive: the number in 1887-88 was 4,539 against 7,369 in 1880 and 8,937 in 1871.

15. It has not been considered necessary to reduce, in the same degree, the number of shops for the sale of the less noxious fermented drinks, tari, and pachwai: the number of shops for the sale of tari appears large, but many of them are for the sale of fresh unfermented toddy, a drink which we should not consider it necessary to subject to any regulations were it not that it ferments in a few hours, and after it has been drawn for 24 hours, contains a considerable percentage of alcohol.

16. The decrease in the number of shops for the sale of drugs has been even more striking than in that of liquor shops, the number being 6,092 in 1888 against 15,565 in 1870 and 17,119 in 1872. The increase in the last two years is apparent only, as it is due to licenses to druggists to sell opium for medicinal purposes having been included in the number of opium shops for the first time in 1887-88; the number of those licenses was 384 in 1887-88 and in 1888-89.

17. The rates of duty vary in the different districts in Bengal. A statement of the variations in the several districts will be found in Appendix F. An examination of that statement will show that it may be broadly stated that in Bengal the rates of duty have been doubled since 1870.

Bombay.

18. The records of the earliest days of the Peshwa's rule in what is now the Bombay Presidency do not show that any revenue was derived by the State from sale of spirits. But there are entries in the accounts of the middle of the eighteenth century showing that taxes were levied on the manufacture and vend of spirits in certain villages and subdivisions; and from the accounts of subsequent years, it appears that in almost every district spirits became by degrees a source of revenue to the Government, or of income to the Peshwa's officers. In some districts the monopoly of manufacture and sale was let in farm; in others—chiefly the districts on the coast, where spirits were considered a necessary of life to the cultivator, and the number of shops was very large—a tree-tax or still-tax and a shop-tax were levied. There is record of total prohibition in two districts only, Poona and Nuggur, and in them the prohibition would appear to have been confined to the two cities only. The revenue derived from spirits by the Peshwa was never large, but it increased steadily till the fall of the dynasty. Drunkenness was a criminal offence, and even moderate drinkers were also punished if their caste rules forbade such indulgence.

19. In the portion of Bombay acquired by the commencement of this century, the tree-tax on date and brab trees in force under the Peshwa's rule was continued, as was also the farm of the monopoly for the sale and manufacture of mowra spirit, toddy spirit being included in the same monopoly. As it was found that the consumption of spirit increased under this system, a daily tax system was introduced in 1808 in Salsette and Surat, under which a tax was levied on each still, the distiller having the right both to manufacture and to sell, as under the Bengal outstill system. Difficulty being encountered in bringing every still under the operation of the law, in 1816 the Central Distillery system was introduced in Salsette (with a duty of four annas a gallon) and in the city of Surat (with a duty of R20 per six maunds of material), while outside the city the farming system was reverted to. The Central Distillery system has been continued at Surat ever since; but in the other places where it was introduced it was abandoned in 1827 in consequence of the expenditure on the numerous distilleries being found to be too great to admit of their continued maintenance.

20. In the territories which were added to Bombay at a later date, the farming system was found in force, except in some of the coast villages of the Southern Concan; and it was continued. Central distilleries were, however, opened in the cities of Ahmedabad and Broach.

21. In 1827, Regulation XXI, which remained in force, supplemented by other laws, till about twelve years ago, was passed. The first measure attempted under that law was the levy, in the tracts of the Northern and Southern Concan, on the coast, of an impost of eight annas a gallon, the right to collect the duty being let in farm. The Bhundarees (hereditary distillers) resisted this by a general strike, and were successful. The impost was abandoned, and from 1829 the Bhundarees were merely required to sell the liquor they distilled at a fixed price to the farmer, who had the monopoly of retail sale. In one of those tracts, Ganjam, a system called the "outhputtee system" sprang up: under it the farmer levied from the Bhundarees a tax which varied according to the number of trees tapped; the Bhundarees had then the right to distil and sell without further restriction.

22. The excise arrangements introduced under Regulation XXI of 1827 stood as follows in 1832 :—

Central distilleries were maintained in the cities of Ahmedabad, Broach and Surat, a fixed duty per gallon being levied.

In districts where cocoanut, brab and date-trees did not grow, and in the portions of the Surat district where these trees grow, the right to manufacture and to sell spirits was farmed, the monopoly including in Surat the right to purchase toddy extracted by the Bhundarees.

In other districts where these trees grew, except the sub-divisions of Ganjam and Barkote, the monopoly of the retail sale of spirits and of the right to purchase spirits manufactured by the Bhundarees was farmed.

In Ganjam the "outhputtee" system above mentioned prevailed. In Barkote a ground-rent on all trees tapped for distillation was levied directly by Government officials.

23. A central distillery was opened at Kaira in 1834-35.

24. From about that year excise questions received more general consideration than before, and in 1837 a Committee was appointed to advise the Government on the steps to be taken to improve the excise administration. The Committee was unable to propose any general scheme which would be an improvement on the farming system, and recommended its continuance with modifications, such as reducing and limiting the number of shops and stills, and the freeing raw toddy from any tax except the ground-rent on the trees. The Government reiterated, and called the attention of all officers to, the principle that any loss of revenue should be cheerfully borne if any means could be devised for restricting the consumption of spirit without encouraging smuggling. Many schemes were brought forward, the grant of the farms to men whose morals and philanthropy were to be the guarantee that they would not force consumption being actually tried; and the general establishment of central distilleries was especially considered: the theoretical soundness of that system was admitted, but it was held that its introduction was impracticable.

25. In 1852 an Act was passed to remove the most prominent defects of the Regulation of 1851, and a general power was given to the Government to introduce any system where local circumstances required special treatment. The Revenue Commissioners were requested to submit a report detailing the arrangements necessary to give effect to this law; and they submitted two reports—the first in 1852 and the second in 1855; they recommended the general continuance of the farming system and framed forms of licenses and passes in which were embodied various restrictions and conditions. The recommendations were accepted by the Government, and the letting of the farms by sub-divisions or districts (the farming system of paragraph 21 of Appendix G) was declared to be preferable to letting them by single stills or shops (the out-still system of paragraphs 22 and 23 of Appendix G). This system was accordingly adopted in most places, though in some the Collectors found it so unsuited to local circumstances that they continued their previous special arrangements.

26. In 1854-55 the central distillery at Kaira was closed. In 1856 distilleries for the manufacture of spirits intended for transport to other districts were opened at Bhandoop and Caranja. In 1857 the Government declared its future policy to be the letting by auction of each shop, with its still, separately. In 1859 the duty at all the central distilleries was raised to one rupee a gallon.

27. In 1864 the Government appointed a Commission to collect information on the subject, to propose a policy having for its primary object the check of intemperance, excise being regarded as a source of revenue to be increased only so far and by such measures as are clearly not calculated to stimulate artificially and by State agency the use of intoxicating liquors and drugs. The place of the Commission was ultimately taken by an officer on special duty, Mr. Bell, who presented his report towards the end of 1869. The discussions thus begun in 1864 lasted several years, and though in the interim Act IX of 1867 was passed to regulate the excise administration of the Town and Island of Bombay, and various improvements were introduced in different districts, the farming system continued to be that generally in force up to 1878. In 1875 or 1876 the discussions began which ultimately resulted in the passing of Act V of 1878. Under that Act and with a separate Abkari Department, the system has been revolutionised, the old farming system abolished nearly everywhere, and the central distillery system, in the form described in paragraph 12 of Appendix G, with high rates of duty varying in each district and which have been increased from time to time, introduced in its place. Reforms are still being vigorously introduced in the Bombay Presidency, and there the general complaint of the people is not that the administration encourages drinking, but that it is too severe in its restrictive measures and enhances the price of liquor to a height which the distillers and the people resent.

28. The following table shows the number of shops in Bombay for a series of :—

	Distilled Liquor of all kinds.	Toddy.	Drugs.
1874-75	3,832	1,137	...
1875-76	3,819	1,226	...
1876-77	3,876	1,271	...
1877-78	3,738	1,294	1,273
1878-79	1,973	394	1,350
1879-80	3,295	553	1,322
1880-81	3,436	657	1,296
1881-82	3,499	..	1,320
1882-83	3,149	913	1,274
1883-84	3,568	1,201	1,264
1884-85	3,440	1,076	1,292
1885-86	4,667	1,326	1,290
1886-87	3,677	1,241	1,306
1887-88	3,348	1,681	1,295

29. It will be seen that while the number of toddy shops for the sale of fresh and fermented toddy has increased, and that of drug shops has remained steady, the number of liquor shops has on the whole been decreased.

30. As in Bengal, the rates of duty in Bombay vary in each district. A statement of the progressive increases in the rates we therefore refer to the enclosures of the Bombay Government's letter appended to this Despatch. It will be seen that ever since 1877 the Bombay Government has been steadily raising the rates of duty as circumstances permitted towards that fixed for imported spirits by the Tariff. The increases are of more importance than in Bengal, because the area covered by the Central Distillery system is much larger; in the period for which figures are given nearly the whole of the Presidency has been brought under that system, and the Farming system abolished.

Punjab.

31. In the Punjab during the Sikh times there was no regular Excise system. There was nothing resembling still-head duty, but a duty was levied in many places in the shape of license fees. 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. For minor shops no duty was levied; but in large cities an annual fee was levied for distillation and sale. For these fees there was no fixed scale; they were fixed and levied by the local officials. The Sikh Chiefs were allowed to distil liquor in their own houses for themselves and their dependants and were not required to pay any duty or to obtain permission even at the larger stations. 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 throughout it. In 1862, 1863, and 1864 the Central Distillery system was introduced in every district, and has, with the slight exceptions noticed in the next sentence, been continued ever since, the rates of duty being raised from time to time, till now the rates are higher than in any other province—so high that there exists in the Punjab a very considerable amount of illicit distillation, which now forms the main difficulty of excise administration in that province. The exceptions mentioned are a small portion of the Kangra district, in which a regulated outstill system has been in force since 1884, and one tahsil of the Gurgaon district, where the system described in paragraph 19 of Appendix G has this year been brought into force.

32. The following are the numbers of shops in the Punjab in each year since 1870:—

	Distilled Liquor of all kinds.	Drugs.
1870-71	1,042	463
1871-72	1,048	560
1872-73	1,110	676
1873-74	1,061	728
1874-75	1,126	1,093
1875-76	1,142	1,902
1876-77	1,215	1,764
1877-78	1,249	1,850
1878-79	1,253	2,111
1879-80	1,349	2,150
1880-81	1,452	2,111
1881-82	1,591	2,059
1882-83	1,540	2,081
1883-84	1,535	2,157
1884-85	1,624	2,120
1885-86	1,680	2,095
1886-87	1,723	2,220
1887-88	1,947	3,500
1888-89	1,904	3,639

33. The increase in 1887-88 and the following year is apparent only, as previous to that year it had been the custom in many districts to include in the returns the number of leases only, although some of them might include more than one shop. In that year instructions were issued to ensure that the returns showed correctly the number of separate shops. Nevertheless, on the whole, in this province the number of shops has increased. The explanation of this is that the central distillery system with very high rates of duties prevails throughout the Punjab: illicit distillation consequently prevails in that province to a very great extent, and is probably more rife than in any other Province in India. The increase in the number of shops has 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 reason assigned for the establishment of new shops is that just mentioned. There is no doubt that the maintenance of the strict system and high rate of taxation in the Punjab necessitates the grant of licenses for a larger number of shops than would otherwise be required.

34. On the introduction of the central distillery system into the Punjab in 1862 the rates of still-head duty were fixed at—

R2 per gallon for spirit of the strength of London proof.
R1-8 " " " 25° under proof.

In 1863 these rates were raised to—

R2-8 per gallon for spirit of the strength of London proof.
R2 " " " " 25° under proof.
R1-8 " " " " 50° " "

In 1865 the rates were increased in the Rawal Pindi and Multan Divisions and the Hazara Districts to—

R3 per gallon for spirit of the strength of London proof.
R2-8 " " " " 25° under proof.
R2 " " " " 50° " "

In 1877 these higher rates were extended to the whole province with the exception of the Umballa and Hissar Divisions, which adjoin the North-West Provinces. There has been no change since. The levy of license fees for sale in addition to the still-head duty raises the total taxation of country liquor per gallon to a very high figure in the Punjab.

MADRAS.

35. In a minute by Sir Thomas Munro, dated 1807, in which he discussed the respective merits of the farming and the outstill systems, it is stated that arrack "has for ages been manufactured and sold in all places subject to no other restraint than that of taxation."

36. When the territories in Madras came under British administration the system found in force was the farming system, apparently quite unrestricted, the farmer having merely to pay his yearly rent and being left free to manufacture as he pleased and to establish shops in such numbers and in such places as he thought desirable.

37. The farming system was continued by the early British administrators. It is not clear how soon restrictions as to the number of shops, and in other respects, began to be

imposed, but in the early years of this century considerable discussion took place regarding excise regulations. In 1803 the question arose whether the Bengal system of licensing and taxing each still separately was not preferable to the farming system, and whether the direct management of the revenue would not be preferable to either of those systems, involving, as they did, the letting in farm of the revenues. The Board of Revenue and the Government of Madras considered that the objections based on general principles to farming the revenues did not apply "to the renting, as in the present case under restrictions an article of luxury by no means necessary, nay even detrimental, to the public weal." It was declared that the object held in view was "to restrain and regulate" the consumption of liquor, and the opinion was expressed that the health and good order of the people, which were objects of far more importance than the augmentation of revenue, would be more surely promoted by the farming than by the outstill system. The result of the discussions was the passing of Regulation No. I of 1808. It provided that the exclusive privilege of manufacturing and selling arrack should be farmed in each district, and that the places at which distillation and sale might take place should be determined by the Collector. The separate licensing of each still was also authorised as an alternative; and Collectors were recommended by executive instructions to try both plans in different parts of their districts. The second plan, the outstill system, was tried in a few districts but soon discontinued, and in 1815 the farming system, restricted and regulated according to the directions in the Regulation, was in force throughout the Presidency except in the town of Madras, where a special system of direct management was maintained.

38. Regulation I of 1820 amended the law by authorising the treatment of toddy and other fermented liquors in the same way as spirits by allowing Collectors to retain the manufacture and sale under direct management, where that was deemed preferable to farming, by providing penalties for breaches of the rules, and by giving more extensive powers to the Board of Revenue to frame rules for the regulation of sale and for all details of management and control.

39. This law remained in force for over forty years, and under it the farming system was universal with the exception of the town of Madras, regarding which a special Act was passed in 1852. In 1841 proposals to raise the rates of taxation were discussed but ultimately abandoned, district officers being merely enjoined to enforce strictly the prescribed minimum retail prices.

40. In 1864, Act III of that year was substituted as the Excise Law of Madras. The two main alterations were the grant of power to levy an excise duty on the quantity of liquor manufactured instead of an annual payment for the farm, and the reservation of the right to suppress the home manufacture of fermented toddy where that privilege was likely to be used as a cloak for illicit sales or distillation.

41. In 1869 the power conferred by the Act of 1864 was brought into operation in one district, and the monopoly of Ganjam was given to a contractor with the condition that he should pay a fixed duty on every gallon issued. This system was continued in Ganjam and extended to four other districts three years later. In the later contracts for these five districts the condition known as that of a "minimum guarantee" appears, at first assuming the form that if the duty realised did not reach a certain sum the Government should have a right to cancel the contract, and subsequently in the form in which it was afterwards adopted in Bombay, namely, that the monopolist undertook to pay a certain minimum sum as duty, even though the issues were of a quantity on which a smaller duty was payable.

42. In 1874, an officer was placed on duty to prepare a complete report regarding excise matters and to make recommendations for the improvement of the existing system. In 1875 the system just described was further extended to about half the districts of the province (the spirit monopoly being at the same time separated from that for fermented toddy), and it was further extended up to 1884. In this period it was found that illicit distillation prevailed, and that, owing to the absence of competition and the concentration of the business in the hands of a few rich firms and to the contractors being entrusted with all the preventive arrangements, the system was not a great success, and was open to improvement in several important respects. A Committee was appointed to report on Excise in 1884, and the subsequent excise measures in Madras have been based on the recommendations of that Committee.

43. From 1st October 1884 the system last described gave place in every district in which it was in force except one to that described in paragraph 11 of Appendix G, under which the monopoly of manufacture was let separately from that of sale, the former being granted on condition of payment of a fixed duty per gallon and that liquor should be supplied to the shops at a fixed maximum rate, and the right of sale being given on payment of a fixed fee per shop, or number of shops, or on payment of a fee determined by auction. After a

short trial this gave way to the system described in paragraph 8 of Appendix G under which no monopoly of manufacture is established. The law was amended by the enactment of Act I of 1886. Under the powers taken by it a Commissioner of Abkari was appointed, and reforms have ever since been vigorously pushed, the general tendency being to extend the system last mentioned.

44. The following table shows the number of shops in Madras in each year from 1878:—

	Distilled Liquor of all kinds.	Toddy.	Drugs.
1875-76	20,968	19,761	...
1876-77	17,205	20,683	...
1877-78	13,923	19,645	...
1878-79	16,755	18,844	...
1879-80	16,293	16,326	...
1880-81	15,321	16,854	1,238
1881-82	16,559	18,540	1,026
1882-83	18,072	18,231	1,098
1883-84	17,870	18,727	1,117
1884-85	19,970	19,569	1,107
1885-86	22,201	14,214	1,073
1886-87	27,566	15,933	1,175
1887-88	21,021	22,549	1,171

45. The rates of duty in Madras also, as in Bengal and Bombay, vary in different districts. Moreover, in that Presidency the change of system which took place in 1884 renders deceptive a comparison of the fixed rates after that date with those before it; because before 1884 no separate licensee's fees were levied in addition to the still-head duty. The comparison in that province must, therefore, be of the total incidence per gallon of the fixed duty and license fees combined. The information is given in the enclosures of the Madras letter appended. It will be seen that the incidence has considerably increased.

North-Western Provinces and Oudh.

46. The early history of excise in the North-Western Provinces is the same as that in Bengal, the two Provinces being under the same Administration till after 1832. The farming system, which was found in operation when the territories came under British rule, was continued, restrictions in the number of shops, and in regard to other matters, being introduced and made more stringent from time to time. Between 1813 and 1824 the Central Distillery system was tried and considered to be unsuitable. The "Directions to Revenue Officers," issued in 1838 after the separation of the Province from Bengal, mentioned the Central Distillery system as an alternative to the farming system: Act XXI of 1856 also authorised the establishment of that system; but it was not introduced anywhere. And in 1859 the Local Government, in reply to the reference from the Government of India, opposed the re-introduction of the Central Distillery system on the grounds that it had failed when tried before, and that the existing systems secured as high a duty as could be obtained without forcing consumers to illicit practices or unduly encouraging consumption. The systems then in force in the North-Western Provinces were the licensing of single stills, and also of shops on payment of fees fixed by the Collector; and the farming of manufacture and sale usually for one year for sub-divisions—the farm of a whole district was seldom resorted to—on payment of rents fixed by public tender: Collectors had discretion to resort to auction instead of tenders, but this discretion was seldom used. In the neighbouring Province of Oudh, however, after the confusion which followed the annexation of the Province and the Mutiny had passed away, the Central Distillery system was uniformly adopted from May 1861 in the form in which it still prevails in Northern India: the still-head duty was fixed at R1 for spirit of higher strength than 25° under proof and 12 annas on lower strengths: sales were at first allowed on licenses without fees, but fees were subsequently levied.

47. The views of the North-Western Provinces Government altered in regard to the Central Distillery system, and that system was introduced in nearly the whole of the North-Western Provinces from May 1853. The rates of duty were fixed at 12 annas a gallon for spirit of lower strength than 25° under proof and one rupee for spirits of higher strength: the subsequent changes in the rates of duty will be shown below.

48. The licenses for retail sale were at first sold by auction, and the receipts from this source formed a large part of the Excise Revenue. In 1867-68 an experiment was tried in one district with the object of allowing the number of shops to be fixed by the ordinary operation of competition instead of the district authorities: in this experiment the still-head duty was relied on as the main part of the tax on liquor: licenses were granted to open shops on payment of a low fixed license fee at any place for which application was made, except that for police purposes two shops were not allowed within 200 yards of each other. The result was that while the number of shops actually opened was somewhat less than the number fixed as the limit in the previous year by the authorities, the receipts from still-head duty rose from R20,000 to R50,000. The inference was that there had been a large sale of illicit spirit on which no duty had been paid under the previous system, and that the effect of unrestricted competition among the shop-keepers when the artificial limitations in their number were removed, was to cause them to sell licit instead of illicit spirit, although as a fact the number of shops was not increased. The next year the Excise Commissioner proposed that this plan should be tried everywhere, and that licenses for shops should be granted at a low fixed fee uniform throughout the Province to all respectable applicants. It was anticipated that the number of shops would increase at first, but that the effect of competition would soon be to reduce the number to that really required for the convenience of the public.

49. These proposals were approved by the Government, but with a modification which deprived them of any value they might have by excluding the factor—free competition—which it was hoped would regulate the number of shops in a more effectual and beneficial manner than the local estimate of the requirements by the Collector was capable of effecting. The modification was the restriction of the number of shops to what it was in the previous year. In the next year 1870-71 a change was made, and the following rule laid down:—

"The Collector will fix the number and locality of the different shops, and determine their letting value according to the advantages possessed by each. It is not intended that they should, as a rule, be put up to public competition; but competition may be resorted to by the Collector and taken into account in determining the sum at which each shall be leased. To work this system effectively careful inquiries will be necessary into the amount of liquor sold, the distribution of the drinking population, the price at which liquor is obtainable, and many other points affecting the profitableness of the several localities."

50. This rule remained in force for many years, but the difficulties in the way of obtaining accurate information of the kind required to work the rule effectively have led to the reversion generally to the practice of putting up the shops to auction.

51. The experience of the working of the Central Distillery system from 1863 to 1870 proved that it had been much too extensively introduced, and that it had been applied in many tracts in which, under the circumstances which existed, its success was almost hopeless. Illicit practices were believed to be largely prevalent in those tracts, and this conclusion was proved to be correct by the comparison of the figures of revenue of the years before and after the farming system was re-introduced in certain districts: large increases in apparent consumption occurred in those places which it was impossible to explain by a sudden and startling change in the habits of the people, and which were explainable only by the existence of illicit practices in previous years.

52. In 1873 the Local Government expressed its conviction "that smuggling or the sale of illicit liquor was going on to a very large extent in several districts," and that in some of them statistics "rendered it probable not only that the illicit sale of liquor existed, but that it was on the increase."

53. In 1863 the only two tracts not brought under the Central Distillery system were the districts of the Jhansi Division which were surrounded by Native States and the mountainous district of Kumaon.

54. After 1871 the Farming or Outstill system was re-introduced successively, for the reasons above indicated, into portions of several other districts, the names of most of which will be found in extract (6) in Appendix C.

55. In 1877 a Committee was appointed to report on excise matters, and in accordance with its recommendations numerous measures were adopted for the improvement of the administration. A selected assistant was placed in charge of excise in each district, and to reduce the temptation to smuggling and the prevalence of malpractices in issuing spirit at the distilleries, the rate of duty was fixed at a uniform rate of one rupee irrespective of strength. The "Modified Distillery System," described in paragraphs 14 and 15 of Appendix G above, was also proposed, and in the following years was tried in some districts; it was, however, found to be a failure and has been abandoned in all but an insignificant area.

APPENDIX K.

The Excise System of Baroda.

Extract from a memorandum by Rao Bahadur Lallubhai Gordhandas.

11. Baroda has declined to furnish the abkari statistics called for by Government. Such as I have been able to collect from various sources will be presented below :—

Baroda.

12. In 1887 there were altogether 445 country spirit shops in the Navsari division, which has an area of 1,940 square miles and a population of 287,549. This gives one liquor shop to 4·36 square miles and 646 inhabitants.

13. The number of country spirit shops in the Surat district in the same year was 305 in an area of 1,662 square miles and a population of 614,198. This gives one shop to 5·45 square miles and 2,014 inhabitants, as against one shop to 4·36 square miles and 646 inhabitants in the neighbouring Gaikwari district of Navsari.

14. Excluding the 58 country spirit shops in the city of Surat, comprised in an area of about 10 square miles containing 109,844 inhabitants, the ratio of the remaining shops to the area and population of the Surat District *minus* the city is one shop to 6·70 square miles and 2,042 inhabitants, as against one shop to 4·36 square miles and 646 inhabitants in the Navsari district of the Baroda State.

15. Statistics of liquor comsumption are available for the four years 1883-84 to 1886-87 for the portion of the Navsari district in which the central distillery and still-head duty system was in force in those years. The average annual consumption for that period comes to 139,551 gallons 25° U. P. in a tract containing 685 square miles, 201 liquor shops, and a population of 191,692. This tract comprises the talukas of Velachha (including Kathor but excluding the Vakal Petha), Kamrej, Palsana, Mahua, Navsari, and Gandevi.

16. The talukas of the Surat Collectorate which adjoin the said tract of Baroda territory are Olpad, Chorasi, Mandvi, Bardoli, Jalalpor, and Chikhli. They have a collective area of 1,291 square miles and a population of 477,730. The average quantity of liquor sold annually at 228 shops in these talukas during the four years 1883-84 to 1886-87 was 205,945 gallons 25° U. P.

17. The consumption of spirit per head of population and the ratios of liquor shops to areas and populations in the above-mentioned parts of the Gaikwar's district of Navsari and of the British district of Surat are shown below :—

	Navsari.	Surat.
Number of square miles to a liquor shop	3·41	5·66
Number of population to a liquor shop	954	2,095
Consumption of liquor 25° U. P. per head of population (drams)	35	21

18. If the city of Surat, like which there is no large city in the Navsari district, is excluded, the comparison would be more unfavourable to Navsari, as will be seen below :—

	Navsari.	Surat.
Number of square miles to a liquor shop	3·41	7·54
Number of population to a liquor shop	954	2,164
Consumption of liquor 25° U. P. per head of population (drams)	35	17

19. There are many more liquor shops in Baroda territory than in British territory a distance of two miles from the undermentioned frontiers :—

	Liquor shops within two miles of the frontier.	
	British.	Gaikwari.
Eastern frontier of Olpad Taluka	4	7
Eastern and southern frontiers of Chorasi Taluka (including Sachin State under British management)	16	24
Northern Frontier of Jalalpor Taluka	5	17
North-eastern frontier of Chikhli Taluka	2	4
Southern and western frontiers of Bardoli Taluka	12	40
Western and northern frontiers of Mandvi Taluka	8	13
Frontier of the Gaikwar's taluka of Gandevi	17	19
Total	64	124

20. When lists were prepared in 1887 of the British and Gaikwari villages situated within two miles of the frontier between the Viramgam, Sanand, and Daskroi Talukas of the Ahmedabad Collectorate, and the Vadavli, Kadi, Kalol, and Dehgam Talukas of the Kadi district of His Highness the Gaikwar, with a view to stipulate for the non-establishment of liquor shops in any of those villages, it was found that there were 86 villages of the Gaikwar with a population of 40,453, for the supply of whom 17 liquor shops were maintained: while on the British side the total number of villages was 117 with a population of 72,297, with only 10 liquor shops for their supply.

21. The ratios of liquor shops, as they existed in 1887, to areas and populations in some of the talukas of the Baroda district and in the adjacent British talukas are shown in the following table :—

Names of Talukas.	Whether British or Gaikwari.	Area in Square Miles.	Population.	Number of Liquor shops.	Average number of square miles to a shop.	Average number of population to a shop.
Choranda	Gaikwari	226	61,805	11	20·54	5,619
Broach and Amod exclusive of Broach City.	British	476	112,921	13	36·61	8,686
Padra	Gaikwari	181	86,705	22	8·23	3,941
Jambusar	British	373	77,772	7	53·28	11,110
Baroda (exclusive of Baroda City).	Gaikwari	309	90,094	19	16·26	4,742
Petlad		270	196,026	50	5·40	3,920
Borsad		218	143,321	10	21·80	14,332
Anand	British	243	154,118	10	24·30	15,412
Nadiad		224	162,256	9	24·89	18,028
Matar		217	78,279	3	72·33	26,093
Jarod		375	65,522	63	5·95	1,040
Sankheda	Gaikwari	177	51,645	9	19·66	5,738
Kalol, including Halol Petha	British	415	76,522	15	27·67	5,101
Tilakvada	Gaikwari	37	7,529	8	4·62	941
Sankheda Mewas	Under British management.	311	53,214	40	7·77	1,330

22. The Dabhoi and Sinor Talukas of the Baroda district do not march with British territory, and have therefore been omitted in the foregoing statement.

23. The total abkari revenues of each of the districts of Baroda for each of the years 1883-84, 1884-85, 1885-86, and 1886-87, for which information is available, are compared below with the total abkari revenues of each of the British districts in Gujarat for the same period :—

Name of District.	Population.	Revenue for 1883-84.	Revenue for 1884-85.	Revenue for 1885-86.	Revenue for 1886-87.	Incidence per head of population on receipts for 1886-87.
		R	R	R	R	R a. p.
Baroda.						
Amreli	147,468	3,587	4,023	3,464	6,396	0 0 9
Kadi	988,487	59,930	77,900	69,557	79,557	0 1 3
Baroda	756,807	1,14,993	1,25,576	1,27,555	1,61,215	0 3 5
Navsari	287,549	1,96,315	4,69,479	4,08,359	4,03,803	1 6 6
Total for Baroda	2,180,311	3,74,825	6,76,978	6,08,935	6,50,971	0 4 9
British.						
Ahmedabad	856,324	1,08,764	1,72,269	1,71,693	1,76,134	0 3 3
Kaira	804,800	22,891	24,610	24,622	24,695	0 0 6
Panch Mahals	255,479	26,774	26,703	31,901	36,089	0 2 3
Broach	326,930	1,38,104	1,66,749	1,68,086	1,67,185	0 8 2
Surat	614,198	8,02,529	7,43,062	8,08,107	8,23,251	1 5 5
Total for British Districts	2,857,731	10,99,062	11,33,384	12,04,409	12,27,354	0 6 10

24. Amreli, which lies in Kathiawar, is not comparable with any of the British districts. It is entered here only to show that an increase of abkari revenue has taken place in that part though it is outside of the pale of the influence of the Abkari Department.

little check. The remedy for illicit distillation will probably have to be sought for in the establishment of a system of outstills under the supervision of a special Excise establishment in each district. The experiment of the Bassein distillery has only been a partial success."

(5) *Bengal Excise Report for 1861-62.*

"During the year 1862-63, most districts of het Nuddea, Burdwan, Rajshahye, and Dacca Divisions will be entirely under the fixed-duty system. In the Bhagulpur and Patna Divisions experiments are being made, but the system is by no means so well adapted to the spirit in use in those divisions as it is to that of Lower Bengal, in which the spirit is distilled from molasses, and averages about 25 per cent. below London proof, while that in vogue in Behar is extracted from the mohwa flower, which is produced in every jungle. The spirit itself is extremely weak; it has been proved and found to be as low as 32 per cent. below London proof. Such spirit will not bear transport, and the sudder distilleries from which it is to be supplied must be placed at very short distances from one another, which entails increased expense."

(6) *Extract from Bengal Excise Report for 1886-87.*

One other cause that I have not touched on is that the spirit distilled from the mohwa bears transport to distances very ill, the distillers not having the means of properly securing it from the air. In the sparsely populated country, the distilleries are necessarily at a great distance from each other. It is not that we have an insufficient number of distilleries,—we opened more than we could afford to keep open; it is that the system is unsuited to the requirements of the country, the habits of the people, the quality of the material, and the imperfect mode of manufacture adopted.

If the object of excise be really and truly the suppression of the use of intoxicating drinks, I have no doubt that a persistence in the fixed-duty system will greatly tend thereto; but it must not be forgotton that there is another aspect in which it has to be regarded. If the restriction is so great as to discourage altogether some from indulging, it must also have the effect of all restrictions carried to excess, *i.e.*, giving an impetus to illicit distillation, and there is nothing that has so much set me against the system as the number of persons I have lately seen undergoing imprisonment in the common jail for offences against excise laws.

With the process of manufacture so simple, material close at hand, and owing to the nature of the country, and sympathy of the people, detection so unlikely, it must be difficult to resist the propensity to indulge in what must be regarded by the people as no crime, though illicit.

The general result appears to me to be as bad as ever. In order to see how each of the distilleries had been working, I called for a detailed statement of spirit vendors from each district, showing the quantity of liquor drawn by each shop during a particular quarter, and giving other information. Though little confidence can be placed on some of the figures entered in the statement which I have received, they, I think, establish the general fact that a large number of abkars do regularly work at a loss; but as no man would carry on his trade at a loss for any time, it is evident that the abkars, under shelter of their licenses, defraud Government of a large portion of Excise revenue, either by practising illicit distillation, or by connivance with the distillery darogahs, or both. It may be taken for granted that any man paying monthly duty on less than 12 gallons of liquor made from mohwa can make no profit on the sale of that liquor. These are self-evident conclusions; but fraud is difficult of detection.

No amount of zeal and energy on the part of the abkari officers can avail against the inherent evils of the sudder distillery system, when this system is applied to a sparsely populated country, and a country where, owing to inundations, all communication is cut off during three months of the year over a large area.

It is an unceasing up-hill struggle, where everybody and everything is against the Government officer.

I have paid great attention to abkari. I have done all I possibly can to make the sudder distillery system answer in this division. Yearly I see the revenue fall off in the regulation and non-regulation districts. I do not believe that a proportionate decrease of drinking takes place. There may be some decrease in the interior, but there is more drinking in the towns. We are sacrificing the revenue to a theory. I am convinced the revenue will go on decreasing.

(7) *Extracts from the Special Report on the Administration of Excise Revenue from Country Spirit in Bengal, 1870.*

Unquestionably the sudder distillery system has not answered the expectations of those who introduced it. The foundation stone of this system is "the levy of the duty on the actual quantity of spirit which passes into consumption." This as a theory is perfect; but

though it may appear a paradox to say so, there is reason to doubt whether in those districts to which the system is least applicable the object above defined was not better secured under the old system. In such districts a very large amount of liquor now goes into consumption which pays no duty whatever. Some of this comes from illicit distillation by unauthorised distillers; a great deal comes out of the sudder distilleries themselves, for no efficient check has been discovered against the concerted action of distiller and distillery mohurrir, whereby the former pays duty on only a portion of the liquor he distils and sells.

It has resulted that the admirable theory that no spirit should be distilled save under supervision, and that all spirit consumed should come under full taxation, has been applied with even ordinary success in large towns or populous districts only; and that, on the other hand, there has been in some districts an increase in the use of ganja and opium and in others an increase in the consumption of tari and pachwai—the latter which is largely brewed for home consumption escaping, when so brewed, all taxation.

(8) *Extract from the Bengal Excise Report for 1870-71.*

From what has been now stated it will readily be perceived how much the successful working of central distilleries depends on the honesty of the Excise establishments in charge of them, and how easily the revenue may be injuriously affected by any collusion between them and the distillers. The closest supervision cannot more than very partially prevent spirits being passed out on payment of a lower rate of duty than should have been levied with reference to their strength, or sometimes without the levy of any duty whatever.

(9) *Extracts from the Bengal Excise Report for 1872-73.*

As already stated, the enhancing of the price of liquor is one of the results of the sudder distillery system. To a certain point this is an advantage; beyond that it is injurious in every sense. His Honour is aware that the Member in charge is no advocate for the universal extension of the sudder *distillery system*, which has been the result of orders from Government. Mr. Money has always been opposed to the introduction of the system except in towns or thickly populated districts, where means of communications are easy. Everywhere else the system is, in his opinion, a signal failure. Under it illicit distillation thrives without the possibility (regard being had to the tools we work with) of efficient check, while the Government is swindled not only by the illicit distillers, but by its own servants in charge of distilleries, who collude with the shopkeepers. The various modes of appropriating the profits which should go to the public treasury are detailed in paragraph 84 of this report. Answers to the circular order there referred to have come from all the Commissioners and district officers, but no practicable suggestions have been made to remedy the evils pointed out; nor could such be made, for the evils are inseparable from the system itself. Mr. Money would repeat what he has pointed out often before. As a theory, the sudder distillery system is perfect. In practice it fails because its success depends on the honesty and zeal of the distillery establishment and of the mofussil police. We cannot obtain the first. Men who will accept the post of distillery darogah are not generally men of the best classes, and the temptation to cheat the Government is so great owing to the large profits made, and the small chance of detection, that a much higher scale of salary woud probably fail in supplying a sufficient resisting power. As to the police illicit distillation prospers in spite of, or perhaps because of them. If an unusual stir is made by the Collector and Magistrate a few cases come to light, are prosecuted, and then matters revert to their former condition. In towns, however, illicit distillation cannot exist without detection, for the smell of distillation betrays it. In towns also, at least in the sudder station towns, much closer supervision can be exercised by the Collector or his deputy, and the good understanding between the darogah and abkars is not therefore productive of the same effects as in the interior, though even there Government is cheated.

It is only within the last two or three years that district officers generally have given any attention to the excise. As they learn to understand the subject, the evils which are connected with the sudder distillery system force themselves on their notice. More than one officer mentions as a proof of the rascality which is common that many licensed shopkeepers carry on their trade at a loss; that is, that the profit which it is possible for them to make on the small quantity of liquor the distillery books shew them to have taken out, paying duty, would not cover the barest necessary expenses of the business. Mr. Bayley's notice of this fact is referred to in paragraph 61 of this report. There is, of course, but one explanation, namely, that a large quantity of liquor is sold which pays no duty, liquor obtained either from the distillery under an arrangement with the darogah, or from an illicit still. It is impossible to furnish a stronger proof of the weak points of the sudder distillery system than is supplied by the existence of those shops which continue being worked at a loss.

(* * , and he now desires to say only a few words regarding an excise revenue on spirits and drugs. He considers that this source of revenue admits of expansion. We have for some years past endeavoured to raise our revenue of liquor by means of a still-head duty, and to enable us to do this we have forbidden all distillation except at certain central distilleries which are under supervision. We have lost considerably in revenue, but we felicitate ourselves on having put a stop to excessive drinking. But this measure has been a costly one generally. It has added very much more to the cost of liquor than the tax yields to Government. By compelling persons to distil at one particular place we have established practical monopolies, and have forced people to carry on their manufacture under circumstances of difficulty and restraint. The article is manufactured at a distance from where it is to be consumed. We add therefore the cost of carriage to the cost of manufacture. The spirit universally used in the Central Provinces is distilled from the mohwa flower, and the liquor preferred by the people is a weak liquor; but this weak liquor will not remain good beyond a certain time, and will not bear transport; we have therefore taught the people to make a stronger liquor. Again, the mohwa flower is procurable everywhere, and liquor can be made in a perfectly simple manner, and we have, by artificially raising the price of liquor to so great an extent, given rise to illicit distilling. The system of central distilleries is in itself also costly, and it is believed that Government does not receive even what it should obtain from the still-head duty if it were properly and faithfully levied. All these circumstances point to a modification or relaxation of the strictness of the system of levying an excise duty on liquor solely by a still-head duty on liquor distilled at certain central distilleries. The direction that reform should take is to give permission to manufacture liquor at the place where it is to be consumed, and where circumstances are most favourable to the manufacture taking at the same time for Government the largest revenue that can be obtained.

(10) *Extract from the Bengal Excise Report for 1878-79.*

The sudder distillery system having been found to be defective in many respects and insufficient to meet the varying requirements of every district and of the different parts of some districts, the Board again brought to the notice of Government in 1877-78 the practical difficulties that existed in the satisfactory working of that system. They were authorised to undertake a systematic review of the existing arrangements in each district, fixing the sudder distilleries only at central and populous places with a reasonable radius of supply, and establishing outstills in the rest of the district. Accordingly, in consultation with the local officers, new arrangements have been made, and the outstill system has been either re-introduced or extended in several districts from 1878-79.

(11) *Extract from the Orders of the Local Government on the Excise Administration Report in the North-Western Provinces and Oudh for 1871-72.*

It cannot be doubted that not only is a large quantity of native spirits manufactured in other than Government distilleries, but that also a very large quantity of the liquor made in Government distilleries is passed out of the abkari godown free of duty. Such practices cannot be put an end to with the existing underpaid establishment. * * * *

(12) *Extract from the North-Western Provinces and Oudh Excise Report for 1871-72.*

This is not the place for a lengthy description of the comparative advantages of the two systems, and the question of how to improve upon the distillery system as at present worked in the North-Western Provinces is still under consideration; but I may state that it is admittedly unsuited to parts of the country which are difficult of access, as the districts of the Kumaon Division, and also to districts, such as those of the Jhansi Division, where, owing to the contiguity of independent territory, it is impossible to stop smuggling and a contraband trade.

I may add briefly that, in my opinion, the distillery system should be abandoned, except where it can be worked in its integrity, *i.e.*, by the levy of a duty at a standard rate on the strength of the spirit; and, as owing to the want of intelligence and honesty in the available agency, this appears impossible except at the head-quarters of districts where the supervision is more efficient, I would confine the distillery system to the head-quarters town of each district, and to such radius round it as may be in each case separately determined on.

The reason the distillery system was given up was that the district was supplied with illicit liquor from Native States, or the people crossed the border into them to supply their wants. In fixing the number of shops, therefore, the great facility of getting illicit liquor had to be considered. If the shops were too few the Native States would of course be again

(13) *Extract from the North-Western Provinces and Oudh Excise Report for the year 1874-75.*

As regards the existence of illicit distillation and surreptitious abstraction of spirit from the distilleries without paying duty, nearly all officers are prepared to admit some illicit form of trade does exist. Those officers whose districts are conterminous with foreign states declare that the illicit trade of these districts is owing to the facilities for distilling in those states. This is without doubt perfectly true of the Nepal Frontier, Rewah, and the Rajputana States. Nearly all officers deny the possibility of surreptitious abstraction from the distilleries; although native information goes to show this method causes a very heavy loss of revenue, and though some few officers are rash enough to assert there is no such thing as illicit distillation, still the convictions in many districts prove the fact, and the inference is only reasonable that it goes on all over the country.

(14) *Extract from the North-Western Provinces and Oudh Excise Administration Report for year ending September 1882.*

As to the prevalence of illicit distillation and smuggling under the distillery system, there is ample testimony in the district reports; and the Junior Member thinks it will be convenient to bring them together in a more concentrated form.

In Budaun, for instance, the small amount of licit liquor consumed at a large number of retail shops in that district is noticed by the excise officer. According to their purchases of distillery liquor, the transactions of these shopkeepers must be carried on either at a dead loss or for wholly insignificant return. The real fact, says Mr. Darrah, is that these licenses bring in much more than the distiller cares to acknowledge, the excess sum being paid for the cloak given by his license to sales of illicit liquor. A few gallons are taken from the sudder distillery to keep up appearances, but he is convinced that the liquor mainly sold in outlying villages is that which has paid no duty except to the police and the head contractor. It is true, he continues, that liquor is extensively watered, and in this way partly profits are increased, but water cannot be largely added without lowering the price, whereas the obstacles in the way of working a small illicit still are as nothing in comparison with the profits obtainable. Mr. Stoker writes as follows in regard to illicit distillation in Bareilly:—

"I never knew what it really was until I took charge of Bareilly excise. In addition to free-smuggling from Rampur and the Tarai, the whole district was studded with illicit stills. Not merely in jungles and remote places, but in the middle of villages, in cantonments, and in the city itself was the trade carried on."

The position of the Board in this matter should not be mistaken. It has been proved to demonstration that evasions of the Excise law cannot effectively be stopped under the ordinary or under the modified distillery systems. Their maintenance entails a needless sacrifice of revenue. The money which should decrease the public burdens goes to swell the smuggler's gains. The outstill system, it can hardly be doubted, largely diminishes, if it does not altogether remove, the temptations to illicit manufacture. It substitutes the consumption of duty-paying spirit for liquor which has paid no dues, except in bribes to village or district policemen. Successful evasion of the law cannot but prove demoralising to the smuggling and drinking classes as well as corrupting to the rural and regular police. In advocating the adoption of the outstill system for rural tracts wherein illicit distillation was believed to be prevalent, or whose position on the border of Native States offered ready facilities for smuggling, the Board had only one object, to put down the systematic disregard of law and the systematic plundering of the Government revenue. They desired simply to substitute the consumption of licit for illicit spirits.

In carrying out a policy of this character it was inevitable that misapprehensions should arise, and that the principles of official action should be misinterpreted. But slight reflection should have convinced opponents of the change that neither the Board nor Government were actuated by a desire to increase the Excise revenue at any cost, and without any regard to consequences; and that there was no intention to encourage, or develop habits of drinking, or to supply direct inducements to increased intemperance.

The Board are carefully watching for any evidence in support of the position that the adoption of this system involves an extension of drunkenness. But the Junior Member would deprecate the adoption of hasty conclusions based on inaccurate or insufficient methods of observation. For instance, the mere increase of revenue is not in itself proof that there is a larger consumption of liquor. The change in system was advocated as a means of defeating the smuggler, and there are as yet no sufficient data for estimating the amount of illicit spirits which was sold in the districts in which outstills have been wholly or partially established. There can be no question, however, that this amount was very considerable, for the habits of a people do not change in a few months, whereas bidders for still licenses have at once offered large additional fees for the right of local manufacture and retail vend.

(15) *Extract from the Report of the Excise Commissioner, North-Western Provinces, for 1882-83.*

"No less than 153 distilleries were built, and the majority of these were ill-supervised by Tahsildars, who were not made to take much interest in the work, ill-managed by ill-paid mohurrirs who were allowed every facility for fraud, and ill-guarded by two chuprasis who, even if they had been zealous in the interests of Government, were insufficient in number and wanting in discipline for the work entrusted to them."

(16) *Extract from a Memorandum by the Financial Commissioner of the Punjab.*

". . . . . the outlying distilleries, as a whole, are ill-supervised by Tahsildars, who seldom take much interest in this part of their duties, badly managed by mohurrirs on small pay, who have every opportunity for committing fraud, and insufficiently guarded by two or three ill-paid and undisciplined chuprasis."

Schedule of Enclosures of Despatch No. 29, dated 4th February 1890.

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Enclosure of Despatch No. 29 of 1890.

No. 3506, dated 9th July 1889.

From—E. J. SINKINSON, Esq., Offg. Secy. to the Govt. of India. DEPT. OF FINANCE AND COMMERCE,
To—All Local Govts. and Administrations (except Bengal, Bombay, and the N.-W. P. and Oudh).

In continuation of my letter No. 3392, dated the 3rd July 1889, I am directed to forward copies of the Report of the Debate in the House of Commons on the subject of Excise administration in India, and to request that you will submit, for the consideration of the Government of India, any remarks which His Excellency the Governor in Council / His Honour the Lieutenant-Governor / you may desire to make on the statements made and figures quoted in the Debate, so far as they relate to

2. I am also to ask that a table showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India in force each year since 1860 may be prepared and forwarded with your reply.

No. 3507, dated 9th July 1889.

From—E. J. SINKINSON, Esq., Offg. Secy. to the Govt. of India, DEPT. OF FINANCE AND COMMERCE,
To—The Secretary to the Government of Bengal, Financial Department.

In continuation of my letter No. 3389, dated the 3rd July 1889, I am directed to forward copies of the Report of the Debate in the House of Commons on the subject of Excise administration in India, and to request that you will submit, for the consideration of the Government of India, any remarks which His Honour the Lieutenant-Governor may desire to make on the statements made and figures quoted, so far as these have reference to Bengal.

2. I am to invite special attention to the following points in the Debate, and to ask that your reply may include remarks or reports regarding them:—

(*a*) The evidence of Mr. Hudson and Mr. Metcalfe quoted by Mr. S. Smith on pages 2 and 3 of the Report of the Debate.

(*b*) The allegation that there has been an increase of drinking in Bengal (pages 2, 3, and 4 of the Report).

(*c*) The statement on page 4 of the Report that the Bengal Government has drawn back from its intention of carrying out the recommendations of the Bengal Excise Commission.

(*d*) The statements on pages 9 and 10 of the Report regarding the establishment of a liquor shop at an annual fair in the district of Backergunge in spite of the remonstrances of the owner of the land on which it was located.

3. I am also to ask that a table showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India in force each year since 1860 may be prepared and forwarded with your reply.

No. 3508, dated 9th July 1889.

From—E. J. SINKINSON, Esq., Offg. Secy. to the Govt. of India, DEPT. OF FINANCE AND COMMERCE,
To—The Secretary to the Government of the North-Western Provinces and Oudh, Financial Dept.

In continuation of my letter No. 3391, dated the 3rd July 1889, I am directed to forward copies of the Report of the Debate in the House of

Commons on the subject of Excise administration in India, and to request that you will submit, for the consideration of the Government of India, any remarks which His Honour the Lieutenant-Governor may desire to make on the statements made and figures quoted, so far as these have reference to the North-Western Provinces and Oudh.

2. I am to invite special attention to the following points in the Debate:—

(*a*) Mr. Caine's description of an opium den in Lucknow.

(*b*) The statements on pages 10 and 11 of the Report regarding the number of shops in Etawah, Etah, Muttra, and Sitapur, and regarding the license fees at Benares.

In connection with (*a*), a report should be submitted showing the number of opium shops in Lucknow, the fees levied, the conditions of the licenses, and the amount of opium consumed, and stating whether opium *smoking* is a common practice in the North-Western Provinces and Oudh.

3. I am also to ask that a table showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India in force each year since 1860 may be prepared and forwarded with your reply.

No. 3509, dated 9th July 1889.

From—E. J. SINKINSON, Esq., Offg. Secy. to the Govt. of India, DEPT. OF FINANCE AND COMMERCE,
To—The Secretary to the Government of Bombay, Financial Department.

In continuation of my letter No. 3390, dated the 3rd July 1889, I am directed to forward copies of the Report of the Debate in the House of Commons on the subject of Excise administration in India, and to request that you will submit, for the consideration of the Government of India, any remarks which His Excellency the Governor in Council may desire to make on the statements made and figures quoted, so far as these have reference to Bombay.

2. I am to invite special attention to the following points in the Debate, and to ask that your reply may include remarks or reports regarding them:—

(*a*) The allegations of Mr. S. Smith on page 3 of the Report of the Debate regarding the effect of the guaranteed minimum duty system.

(*b*) The assertion on page 8 of the Report that illicit distillation has been entirely stopped in Bombay.

(*c*) The allegations on page 8 of the Report that the consumption of liquor in Bombay has increased.

(*d*) Mr. Caine's remarks on pages 8 and 9 of the Report regarding the increase of revenue in Bombay from (1) foreign liquor, (2) country spirit, and (3) drugs.

(*e*) The statements on page 10 of the Report regarding the number of liquor shops in Ahmedabad.

3. I am also to ask that a table showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India in force each year since 1860 may be prepared and forwarded with your reply.

No. E. $\frac{3\text{-A}}{4}$-13, dated 28th November 1889.

From—H. J. S. COTTON, Esq., Offg. Secy. to the Govt. of Bengal, Financial Department,
To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 3507, dated 9th July 1889 forwarding copies of the Report of the Debate in the House of Commons on the 30th April

1889, on the subject of Excise administration in India, and inviting the remarks of the Lieutenant-Governor on the statements made and figures quoted so far as they have reference to Bengal.

2. A copy of the papers was transmitted to the Board of Revenue and the Commissioner of Excise, and the observations recorded by the Board are annexed to this report.

3. A careful retrospect of the history of the Excise administration in these Provinces was furnished to the Government of India with my letter No. E. $\frac{19}{2}$ 7, dated 19th February 1889, and it appears unnecessary to repeat what is there stated. As, however, the strictures on the Excise administration in India, contained in the speeches of Mr. Samuel Smith and Mr. Caine, have special reference to Bengal, and the resolution which was carried by a majority in the House of Commons is based upon information supplied to the House by these gentlemen, the Lieutenant-Governor deems it only just to himself and the Revenue administration of Bengal to avail himself of this opportunity to comment somewhat fully upon the criticism so presented to Parliament. He believes that in many important particulars the House of Commons was materially misinformed in that debate, and he cannot resist the conviction that the Honourable Members who moved and seconded the vote of censure must have themselves also been misled in regard to some of the questions under discussion.

4. In order to avoid misconception, I am to say at the outset that the Lieutenant-Governor is aware that in the reaction which ensued in 1877, when the sudder distillery system was condemned and the outstill system substituted in its place, there was a considerable increase in the consumption of liquor. The price of liquor was cheapened and other harmful results ensued. The Government of that day, however, took steps to remedy the evil. From the year 1880 the number of outstills was steadily reduced, and in December 1883 the Bengal Excise Commission was appointed to enquire into the working of the outstill system. This Commission collected an immense amount of evidence, and its report is of the highest value. Mr. Smith, in his speech to the House of Commons, refers to this evidence, and especially to the statements of the late Babu Keshub Chunder Sen and of Messrs. Hudson and Metcalfe, and bases thereon the argument that there is a rapid spread of the consumption of intoxicating liquors in Bengal. Mr. Caine, speaking with more recent knowledge, is more cautious in his remarks on this point: but the whole tenor of his criticism is to the effect that the consumption of liquor is still increasing, and that it is the object of Government to stimulate the sale of liquor to the uttermost. The one statement is as unfounded as the other. It has never been the object of the Government to stimulate the sale of liquor, and the consumption of liquor is not now, and for some years past has not been, increasing in Bengal. I am to invite attention to the fact that Mr. Smith's argument is adduced from evidence recorded more than five years ago, and contains no recognition of the material changes which were made in Excise administration in consequence of the Commission's report. Moreover, out of a mass of evidence taken on both sides of the question, Mr. Smith has fallen back on one side only. And although it is true that Messrs. Hudson and Metcalfe, in their evidence before the Commission, attributed the spread of drunkenness to cheap liquor, they seem to have overlooked the other causes mentioned by the Commission, which have more largely contributed to the same result, and which no improvement in Excise administration can rectify. The verdict of the Commission was that there had undoubtedly been an increase in the consumption of intoxicating articles. At the same time their deliberate opinion was that "the primary cause of the increase" should be 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, and in preparing these classes to take advantage of all opportunities for increased drinking afforded to them, either by their own improved circumstances or by changes in the Excise system." It is not the case, as Mr. Hudson thought, that shops had multiplied; the very reverse indeed is the fact;* but even if the fact were true, it seems to the Lieutenant-Governor that it would have been fairer towards Government to quote to the House of Commons, not one-sided evidence of this nature, but the deliberate conclusions of the Commission which had considered the whole of the evidence and had been appointed to enquire into this very subject.

Year	No. of liquor shops (distillery shops and outstills).
* 1864-65	9,913
1870-71	6,672
1887-88	4,014
1888-89	4,044
1889-90	3,628

5. I am to repeat that the evidence upon which Mr. Smith relies in his condemnation of the present policy of the Government is five years old. It was upon that evidence that the House of Commons passed a resolution that the "increased facilities for drinking produce a steadily increasing consumption, and spread misery and ruin among the industrial classes of

India, calling for immediate action on the part of the Government of India with a view to their abatement." Mr. Caine declared: "The worst and rottenest Excise system in the civilized world is that of India; the worst and rottenest of the various systems of India is that of Bengal." The Lieutenant-Governor has searched through the record of the Debate to see if there was any evidence before the House which would support the censure of Honourable Members and of the House of Commons in respect of the policy of the Bengal Government at any date subsequent to the receipt of the report of the Excise Commission. But he has found no trace of such evidence: and he ventures to submit that accurate information of what has lately been done in Bengal, since the receipt of the Commission's Report, would have had more immediate application to the subject under discussion than any statements made several years ago before the Members of that Commission. The definite charge brought against the Government of Bengal in April 1889 is that drinking in Bengal is on the increase. The actual facts are as follows:—The orders of Government on the report of the Excise Commission were passed on the 10th March 1886. The reforms then inaugurated could only be partially introduced in 1886-87, but they were more extensively adopted in the two following years. The following is the consumption of distillery liquor in the past three years:—

	Gallons.
1886-87	1,129.056
1887-88	1,087,876
1888-89	1,057,119

During this period not only has the area of the distillery system been extended, but outstills have been restricted. Although the actual production of outstills cannot be precisely stated, both their numbers and capacity have been materially reduced as follows:—

	Number of outstills.	Liquid capacity of stills in gallons.
1886-87	3,596	111,538
1887-88	3,560	74,788
1888-89	3,444	62,368

Active measures have also been taken to reduce production by limiting the number and capacity of fermenting vats, by regulating the size of stills according to ascertained local demand, and by ensuring better supervision through well-organised establishments. The returns of the current year, when they come to be submitted, will undoubtedly show a further reduction. It is not true therefore that the consumption of liquor in Bengal is increasing: on the contrary it is decreasing: and whatever may have been the case in Bengal during the years immediately antecedent to the appointment of the Bengal Excise Commission, the Lieutenant-Governor appeals to the statistics now furnished as proof, which it is impossible to gainsay, that from the date of the orders of Government upon the report of that Commission, the amount of drinking in Bengal has materially diminished.

6. Sir Steuart Bayley has read with considerable concern and regret the statement in Mr. Smith's speech that the Bengal Government has drawn back from its intention of carrying out the recommendations of the Bengal Excise Commission. The Honourable Member spoke as follows:—

"The Bengal Commission reported in favour of a reversal of the outstill policy, and an attempt at reversal was made for a year or two; but as the revenue straightway fell off by 10 lakhs, the Government did not like it, and they gradually reverted to the old system, 50 outstills at a time being licensed in spite of the vehement protest of the native population, and we have to-day the abominable outstill system going on in spite of the unanimous protests of natives and Europeans."

7. The Lieutenant-Governor apprehends that the Honourable Member is not really aware of the action which has been taken in Bengal on the Report of the Commission, and that the official papers on the subject were not before him when he made these remarks. They grievously misrepresent the policy of Sir Steuart Bayley's Government. It is no exaggeration to say that far from going back on the intention once avowed, the efforts of the Lieutenant-Governor, and of the Excise authorities in Bengal, have been devoted honestly, strenuously, and persistently to giving effect to the recommendations of the Excise Commission. I am to point out also that Mr. Smith is in error in supposing that the Commission reported in favour of a reversal of the outstill policy. What they did was to recommend the introduction of the central distillery system into a few large towns, and the adoption of a regulated outstill system in the rest of the Province. The recommendations of the Commission may be summarised as follows:—

(1) That central distilleries should be re-established in the cities of Patna, Gya, Arrah, Chupra, Bettiah, Mozufferpore, Durbhunga, Monghyr, Bhagulpore, Moorshedabad, Burdwan and Dacca.

(2) That the outstill system should be continued elsewhere, but that in each district a maximum aggregate capacity for all outstills should be fixed, and that the number of outstills and the size of each still should be determined with reference to the maximum aggregate.

(3) That the upset price of each still should be proportionate to its capacity, and should be calculated on the basis of the duty (at a rate fixed by Government) which could be levied on its outturn at a given strength.

(4) That the aggregate capacity of the fermenting vats allowed to each still should also be fixed.

(5) That a minimum price should be fixed for the cheapest sort of liquor.

(6) That excise establishments should be reconstituted on a more liberal scale.

8. The principles so laid down were accepted by Government, and the elaborate enclosures which accompanied my letter No. E.—$\frac{P.}{6}$—5, dated 6th December 1888, will show the steps which have been taken to carry them out. It is not true that the Government of Bengal has failed to give effect to the recommendation of the Excise Commission for the extension of sudder distilleries. That Commission recommended that the central distillery system should be reintroduced into the twelve towns already named, and added*—"The question of establishing central distilleries in several other places was carefully considered by the Commission, but they decided against recommending it." By the 1st April 1887 the central distillery system had been reintroduced in all the places in which the Commission recommended its introduction. One mistake indeed was made, and the outstill system was temporarily reintroduced into Hooghly and Howrah. The object was to prevent smuggling, which was reported to be rife in this tract. Conclusive evidence was, however, brought to show that the price of liquor was cheapened by the change, and that drunkenness had increased. The Lieutenant-Governor then lost no time in rectifying the error, and the central distillery system has from the 1st April 1889 been again extended not only to Howrah and the Serampore sub-division of the Hooghly district, but also to the whole of the 24-Pergunnahs. During the current year it has been further extended to a portion of the Nuddea district, and it is now proposed to extend the system to the whole area of the Burdwan and Presidency Divisions. The action taken by Sir Steuart Bayley admits of no misconstruction. The policy of the Government has repeatedly been declared, and the principle is now definitely established that outstills are to be gradually abolished in one populous district after another until central distilleries are replaced in all localities suitable for their introduction. It will be seen therefore that the Government has not only given effect to the recommendations of the Commission, but has outstript them. There has been no backsliding: there has been no half-hearted action in this direction as Mr. Smith's remarks imply.

* Paragraph 105 of the Report.

9. At the same time no pains are spared to improve the outstill system where outstills are retained. In the face of all the difficulties which must everywhere accompany the introduction of radical changes, it cannot be said that all the restrictions recommended have been successfully imposed; but it is undoubted that great improvements have been effected; that the distiller, under the present outstill system, is not free to brew as much spirit as he likes, and sell it whenever he likes; and that the levy of duty, as well as the conditions both of distillation and sale, are carefully regulated with reference to the existing local demand. A system of regulated outstills has been organised, and, as the Excise Commission are careful to explain, if the producing capacity of the outstills is limited, and the revenue paid on each outstill is calculated in proportion to its capacity, there is little real difference in principle between such a system and the system of central distilleries.

10. The assertion that an anticipated loss of revenue has diverted the Lieutenant-Governor from his persistent policy in enforcing the extension of the sudder distillery area and the regulation of outstills is also wholly unfounded. The last orders on this subject are contained in the Government Resolution on the Board's Annual Report for the past year, in which it is directed that "these reforms must be persisted in, although, as was anticipated, their immediate result is a considerable reduction in the Excise revenue." The diminution of revenue in the current year will amount to many lakhs of rupees.

11. The Lieutenant-Governor considers that he should not in this report pass over without remark the observation in Mr. Smith's speech that among the native population "there is no such thing as a class of moderate drinkers, though there may be a few educated natives who have adopted English habits. A native, if he drinks at all, drinks to get drunk and he drives hard bargains with the publicans for the purpose." Sir Steuart Bayley's experience of Bengal, and especially of Behar, where the drinking population is largest, enables him to assert confidently that Mr. Smith has been misinformed on this point. It is not the case with the great bulk of the lower classes, who habitually use stimulants, that they drink only for the purpose of intoxicating themselves. The statement is not more true than it would be if applied to similar classes in England.

12. The Lieutenant-Governor invites attention to the following paragraphs which are taken from the Board's Report :—

"Regarding Mr. Caine's statement that in the last report for Bengal (evidently referring to the Board's Excise Report for 1887-88) 16 officers are named, in every one of whose districts there has been an increase of revenue, and that only officers who can show an increase of revenue are praised, it will be seen on reference to table II, Appendix A of the report, that the inference is by no means correct; for although it happens that the remark is true in regard to District Officers, this is merely an accidental coincidence, and it will be found that several Deputy Collectors are mentioned, such as Abdool Khalique (Rungpore), Mahomed El Nabi (Shahabad), and Gagan Chander Das (Pooree), who actually showed a decreased revenue. It seems hardly necessary to add that officers are commended not because they can merely show good collections, but because their general management of the department is efficient.

"As to Mr. Caine's remark about the noxiousness of country liquor, the Excise Commission found that the point was greatly exaggerated (paragraph 10, page 128 of the Report). The common belief is that the cheap imported liquors are more harmful than the worst sort of country liquor, and this view is to a certain extent justified by the fact that more premature deaths take place among educated 'Young Bengal,' who affect a taste for foreign spirits, than among those who are satisfied with the more homely article."

13. I am to come now to the statements made in Mr. Caine's speech regarding the establishment of a liquor shop at an annual fair in the district of Backergunge in spite of the remonstrances of the owner of the land on which it was located. On this subject Mr. Caine addressed the House of Commons as follows :—

"During the three months I spent in India this winter, I found endless instances of the praiseworthy watchfulness of Collectors, and of the way in which they act upon the suggestions of the Finance Ministers who are 'looking hopefully to an increase in the excise revenues.' Let me give an instance. In the district of Backergunge, in Bengal, a religious fair is held every year. For some years past a liquor shop has been established there. The agent of one of the excellent and useful associations which are springing up all over India, watching the actions of Government, called upon the zemindar who owned the land and urged him to refuse to supply land for the liquor shops any longer. He refused accordingly: but the Collector, Mr. Clay, of Backergunge, dropped on the zemindar at once, and wrote to him asking for an explanation. The zemindar called and explained, and two more letters followed, both of which I will read: the first is addressed to Chunder Dass, farmer of corn, spirit and drugs, Lakutia.

"'In accordance with the order of the Collector passed to-day, you are directed to open your shop as usual at the aforesaid mêla. A copy of this order is sent to the proprietors of that mêla, so that they may present to the Collector any objection, if they have any, to the opening of the aforesaid shop at the mêla.—G. C. Dutt, Excise Deputy Collector.'

"The same gentleman, a Mr. Dutt, writes to Babu Behari Lal Roy and two other zemindars—

"'As a person named Parna Chunder Das, *for a fee of R75*, got a license for setting up a shop for the sale of wines, ganja, and opium at your Lakutia mêla, and you did not allow him place to open his shop then, an order was issued on him to open his shop, and a copy of that order served on you that you may present to the Collector your objections, if you have any, to give him land for this purpose. Up to this day you have presented no objection and given him no land for his shop. You are ordered to show cause before the Collector within two days why that shop should not be set up at your mêla.'

"What does this mean? These men are anxious to have their religious festival conducted decently and in order, and this Revenue official comes down upon them like a thousand of bricks because of the shop not being opened. Just suppose for one moment a similar case in England."

14. The Lieutenant-Governor has caused full enquiries to be made with reference to this grave imputation against the Excise authorities of the Backergunge district. The incident is powerfully described, and undoubtedly it gave occasion to one of the most effective points in the course of the Debate. Had the facts been correctly reported, it would have been the Lieutenant-Governor's duty to take serious notice of such improper conduct on the part of the Collector and Deputy Collector. It is therefore with the greater satisfaction that the Lieutenant-Governor is now able to assure the Government of India that the facts must have been entirely misrepresented to Mr. Caine, and that there is no foundation for imputing improper or discourteous action to any of the officials concerned. What really happened was as follows :—

A mêla or fair is annually held at Lakutea in Backergunge at the time of the *Rasjatra* festival in November. This mêla, as the present Collector of the district (Mr. Savage) explains, "is not a religious fair. It is a fair held at the time of a religious festival, but is no more a part of the festival than a Christmas fat cattle show is part of the English church service." Since 1866, or for 22 years consecutively, a shop for the sale of country spirit has been opened each year at the time the fair is held. Until last November the proprietors of the land had never raised any objection to the excise shop being opened, nor had any complaint of drunkenness at the mêla ever been made. In November 1888, in accordance with the usual custom, the excise shop at the mêla was put up to auction and leased out for R75; but when the lessee went to open the shop he found that the proprietor's local agents objected to his doing so. On his reporting to this effect to the Excise Deputy Collector, that officer addressed, on the 19th November, a courteous letter to the proprietors in the Bengali language, of which the following full and exact translation* (which differs very widely from the brusque translation read by Mr. Caine) is given by the Collector :—

"To the Honourable Rakhal Chandra Ray, the Honourable Behari Lal Ray, and the Honourable Pyari Lal Ray Choudhuri—As a man, by name Purno Chandra Das, has taken the settlement at fees R75 of the ganja opium, and spirit shops in your Honours' Lakutia fair, and as your Honours have not given him a site for the shop, an order (or permission) was given him for opening the shop, and a copy of the order (or permission) was sent to your Honours, so that your Honours might represent before the Collector any objection you have to granting a site, but up to the present your Honours have not represented any objection. Therefore it is now *written* (not ordered) to your Honours that you may within two days represent to the Collector the reason why the shop should not be opened."

* The honorific terms employed in the translation are the Collector's rendering of the words ordinarily used in correspondence between Bengali gentlemen.

The limitation of two days may perhaps suggest something of the nature of a peremptory order, but it was not intended to read as such, nor does the Lieutenant-Governor think that it was taken otherwise than as a request for an early reply from the proprietors themselves, because the mêla was immediately commencing. On the next day, the 20th November, one of the proprietors wrote to the Collector that he was not inclined to allow a liquor shop to be opened at the mêla. The Collector, Mr. Clay, then wrote to him that he would be glad if he would explain why the objection was then raised for the first time, as no such objection had been raised in former years. To this letter Babu Behary Lall Roy, who is a well-educated gentleman, replied on the 21st November in a communication which clearly and sensibly states the reasons why he objected to the opening of a shop. On receipt of this reply Mr. Clay at once gave instructions that the shop should not be opened.

15. This plain account of what really transpired on this occasion is very different from Mr. Caine's highly coloured narrative. It is apparent that Mr. Caine was misinformed as to the order of the various letters which passed between the local officials and Babu Behary Lall Roy. The letters issued by the Deputy Collector to the Excise shop-keeper and to Babu Behary Lall Roy, quoted by Mr. Caine, did not follow the zemindar's explanation, as Mr. Caine erroneously supposes, but preceded it. In point of fact the shop never was opened at all; and as soon as the zemindar's explanation was received, orders were issued not to open it. Mr. Caine's account, however, conveys the entirely false impression that an Excise shop was forced upon the zemindar in spite of his remonstrances and protest.

16. It is impossible to read the speeches of Messrs. Smith and Caine during this Debate without being convinced of the complete sincerity of their motives, and of the strong sense by which they are animated in their single-minded desire to suppress the evils occasioned by the use of intoxicating liquor. Their prejudices against the Excise system of India, based in some measure on imperfect information, and in some measure, it is to be feared, on information incorrectly supplied, has, however, led them to make charges against the Government and the Government officials which are absolutely without foundation. The Lieutenant-Governor apprehends that the Honourable Members are not aware of the active steps which are being, and have for some years past been, taken to improve the Excise Administration of these Provinces. It is desirable therefore that full information should be supplied to them and to the House of Commons. In the present letter some reply has been given to the charges brought by the Honourable Members against this Administration, and if they should desire to receive any further general information on the subject of Excise in Bengal, I am to suggest that they should be supplied with the important and full reports which have been submitted by this Government to the Government of India from time to time during the past fifteen months. If on any particular point referred to in the debate further information is required, the Lieutenant-Governor will be glad to furnish it without delay.

17. In conclusion, I am directed by the Lieutenant-Governor to request that in fairness to the Excise administration of Bengal, and in justice to the reputation of officers which has been unjustly assailed in the House of Commons, the Government of India may be pleased to transmit a copy of this letter, and of its enclosure, for the information of Her Majesty's Secretary of State and the consideration of Parliament.

No. 837 B., dated 6th November 1889.

From—K. G. Gupta, Esq., Offg. Secy. to the Board of Revenue, Lower Provinces,

To—The Secretary to the Government of Bengal, Financial Department.

I am directed to acknowledge the receipt of Government order No. E. $\frac{3A}{4}$ 9, dated 23rd July last, forwarding copy of a letter* from the Government of India (Department of Finance and Commerce), and inviting the Board's remarks on certain points in the Report therewith sent of the debate in the House of Commons on the subject of excise administration in India.

* No. 3507, dated 9th July 1889.

2. As desired by Government, the Commissioner of Excise was consulted on the subject, and his notes on the points specified by the Government of India are submitted herewith for the information of Government.

3. (*a*) The Board observe that among the speakers, Mr. S. Smith's remarks are confined almost exclusively to Bengal. He refers to the great increase of drunkenness in India, and proceeds to prove its existence in Bengal by citing three witnesses, *viz* :—

(1) The late Keshub Chunder Sen (who died early in 1884).

(2) Mr. Hudson.

(3) Mr. Metcalfe.

It is not said when and where the statement ascribed to Keshub Chunder Sen was made; but as he died in January 1884, it must be of some prior date. The evidence of the other two gentlemen was given before the Excise Commission in 1883-84. All the testimony quoted by Mr. Smith can therefore hardly be said to apply to the state of things in the past few years during which a complete revolution has taken place in the excise administration of the country.

4. The deliberate verdict of the Excise Commission (one of the members of which was Babu Krishna Behary Sen, a brother of Keshub Chunder Sen, and himself an ardent social reformer) after weighing the evidence of a number of witnesses (including Messrs. Hudson and Metcalfe) is that undoubtedly there has been an increase in the consumption of intoxicating articles of all kinds (except rum), and that the *primary cause of this increase may be 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, and in preparing those classes to take advantage of all opportunities for increased drinking afforded to them either by their own improved circumstances or by changes in the excise system." The Commission then calculate that two-fifths of the estimated increase in the amount of spirit consumed in Bengal could be ascribed to what may be called the normal increase, due to the greater purchasing power of the consuming classes, the remainder of the increase being due to other causes, such as faults in working the outstill system. The Commission also found that the system as then worked had greatly cheapened the price of liquor.

5. It will be observed that both Mr. Hudson and Mr. Metcalfe attribute the spread of drunkenness to cheap liquor, but they seem to have overlooked the other causes mentioned by the Commission, which have more largely contributed to the same result, and which no improvement in excise administration can rectify.

6. Mr. Hudson is of opinion also that liquor shops have multiplied, but the fact is otherwise, as the following figures will show :—

Year.	Number of liquor shops (distille shops and outstills).
1864-65	9,913
1870-71	6,672
1887-88	4,014
1888-89	4,044
1889-90	3,628

7. It seems to the Board useless now to discuss evidence which is out of date, and which is practically superseded by the matured views of the Commission before which it was given. The one-sided character of the evidence will be manifest when it is compared with the deliberate conclusions of the Commission referred to above. It would, I am to submit, be more to the purpose to show what has been done to carry out the suggestions and recommendations of the Commission, having for their object the removal of the evils which they found existing in the management of outstills; and this the Board have already done in their letter No. 835 B., dated 7th November 1888, to which I am to invite reference.

8. The next point to which the Government of India draws attention is (*b*) the allegation that there has been an increase of drinking in Bengal.

It must be conceded that up to the time when the Excise Commission's proposals were generally adopted, there had been an increase of drinking, especially since the suspension in 1878 of the rule limiting the capacity of stills. Orders were passed by Government on the Excise Commission's recommendations in 1886, and the reforms which could only be partially introduced in 1886-87 were more extensively adopted in the two following years, 1887-88 and 1888-89. The Board would venture to affirm that consumption has been greatly checked since 1886-87, and that Mr. Smith's sweeping condemnation has no justification in the present state of things. As regards the consumption of distillery liquor, the figures are as follow :—

	Gallons.
1886-87	1,179,056
1887-88	1,087,876
1888-89	1,057,119

The Board have no means of ascertaining the actual production of outstills, but the following figures will show that not only their numbers but the capacity of the stills have been greatly reduced :—

	Number of Outstills.	Liquid capacity stills in gallons.
1886-87	3,598	111,538
1887-88	3,560	74,788
1888-89	3,444	62,368

Further, measures have been taken to limit the number and capacity of fermenting vats, to regulate the size of stills according to ascertained local demand, and to ensure better supervision by means of well-organised establishments; the result of all of which must be reduced production. It would therefore be more correct to say that though at one time there had been an increase of drinking in Bengal, it has greatly diminished since 1886-87.

9. The third point indicated by the Supreme Government is (*c*) the statement on page 4 of the Report that the Bengal Government has drawn back from its intention of carrying out the recommendations of the Bengal Excise Commission.

This statement, the Board would respectfully submit, is wholly and absolutely without foundation. The recommendations of the Commission may be summarized as follows:—

(1) Central distilleries should be re-established in the cities of Patna, Gya, Arrah, Chupra, Bettiah, Mozufferpore, Durbhunga, Monghyr, Bhagulpore, Moorshedabad, and Dacca.

(2) The outstill system is to be continued elsewhere, but in each district a maximum aggregate capacity for all outstills should be fixed, and the number of outstills and the size of each still should be determined with reference to the maximum aggregate. The upset price of each still should be proportionate to its capacity and should be calculated on the basis of the duty (at a rate fixed by Government) which could be levied on its outturn at a given strength.

(3) The aggregate capacity of the fermenting vats allowed to each still should also be fixed.

(4) A minimum price should be fixed for the cheapest sort of liquor.

(5) The excise establishments should be reconstituted on a more liberal scale.

It may be observed that Mr. Smith was not correct in saying that the Commission reported in favour of a reversal of the outstill policy (p. 4). What they did was to recommend the re-introduction of the central distillery system in a few large towns and the adoption of the "regulated" outstill system in the rest of the Province.

10. The first of the above recommendations was completely carried out by 1886-87; and as regards the remainder, a reference to the Board's letter No. 835 B., dated 7th November 1888, and section XIII of the annual Excise Report for 1885-86 and section XIV of the Reports for 1886-87 to 1888-89 will show clearly what has been done to give effect to them. It will be seen that the proposals have been practically adopted in their entirety. The Board think it unnecessary to recapitulate the measures taken, as a change of policy has taken place since, and it has been decided to replace outstills by central distilleries, so that all that has been done to improve the outstill system in accordance with the recommendations of the Excise Commission will soon cease to have any practical interest.

11. With reference to the last point mentioned by the Government of India, *viz.*, (*d*) regarding the Lakutea Fair shop, I am to submit herewith copy of a letter No. 876 M.R.—E., dated 30th August last, from the Commissioner of Dacca, and of its enclosures. It will be seen that no attempt was made by the Collector of Backergunge to force the hands of the local zemindar when the latter's objections to the proposed shop became known.

12. Regarding Mr. Caine's statement that in the last report for Bengal (evidently referring to the Board's Excise Report for 1887-88) 16 officers are named, in every one of whose districts there has been an increase of revenue, and that only officers who can show an increase of revenue are praised, it will be seen on a reference to table II, Appendix A of the report, that the inference is by no means correct; for although it happens that the remark is true in regard to District officers, this is merely an accidental coincidence, and it will be found that several Deputy Collectors are mentioned, such as Abdool Khalique (Rungpore), Mahomed El Nabi (Shahabad), and Gagan Chander Das (Pooree), who actually showed a decreased revenue. It seems hardly necessary to add that officers are commended not because they can merely show good collections, but because their general management of the department is efficient.

13. As to Mr. Caine's remark about the noxiousness of country liquor, the Excise Commission found that the point was greatly exaggerated (paragraph 10, page 128 of the Report). The common belief is that the cheap imported liquors as more harmful than the worst sort of country liquor, and this view is to a certain extent justified by the fact that more premature deaths take place among educated "Young Bengal," who affect a taste for foreign spirits, than among those who are satisfied with the more homely article.

14. Tables showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers in force since 1860, called for in paragraph 3 of the letter of the Government of India, are submitted herewith.

Table showing the rates of selling prices of opium since 1860.

Division.	District.	1859-60.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.
					R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.	R Per seer.
	Bengal.															
	Western Districts.															
Burdwan	Burdwan	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Bankoora	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Beerbhoom	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Midnapore	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Hooghly with Howrah	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Total	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Central Districts.															
Presidency	24-Pergunnahs	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Calcutta	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Nuddea	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Jessore	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Khulna	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Moorshedabad	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
	Total	...	...	...	...	22	22	22	22	22	22	22	22	22	22 & 24	24
Rajshahye	Dinagepore	...	...	...	18	18 & 22	22	22	22	22	22	22	22	22	22 & 24	24
	Rajshahye	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Rungpore	...	...	...	18	18 & 22	22	22	22	22	22	22	22	22	22 & 24	24
	Bogra	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Pubna	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Darjeeling	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 23	23
	Julpigoree	...	...	...	...	...	...	...	...	...	22	22	22	22		
	Total	...	...	...	18 & 22	18 & 22	22	22	22	22	22	22	22	22	22, 23 & 24	22, 23 & 24
	Eastern Districts.															
Dacca	Dacca	...	...	...	20 & 22	20 & 22	22	22	22	22	22	22	22	22	22 & 23	23
	Furreedpore	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 23	23
	Backergunge	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 23	23
	Mymensingh	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 23	23
	Total	...	...	...	20 & 22	20 & 22	22	22	22	22	22	22	22	22	22 & 23	23
Chittagong	Chittagong	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Noakholly	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Tipperah	...	...	...	20	20 & 22	22	22	22	22	22	22	22	22	22 & 24	24
	Total	...	...	...	20 & 22	20 & 22	22	22	22	22	22	22	22	22	22 & 24	24
	Behar.															
Patna	Patna	...	...	...	...	16	16	16	16	16	16	16	16	16	16	14-4 & 16
	Gya	...	...	...	...	16	16	16	16	16	16	16	16	16	16	16
	Shahabad	...	...	...	...	16	16	16	16	16	16	16	16	16	16	16
	Mozufferpore	...	...	...	...	16	16	16	16	16	16	16	16	16	16	14-4 & 16
	Durbhunga	...	...	...	...	16	16	16	16	16	16	16	16	16	16	14-4 & 16
	Sarun	...	...	...	...	16	16	16	16	16	16	16	16	16	16	16
	Chumparun	...	...	...	...	16	16	16	16	16	16	16	16	16	16	16
	Total	...	...	...	...	16	16	16	16	16	16	16	16	16	16	14-4 & 16
Bhagulpore	Monghyr	...	...	...	...	16	16	16	16	16	16 & 18	18	18	18	18	18
	Bhagulpore	...	...	...	...	16	16	16	16	16	16 & 20	20	20	20	20	20
	Purneah	...	...	...	20	16	16	16	16	20	20	20	20	20 & 22	20 & 22	22
	Maldah	...	...	...	...	20 & 22	22	22	16 & 20	22	22	22	22	22 & 24	22 & 24	24
	Sonthal Pergunnahs	...	...	...	...	...	...	...	22	...	...	...	...	...	...	20
	Total	...	...	...	20	20 & 22	16 & 22	16 & 22	16 & 22	16, 20 & 22	16, 20 & 22	16, 18, 20 & 22	18, 20 & 22	18, 20 & 22	18, 20 & 22	18, 20, 22 & 24	18, 20, 22 & 24.
	Orissa.															
Orissa	Cuttack	...	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Pooree	...	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 24	24
	Balasore	...	...	...	...	22	22	22	22	22	22	22	22	22	22	22 & 25	25
	Total	...	...	...	...	22	22	22	22	22	22	22	22	22	22	22, 24 & 25	24 & 25
	Chota Nagpore.															
	South-West Frontier Agency.															
Chota Nagpore	Hazaribagh	...	...	...	22	22	22	22	22	22	22	22	22	22	22	22
	Lohardugga	...	...	...	16	16 & 22	22	22	22	22	22	22	22	22	22	22
	Singbhoom	...	...	...	16	16 & 22	22	22	22	22	22	22	22	22	22	22
	Manbhoom	...	...	...	22	22	22	22	22	22	22	22	22	22	22	22
	Total	...	...	...	16 & 22	16 & 22	22	22	22	22	22	22	22	22	22	22
	Grand Total	...	...	...	...	16, 18, 20 & 22	16 & 22	16 & 22	16, 20 & 22	16, 20 & 22	16, 18, 20 & 22	16, 18, 20 & 22	16, 18, 20 & 22	16, 18, 20 & 22	16, 18, 20, 22 & 24	14-4, 16, 18, 20, 22, 23 24 & 25.

Table showing the rates of selling prices of opium since 1860—continued.

Division.	District.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	BENGAL.	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
	Western Districts.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.	Per seer.
BURDWAN.	Burdwan	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Bankoora	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Beerbhoom	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Midnapore	24	24	24 & 25	25 & 27	27	27	27 & 29	29	29	29	29	29	29	29 & 30	30
	Hooghly with Howrah.	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Total	24	24	24 & 25	24, 25, 26 & 27	26 & 27	26 & 27	26, 27, 28 & 29	28 & 29	28 & 29	28 & 29	28 & 29	28 & 29	28 & 29	28, 29 & 30	28 & 30
	Central Districts.															
PRESIDENCY.	24-Pergunnahs	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Calcutta	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Nuddea	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Jessore	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Khulna	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Moorshedabad	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Total	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
RAJSHAHYE.	Dinagepore	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Rajshahye	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Rungpore	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Bogra	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Pubna	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Darjeeling	22	22	22	22 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Julpigoree	23	23	23	23 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Total	22, 23 & 24	22, 23 & 24	22, 23 & 24	22, 23, 24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Eastern Districts.															
DACCA.	Dacca	23	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
	Furreedpore	23	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
	Backergunge	23	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
	Mymensingh	23	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
	Total	23	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
CHITTAGONG.	Chittagong	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Noakholly	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Tipperah	24	24	24	24 & 26	26	26	26 & 27	27	27	27	27	27	27	27	27
	Total	24	24	24	24 & 26	26	26	26, 27 & 28	27 & 28	27 & 28	27 & 28	27 & 28	27 & 28	27 & 28	27 & 28	27 & 28
	BEHAR.															
PATNA.	Patna	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Gya	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Shahabad	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Mozufferpore	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Durbhunga	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Sarun	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Chumparun	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
	Total	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16
BHAGULPORE.	Monghyr	18	18	18	18	18	18	18 & 20	20	20	20	20	20	20	20	20
	Bhagulpore	20	20	20	20	20	20	20 & 22	22	22	22	22	22	22	22	22
	Purneah	22	22	22	22 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Maldah	24	24	24	24 & 26	26	26	26 & 28	28	28	28	28	28	28	28	28
	Sonthal Pergunnahs.	20	20	20	20	20	20	20 & 22	22	22	22	22	22	22	22	22 & 24
	Total	18, 20, 22 & 24	18, 20, 22 & 24	18, 20, 22 & 24	18, 20, 22, 24 & 26	18, 20 & 26	18, 20 & 26	18, 20, 22, 26 & 28	20, 22 & 28	20, 22 & 28	20, 22 & 28	20, 22 & 28	20, 22 & 28	20, 22 & 28	20, 22 & 28	20, 22, 24 & 28
	ORISSA.															
ORISSA.	Cuttack	24	25	25 & 27	27 & 29	29	29	29 & 32	32	32	32	32	32	32	32	32
	Pooree	24	25	25 & 26	26 & 29	29	29	29 & 32	32	32	32	32	32	32	32	32
	Balasore	25	27	27	27 & 29	29	29	29 & 32	32	32	32	32	32	32	32	32
	Total	24 & 25	25 & 27	25, 26 & 27	26, 27 & 29	29	29	29 & 32	32	32	32	32	32	32	32	32
	CHOTA NAGPORE.															
	South-West Frontier Agency.															
CHOTA NAGPORE.	Hazaribagh	22	23	23	23 & 25	25	25	25 & 26	26	26	26	26	26	26	26	26
	Lohardugga	22	23	23	23 & 25	25	25	25 & 26	26	26	26	26	26	26	26	26
	Singbhoom	22	23	23	23 & 25	25	25	25 & 26	26	26	26	26	26	26	26	26
	Manbhoom	22	23	23	23 & 25	25	25	25 & 26	26	26	26	26	26	26	26	26
	Total	22	23	23	23 & 25	25	25	25 & 26	26	26	26	26	26	26	26	26
	GRAND TOTAL	16, 18, 20, 22, 23, 24 & 25	16, 18, 20, 22, 23, 24, 25 & 27	16, 18, 20, 22, 23, 24, 25, 26 & 27	16, 18, 20, 22, 23, 24, 25, 26, 27 & 29	16, 18, 20, 25, 26, 27 & 29	16, 18, 20, 25, 26, 27 & 29	16, 18, 20, 22, 25, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29, & 32	16, 20, 22, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29 & 32	16, 20, 22, 26, 27, 28, 29, 30 & 32	16, 20, 22, 24, 26, 27, 28, 30 & 32

Table showing the rates of duty levied on a gallon of London proof country spirits in Bengal since 1860.

Division.	District.	1859-60.	1860-61.	1861-62. Rate of duty per Imperial gallon, London proof.	1862-63. Rate of duty per Imperial gallon, London proof.	1863-64. Rate of duty per Imperial gallon, London proof.	1864-65. Rate of duty per Imperial gallon, London proof.	1865-66. Rate of duty per Imperial gallon, London proof.	1866-67. Rate of duty per Imperial gallon, London proof.	1867-68. Rate of duty per Imperial gallon, London proof.	1868-69. Rate of duty per Imperial gallon, London proof.	1869-70. Rate of duty per Imperial gallon, London proof.	1870-71. Rate of duty per Imperial gallon, London proof.	1871-72. Rate of duty per Imperial gallon, London proof.	1872-73 Rate of duty per Imperial gallon, London proof.	1873-74. Rate of duty per imperial gallon, London proof.
	Bengal.			R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.
	Western Districts.															
Burdwan	Burdwan	...	...	2 4	3 0	3 0	3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 8 & 3 0	1 8 & 3 0	1 8 & 3 0	1 8 & 3 0	1 8 & 3 0	1 8 & 3 0
	Bankoora	...	...	2 4	3 0	3 0	3 12	3 12	3 0	3 0	3 0	1 8	1 8	2 0	2 0	1 8
	Beerbhoom	...	...	2 4	3 0	3 0	...	2 0	2 0	2 0	2 0	2 0	1 8 & 2 0	2 0	2 0	2 0
	Midnapore	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	1 0 & 3 0	1 0 & 1 8	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0
	Hooghly with Howrah.	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Total	...	...	2 4	3 0	3 0	3 0 & 3 12	1 0 2 0 3 0 & 3 12	1 0 2 0 & 3 0	1 0 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0
	Central Districts.															
Presidency	24-Pergunnahs	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Calcutta	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Nuddea	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Jessore	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Khulna	...	...	2 4	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0	3 0
	Moorshedabad	...	...	2 4	2 6	2 6	3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 8 & 3 0	1 8 & 3 0
	Total	...	...	2 4	2 6 & 3 0	2 6 & 3 0	3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 0 & 3 0	1 8 & 3 0	1 8 & 3 0
Rajshahye	Dinagepore	...	...	...	...	1 5	1 5	1 8	1 8	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0	2 0
	Rajshahye	...	...	...	...	1 5	1 5	1 8	1 8	1 8	1 8	1 8 & 2 0	2 0	1 0	2 0	2 0
	Rungpore	...	...	...	...	1 0	1 5	1 5	1 5	1 8	1 8	1 8 & 2 0	2 0	1 0	2 0	2 0
	Bogra	...	...	...	...	1 5	1 5	1 8	1 8	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0	2 0
	Pubna	...	...	...	...	1 5	1 5	1 8	1 8	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0	2 0
	Darjeeling	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Julpigoree	...	...	...	...	...	...	...	...	...	1 8	1 8	1 8	1 8	1 8	1 8
	Total	...	...	...	...	1 0 & 1 5	1 5	1 5 & 1 8	1 5 & 1 8	1 5 & 1 8	1 8	1 8 & 2 0	1 8 & 2 0	1 0 1 8 & 2 0	1 8 & 2 0	1 8 & 2 0
	Eastern Districts.															
Dacca	Dacca	...	...	...	2 4	2 4	2 0	3 0	3 0	3 0	3 0	3 0	3 0	1 0 & 3 0	3 0	3 0
	Furreedpore	...	...	...	2 4	2 4	2 4	2 8	2 8	2 8	2 8 & 3 0	3 0	3 0	3 0	3 0	1 8 & 3 0
	Backergunge	...	...	...	2 4	2 4	2 4	2 8	2 8	2 8	2 8	1 8 & 2 0	2 8	2 8	2 8	2 8
	Mymensingh	...	...	...	2 4	2 4	2 4	2 8	2 8	2 8	2 8	2 8	2 8	2 8	2 8	2 8
	Total	...	...	...	2 4	2 4	2 0 & 2 4	2 8 & 3 0	2 8 & 3 0	2 8 & 3 0	2 8 & 3 0	1 8 2 0 2 8 & 3 0	2 8 & 3 0	1 0 2 8 & 3 0	2 8 & 3 0	1 8 2 8 & 3 0
Chittagong	Chittagong	...	...	...	2 4	3 0	3 0	3 0	2 0	2 0	2 0	2 0	2 0	1 0	2 0	2 0
	Noakholly	...	...	...	2 4	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 0	2 0	2 0
	Tipperah	...	...	...	2 4	1 8 & 3 0	1 8 & 3 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0
	Total	...	...	...												
	Behar.															
Patna	Patna	...	...	...	...	...	...	1 0 & 1 8	1 8	1 8	1 8	1 8	1 8	2 0	2 0	2 0
	Gya	...	...	...	...	...	...	...	...	...	...	1 8	1 8	2 0	2 0	2 0
	Shahabad	...	...	...	...	1 2	1 2	1 2	...	...	1 0	1 0	1 8	2 0	2 0	2 0
	Mozufferpore	...	...	...	...	1 0	1 0	1 0 & 1 8	1 0 & 1 8	1 0 & 1 8	1 0 & 1 8	1 0	1 8	2 0	2 0	2 0
	Durbhunga	...	...	...	...	1 0	1 0	1 0 & 1 8	1 0 & 1 8	1 0 & 1 8	1 8	1 8	1 8	2 0	2 0	2 0
	Sarun	...	...	...	...	...	...	...	1 8	1 8	1 8	1 8	1 8	2 0	2 0	2 0
	Chumparun	...	...	...	...	1 2	1 2	1 2	1 2	1 2	1 4	1 4	1 4	2 0	2 0	2 0
	Total	...	...	...	...	1 0 & 1 2	1 0 & 1 2	1 0 1 2 & 1 8	1 0 1 2 & 1 8	1 0 1 4 & 1 8	1 0 1 4 & 1 8	1 0 1 4 & 1 8	1 0 1 4 & 1 8	2 0	2 0	2 0
Bhagulpore	Monghyr	...	...	...	...	...	...	...	...	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Bhagulpore	...	...	...	...	...	...	1 0	2 0	1 8	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0
	Purnean	...	...	...	...	1 0	...	...	1 8	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Maldah	...	...	...	...	...	1 0	1 0	2 0	1 8	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0
	Sonthal Pergunnahs.	...	...	...	...	1 0	1 0	1 8	...	...	...	...	...	...	1 0 & 1 8	1 0 & 1 8
	Total	...	...	...	...	1 0	1 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 0 1 8 & 2 0	1 0 1 8 & 2 0	1 0 1 8 & 2 0
	Orissa.															
Orissa	Cuttack	...	...	...	...	1 0 & 1 4	1 0 & 1 4	1 0 & 1 4	1 0 & 1 4	1 0	1 0	1 0	1 0	1 0	1 0	1 0
	Pooree	...	...	...	...	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0
	Balasore	...	...	...	...	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0
	Total	...	...	...	...	1 0 & 1 4	1 0 & 1 4	1 0 & 1 4	1 0 & 1 4	1 0	1 0	1 0	1 0	1 0	1 0	1 0
	Chota Nagpore.															
	South-West Frontier Agency.															
Chota Nagpore	Hazaribagh	...	...	...	...	...	...	1 0	1 0	1 8	1 8	1 8	1 8	1 8	1 8	1 8
	Lohardugga	...	...	...	...	...	...	1 0	1 0	1 8	1 8	1 8	1 8	1 8	1 8	1 8
	Singbhoom	...	...	...	...	...	...	...	...	1 8	1 8	1 8	1 8	1 0 & 1 8	1 0 & 1 8	1 8
	Manbhoom	...	...	...	...	...	...	1 0	1 0	1 8	1 8	1 8	1 8	1 0 & 1 8	1 0 & 1 8	1 8
	Total	...	...	...	...	...	...	1 0 & 1 2	1 0 1 2 & 3 12	1 0 1 4 1 5 1 8 2 0 2 8 & 3 0	1 0 1 4 1 5 1 8 2 0 2 8 & 3 0	1 0 1 4 1 8 2 0 2 8 & 3 0	1 0 1 4 1 8 2 0 2 8 & 3 0	1 0 1 8 2 0 2 8 & 3 0	1 0 1 8 2 0 2 8 & 3 0	1 0 1 8 2 0 2 8 & 3 0
	Grand Total	...	...	2 4	2 4 2 6 & 3 0	1 0 1 2 1 4 1 8 1 8 2 4 & 3 0	1 0 1 2 1 4 1 8 2 4 3 0 & 3 12	1 0 1 2 1 4 1 8 2 8 3 0 & 3 12								

Table showing the rates of duty levied on a gallon of London proof country spirits in Bengal since 1860—continued.

Division.	District.	1874-75. Rate of duty per Imperial gallon, London proof.	1875-76. Rate of duty per Imperial gallon, London proof.	1876-77. Rate of duty per Imperial gallon, London proof.	1877-78. Rate of duty per Imperial gallon, London proof.	1878-79. Rate of duty per Imperial gallon, London proof.	1879-80. Rate of duty per Imperial gallon London proof.	1880-81. Rate of duty per Imperial gallon, London proof.	1881-82. Rate of duty per Imperial gallon, London proof.	1882-83. Rate of duty per Imperial gallon, London proof.	1883-84. Rate of duty per Imperial gallon, London proof.	1884-85. Rate of duty per Imperial gallon, London proof.	1885-86. Rate of duty per Imperial gallon, London proof.	1886-87. Rate of duty per Imperial gallon, London proof.	1887-88. Rate of duty per Imperial gallon, London proof.	1888-89. Rate of duty per Imperial gallon, London proof.
		R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.	R a. R a.
	Bengal.															
	Western Districts.															
Burdwan	Burdwan	1 8 & 3 0	1 8 & 3 0	2 0 & 4 0	2 0 & 4 0	2 0 & 4 0	2 0 & 4 0	4 0	...	...	...	...	2 0 & 4 0	2 0 & 4 0	4 0	4 0
	Bankoora	1 8	1 8	1 8 & 2 0	2 0	...	...	...	...	...	...	...	...	...	...	...
	Beerbhoom	2 0	2 0	2 0	2 0	2 0	...	...	...	...	...	...	...	...	...	...
	Midnapore	1 0 & 3 0	1 0 & 3 0	1 0 & 4 0	1 4 & 4 0	1 4 & 4 0	4 0	4 0	...	...	...	...	...	...	...	...
	Hooghly with Howrah	3 0	3 0	3 0 & 4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0
	Total	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 & 3 0	1 0 1 8 2 0 3 0 & 4 0	1 4 2 0 & 4 0	1 4 2 0 & 4 0	2 0 & 4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0
	Central Districts.															
Presidency	24-Pergunnahs	3 0	3 0	4 0	4 0	4 0	4 0	4 0	4 0	3 4 & 4 0	2 4 & 4 0	0 12 & 3 12	1 0 & 3 12	1 0 & 3 12	5 0	5 0
	Calcutta	3 0	3 0	3 0 & 4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	4 0	5 0	5 0
	Nuddea	3 0	3 0	3 0 & 4 0	4 0	4 0	4 0	4 0	4 0	...	...	...	...	...	...	...
	Jessore	3 0	3 0	3 0 & 4 0	4 0	4 0	4 0	4 0	...	...	...	...	...	...	...	...
	Khulna	3 0	3 0	3 0 & 4 0	4 0	4 0	4 0	4 0	...	...	...	...	...	...	...	...
	Moorshedabad	1 8 & 3 0	1 8 & 3 0	1 8 & 3 0	1 12 & 3 8	3 8	3 8	3 8	...	...	...	...	3 8	3 8	4 6	4 6
	Total	1 8 & 3 0	1 8 & 3 0	1 8 3 0 & 4 0	1 12 3 8 & 4 0	3 8 & 4 0	3 8 & 4 0	3 8 & 4 0	4 0	3 4 & 4 0	2 4 & 4 0	0 12 3 12 & 4 0	1 0 3 8 3 12 & 4 0	1 0 3 8 3 12 & 4 0	4 6 & 5 0	4 6 & 5 0
Rajshahye	Dinagepore	2 0	2 0	2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Rajshahye	2 0	2 0	2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Rungpore	2 0	2 0	2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Bogra	2 0	2 0	2 0 & 2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Pubna	2 0	2 0	2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Darjeeling	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	Julpigoree	1 8	1 8	2 0	2 0	2 0	2 0	...	...	...	...	...	...	...	...	...
	Total	1 8 & 2 0	1 8 & 2 0	2 0 & 2 8	2 0 & 2 8	2 0 & 2 8	2 & 2 8	...	...	...	...	...	...	...	...	...
	Eastern Districts.															
Dacca	Dacca	3 0	3 0	3 0 & 3 8	3 8	3 8	3 8	...	...	...	...	...	...	...	...	...
	Furreedpore	3 0	3 0	3 0	3 0	3 0	3 0	...	...	...	...	...	...	...	...	...
	Backergunge	2 8	2 8	2 8 & 3 0	3 0	3 0	3 0	...	...	...	...	...	3 8	3 8	4 6	4 6
	Mymensingh	2 8	2 8	1 8 & 2 0	3 0	3 0	3 0	...	...	...	...	...	...	...	...	...
	Total	2 8 & 3 0	2 8 & 3 0	1 8 2 0 2 8 3 0 & 3 8	3 0 & 3 8	3 0 & 3 8	3 0 & 3 8	...	...	...	...	...	3 8	3 8	4 6	4 6
Chittagong	Chittagong	2 0	2 0	2 8	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Noakholly	1 8	1 8	2 0	2 0	2 0	2 0	...	...	...	...	...	...	...	...	...
	Tipperah	1 8	1 8	1 8 & 2 0	2 0	2 0	2 0	...	...	...	...	...	...	...	...	...
	Total	1 8 & 2 0	1 8 & 2 0	1 8 2 0 & 2 8	2 0 & 2 8	2 0 & 2 8	2 0 & 2 8	...	...	...	...	...	...	...	...	...
	Behar.															
Patna	Patna	2 0	2 0	2 8	3 0	3 0	3 0	...	...	...	...	...	...	2 0	2 0	2 0
	Gya	2 0	2 0	2 0	3 0	3 0	...	...	...	...	...	...	3 0	2 0	2 8	2 8
	Shahabad	2 0	2 0	2 0	3 0	3 0	3 0	...	...	...	...	...	...	2 0	2 0	2 0
	Mozufferpore	2 0	2 0	2 0	3 0	3 0	3 0	...	...	...	...	...	...	...	2 8	2 8
	Durbhunga	2 0	2 0	2 0	3 0	3 0	...	...	...	...	...	...	3 0	2 6	2 8	2 8
	Sarun	2 0	2 0	2 8	3 0	3 0	...	...	...	...	...	...	3 0	2 0	2 8	2 8
	Chumparun	2 0	2 0	2 0	3 0	3 0	3 0	3 0	...	...	...	...	3 0	2 0 & 2 6	2 0 & 2 8	2 0 & 2 8
	Total	2 0	2 0	2 0 & 2 8	3 0	3 0	3 0	3 0	...	...	...	...	3 0	3 0	3 0	3 0
Bhagulpore	Monghyr	2 0	2 0	2 0	3 0	3 0	...	...	...	...	...	...	3 0	3 0	3 0	3 0
	Bhagulpore	2 0	2 0	2 0	3 0	3 0	...	...	...	...	...	...	...	...	...	...
	Purneah	2 0	2 0	2 0	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...
	Maldah	2 0	2 0	2 8	2 8	2 8	...	...	...	...	...	...	...	...	...	...
	Sonthal Pergunnahs	1 0 & 1 8	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0
	Total	1 0 1 8 & 2 0	1 8 & 2 0	1 8 2 0 & 2 8	1 8 2 0 2 8 & 3 0	1 8 2 0 2 8 & 3 0	1 8 2 0 & 2 8	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 & 2 0	1 8 2 0 & 3 0	1 8 2 0 & 3 0	1 8 2 0 & 3 0	1 8 2 0 & 3 0
	Orissa.															
Orissa	Cuttack	1 0	1 0	1 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Pooree	1 0	1 0	1 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Balasore	1 0	1 0	1 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Total	1 0	1 0	1 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0	2 0
	Chota Nagpore.															
	South-West Frontier Agency.															
Chota Nagpore	Hazaribagh	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 14	1 14
	Lohardugga	1 8	1 8	1 8	1 2	1 8	1 8	1 8	...	...	...	...	...	...	...	...
	Singhbhoom	1 8	1 8	1 8	1 2	1 8	1 8	...	...	...	...	...	...	...	...	...
	Manbhoom	1 8	1 8	1 8	1 8	1 8	...	...	...	...	...	...	...	...	...	...
	Total	1 8	1 8	1 8	1 2 & 1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 8	1 14	1 14
	Grand Total	1 0 1 8 2 0 2 8 & 3 0	1 0 1 8 2 0 2 8 & 3 0	1 0 1 8 2 0 2 8 3 0 3 8 & 4 0	1 2 1 4 1 8 1 12 2 0 3 8 3 0 3 8 & 4 0	1 4 1 8 2 0 2 8 3 0 3 8 & 4 0	1 8 2 0 2 8 3 0 3 8 & 4 0	1 8 2 0 3 8 & 4 0	1 8 2 0 & 4 0	1 8 2 0 3 4 & 4 0	1 8 2 0 2 4 & 4 0	0 12 1 8 2 0 3 12 & 4 0	1 0 1 8 2 0 3 0 3 8 3 12 & 4 0	1 0 1 8 2 0 2 6 3 0 3 8 3 12 & 4 0	1 8 1 14 2 0 2 8 3 0 4 0 4 6 & 5 0	1 8 1 14 2 0 2 8 3 0 4 0 4 6 & 5

NOTE BY THE COMMISSIONER OF EXCISE.

The evidence of Messrs. Hudson and Metcalfe quoted by Mr. S. Smith on pages 2 and 3 of the Report of the Debate.

Mr. Hudson has observed that drunkenness has increased, and attributes it to two causes —one, that a few years past it cost a man 4 annas to get drunk on spirits, and that now he can get dead drunk for 1 anna; the second, that whereas it used to be most difficult to get spirits anywhere except at the distilleries, they can now be procured within reach of nearly every hamlet.

It is perfectly true that the introduction of outstills has cheapened liquor. This, however, is not due to anything inherent in the outstill system, but only to the fact that the duty, as represented in license fees, was not sufficiently high. I understand that in some districts, if not all, the Board of Revenue directed that fees should be fixed on the basis of duty at half the rate fixed for distillery liquor. To this reduction of duty I attribute the whole of the evils of the outstill system.

With reference to the second cause assigned by Mr. Hudson, I find that he must have been absolutely misinformed, as in the six districts of the Patna Division in which Mr. Hudson is a resident, there were in 1871-72, before the introduction of outstills, 2,246 liquor shops for the retail sale of distillery liquor, and in the following years the figures were as follow:—

	Distillery shops.	Outstills.
1872-73	1,400	45
1873-74	1,467	47
1874-75	1,396	39
1875-76	1,278	38
1876-77	1,287	46
1877-78	1,295	59
1878-79	455	1,332
1879-80	72	1,582
1880-81	...	1,773
1881-82	...	1,417
1882-83	...	1,079
1883-84	...	1,079
1884-85	...	977
1885-86	50	911
1886-87	122	912
1887-88	134	921
1888-89	139	941

These figures show clearly that the number of places at which liquor could be obtained has been far less since the introduction of outstills than it was before. As to a man getting dead drunk for 1 anna, I find that the bottle of liquor sold at that rate is of the strength of 90° below London proof, or contains only $\frac{1}{10}$ of proof spirit. In some districts it is as high as 80° below proof, or $\frac{1}{5}$ proof spirit. I do not think a man can get very drunk on that.

Mr. Metcalfe's evidence only shows the cheapness of liquor, which I have already explained.

At the top of page 3 of the report is a story of a man going to a liquor shop four miles from the tea garden on which he was employed, getting drunk, and coming back with six bottles of liquor. This is a curious commentary on the complaints of injury done to tea gardens by placing outstills close to them. Had there been an outstill close by, the man could have had a moderate drink, and need not have brought away six bottles for his friends or himself.

With reference to the allegation that there has been an increase in drinking in Bengal, the fact must be admitted. I attribute it entirely to the fact that the duty on outstill liquor, paid in license fees, was not half what it ought to have been.

Allegation that municipalities would extirpate the system, root and branch (page 3 of report). In the civil station of Noakholly (Soodharam), owing to attempts on the part of vendors to obtain licenses at too low fees, I allowed no outstill this year. The consequence has been that liquor is smuggled in from outstills ten or twelve miles away, and illicitly sold, in large quantities. The municipality are apathetic in the matter.

It is not true that the labouring cooly in Behar never drinks except to get drunk. Many of them use spirits habitually in moderation.

For paragraph (*c*) the Board should give a table showing the number of outstills and the number of distillery liquor shops year by year in Bengal, beginning with 1885-86. This will show that Government has been carrying out the recommendations of the Excise Commission, and this still more in the current year 1889-90.

Paragraph (*d*) is completely answered by the correspondence with the Commissioner of Dacca. When the zemindar of Lakutia objected to the opening of the customary liquor shop at his *mêla*, the Collector naturally asked his reasons, and when the reasons were submitted the shop was not opened.

E. V. WESTMACOTT,
Commissioner of Excise.

The 21st September 1889.

No. 876 M.R.—E., dated 30th August 1889.

From—C. F. WORSLEY, Esq., Offg. Commissioner of the Dacca Division,
To—The Secretary to the Board of Revenue, Lower Provinces.

With reference to your No. 160 B., dated 31st July 1889, I have the honour to submit herewith, in original, a letter, with enclosure, received from the Collector of Backergunge, reporting on the statements contained in pages 9 and 10 of the report of the debate in the House of Commons on the excise administration of the Government of India, regarding the establishment of a liquor shop at an annual fair in Backergunge in spite of the remonstrances of the owner of the land on which it was located.

2. The Collector's explanation seems thoroughly satisfactory.

No. 464 E., dated 22nd August 1889.

From—H. SAVAGE, Esq., Offg. Collector of Backergunge,
To—The Commissioner of the Dacca Division.

With reference to your memorandum No. 773 M.R.—E., dated 10th instant, asking for information and report as to the circumstances under which some correspondence passed between the proprietor of Lakutia and the Collector and Excise Deputy Collector of this district, I have the honour to submit the following report.

2. For the past forty years a mêla (fair) has been held at Lakutia yearly at the time of the "*Ras Jatra*" in November, and our registers show that since 1866 a shop for the sale of country spirit has been opened each year at the time the fair is held.

3. From the statements of persons acquainted with the facts it appears the proprietors of the mêla for the first few years allowed the use of part of a house to the excise shop-keepers free of rent, and subsequently used to let out a site to the shop-keeper for his shop. Never till this last November did they raise any objection to the excise shop being opened, nor was there ever any complaint of drunkenness at the mêla made at any time, either by the proprietors or any other person.

4. In November last, in accordance with the usual custom, the excise shop at the mêla was put up to auction and licensed out to one Purna Chandra Das for ₹75 (which is ₹35 above the average fees for the preceding three years). When the lessee went to open the shop, he found that the proprietor's local agents refused to allow him the use of any place in the mêla and it was from his report that then for the first time the excise authorities received any information that the views of the proprietors with regard to the excise shops had changed.

5. The reason of their change of views not being known, the Excise Deputy Collector sent a polite "perwanah" in the vernacular to the proprietors asking them to state what their reasons were. This was on 19th November. On 20th one of the proprietors, Babu Behari Lal Ray, wrote to the Collector that "with a view to check drunkenness among low classes of people, I am not inclined to allow liquor shops to be opened at the mêla: common people, and especially rustic men, get used to cheap liquor, and naturally become troublesome and apt to do mischief."

6. Mr. Clay, the Collector, sent a reply stating he would be glad if Babu Behari Lal Ray would explain why the objection was then raised for the first time, as no such objection was made in former years. To this Babu Behari Lal Ray replied at some length, and on receipt of this reply Mr. Clay directed that no further steps should be taken towards opening the excise shop.

7. As Babu Behari Lal Ray's letter is interesting, I enclose a copy of it. If it be permissible to read "between the lines," it may be suggested that the Babu's opinions as to the evil effects of the excise shop were formed very suddenly, and were influenced to a very great extent by the representations of the "People's Association," which again was, it is well known, influenced by the eloquence of Mr. Caine, in Calcutta. In fact, had Mr. Caine not lectured on temperance in Calcutta, no one would ever have imagined there was drunkenness at Lakutia mêla.

8. The truth is, the facts as given by Mr. Caine in his speech in Parliament are in substance correct, but were put in a way which was very misleading, and I will venture to suggest one or two minor corrections which may tend to disprove Mr. Caine's elegant conclusion, in which he compares the Deputy Collector to a thousand of bricks coming down to disturb a religious festival.

9. The mêla is not a religious fair. It is a fair held at the time of a religious festival, but is no more a part of the festival than a Christmas fat cattle show is part of an English church service.

10. The order in which the various letters or "perwanahs" passed between the Collector, Deputy Collector, and Babu Behari Lal Ray is incorrectly given by Mr. Caine. The "perwanah" (order) to the excise shop-keeper and the one to Babu Behari Lal Ray, issued by the Deputy Collector, were precedent, not subsequent, to Babu Behari Lal Ray's explanation. They were issued on the report of the excise shop-keeper, who found, after he had taken the lease, he was not allowed, as the shop-keeper had been allowed in former years, to hold the shop in the mêla. He of course did not know the reason for the objection, nor did the Deputy Collector know it. No complaint of drunkenness at the mêla and no representation on the subject had been made by any one, and it surely was not an act of oppression—certainly was not an act bearing any resemblance to the thundering down of a "thousand of bricks"—for the Deputy Collector in the most polite language to ask the zemindar why the objection was raised.

11. I say the most polite language, for such it really was. The letter was in Bengali, and the translation given by Mr. Caine expresses the substance of it in a very brusque manner. So I venture here to give a full and exact translation of the original:—"To the Honourable Rakhal Chandra Ray, the Honourable Behari Lal Ray, and the Honourable Pyari Lal Ray Choudhuri—As a man, by name Purno Chandra Das, has taken the settlement at fees R75 of the ganja, opium, and spirit shops in your Honours' Lakutia fair, and as your Honours have not given him a site for the shop, an order (or permission) was given him for opening the shop, and a copy of the order (or permission) was sent to your Honours, so that your Honours might represent before the Collector any objection you have to granting a site, but up to the present your Honours have not represented any objection. Therefore it is now *written* (not ordered) to your Honours that you may within two days represent to the Collector the reason why the shop should not be opened."

12. The limitation of two days may perhaps suggest something of the nature of a peremptory order, but it was not intended to read, nor do I think it was read, as such. The mêla was commencing, and if the excise shop were not opened within two days, the licensee would not have cared to open it at all; so if there were any mistake about the opposition and the proprietors really had no objection, it was desirable this should be discovered within the two days.

13. No pressure whatever was put upon the proprietors to furnish a site, and it was a matter of perfect indifference to the Collector or Deputy Collector whether a site was furnished or not; but as the Deputy Collector had let out the shops, as in former years, without the least idea there would be any question about the site, and as the fees which had been paid in advance would have to be refunded, he wanted to know the real facts, so that he could explain the reason for the refund.

14. It was in consequence of this so-called order that Babu Behari Lal Ray sent his explanation to the Collector, and the Collector then at once withdrew the license. He thus closed a liquor shop which had been opened yearly for more than 20 years; and had Mr. Caine placed in his speech the perwanahs and letters in their proper order, he would have shown, not that the Collector, Mr. Clay, "dropped on the zemindar," but that Mr. Clay, on the very first intimation that the opening of the excise shop at Lakutia was, in the opinion of Babu Behari Lal Ray, undesirable, at once withdrew the license, and that therefore from Mr. Caine's point of view Mr. Clay should have been, not "cursed," but altogether "blessed."

15. The report is herewith returned.

Dated 21st November 1888.

From—Babu Behari Lal Ray, Zemindar, Lakutia,

To—The Deputy Collector in charge of the Excise Department.

With reference to the Collector's memorandum No. 538 E., dated 20th instant, received last night, requiring me to submit my explanation regarding my objections to the opening of liquor shops at the fair in my village through you, I have the honour to state as follows:—

1. It is true that liquor shops used to be opened at the fair in past years, but the evils have grown up so enormously that the time has arrived to check their further growth, terminating into a tremendous social disaster, and I believe it is the duty of every educated gentleman to do the same, however his circumstances may be very limited and narrow. It is no reason to hold that because an evil existed for many years past should be tolerated as a custom if it could be judiciously and rightly evaded.

2. From experience derived in opening liquor shops at fairs, I am convinced that the evils originated from the indulgence should no longer be continued.

3. Fairs are mostly visited by large gatherings of field labourers, husbandmen, rustic people, and various classes of tradesmen who are tempted to the vice by easy access and cheaper price, and men who had not been previously used to drinks repair to the fair liquor shops and get themselves so badly drunk that they lose their own control and are apt to do mischief and to commit acts of violence and obsceneness. There were sad instances to mention. The taste which these people first get of a drink at fairs makes them addicted to the vice, which they cannot shake off afterwards, and subjects them to all kinds of misery in life.

4. You are, I trust, aware of that there is almost an universal outcry against this evil which has gradually, but steadily, convulsed the village communities, and in deference to public opinion, I thought I would be doing an injury to a right cause if I, by allowing liquor shops being opened at my village fair, which is perhaps the largest of the kind in the district, countenance the sale of liquor. Recently my attention to it has been refreshed by a letter addressed to me by Babu Aswinee Kumar Dutt, M.A., Secretary to the Burrisal People's Association, anent a resolution which I am told it passed on the subject of requesting the proprietors of the fairs to disallow liquor shops being opened at their respective villages.

5. Being myself an advocate of teetotalism, I think I should refrain from doing an act which may be criticised by people, and may lead to bad example.

6. Men who are habituated to drinks would not have any difficulty to procure their liquors from the town, which is only five miles from my village and from other adjoining grog-shops.

With this humble expression of my opinion, I beg to submit my explanation, called for, with due respects to the Collector of the district.

No. 9255, dated 6th December 1889.

From—J. Nugent, Esq., C.S., Chief Secretary to the Government of Bombay,

To—The Secretary to the Government of India, Dept. of Finance and Commerce.

I am directed to acknowledge the receipt of your letter No. 3509, dated July 9th, 1889, forwarding copies of the Report of the Debate in the House of Commons on the subject of Excise administration in India and asking for remarks on the statements made and figures quoted in so far as they related to the Bombay Presidency and notably on certain points specified in the Debate, and am now to forward for the information of the Government of India a copy of a memorandum by the Acting Commissioner of Customs, Salt, Opium and Abkari with its appendices which furnishes the information required and in which the Governor in Council would express in the main his concurrence.

2. Mr. Mackenzie's memorandum and the statistical information supplied with it expose the fallacious nature of the statements, calculations, and assumptions on which Messrs. Caine and S. Smith have based their attack on the Bombay abkari system and administration, and the Governor in Council has but few additional observations to make.

3. As regards the consumption of spirituous liquor, it is somewhat remarkable that the attempts of Government to check consumption, by raising the price of licit liquor and cutting off as far as possible the sources of illicit supply, have not to the extent which might have been expected reduced the normal tendency to increase with increase of population, rise in wages and general prosperity which has been in operation for a long period. The causes of more recent origin which have operated to counterbalance the effects of increased taxation are believed to be that the habit of drinking liquor is gradually spreading among the mercantile, professional, trading and artisan classes whose caste or religious prejudices against the use of spirits are growing weaker year by year. Many members of those classes of native society who formerly consumed opium as a stimulant have now given up the use of that drug and have in lieu of it resorted to spirits. At the same time the number of moderate consumers of liquor of all classes and habits has largely increased, notably in towns in which the growth of manufacturing and other industries provides a large and increasing population drawn from the lower castes with employment at high wages. On the other hand the measures adopted by this Government have exercised a most salutary effect in preventing the general drunkenness that formerly prevailed amongst the lower classes in certain districts. The

change for the better that has come over the notoriously drunken population of the Thana and Kolaba Collectorates since 1878 is remarkable. Surat is now the only district where the consumption of liquor is very high, and that this is so is attributable to the fact that Government have as yet been unable to raise sufficiently the selling price of liquor, owing to the interlacement of British and Baroda territory throughout the Collectorate and to the persistent refusal of the Baroda Darbar to accede to the repeated applications preferred to it to increase the selling prices at its shops and to co-operate with this Government in effecting other requisite reforms. A reference has already been made to the Government of India soliciting their authoritative interference in this matter with the Government of His Highness the Gaikwar.

4. The figured statement furnished below is of interest in connection with the allegations made by Messrs. Caine and Smith that the augmented consumption of country spirit is mainly due to the farming system in operation in this Presidency, and to the encouragement it offers to farmers to push the sale of liquor. It may be mentioned that the sale of country spirit only is farmed, and that the sale of imported spirit is confined throughout this Presidency to licensed dealers, who conduct their trade on the same system and under very much the same restrictions as publicans in England. The figures in the second column of the statement show the sales of country spirit in the twelve districts dealt with in paragraphs 9—14 of Mr. Mackenzie's memorandum in each of the years for which statistics have been cited by Mr. Caine, whilst those in the third column display the quantities of foreign spirit imported into the port of Bombay during the same period :—

Year.	Country spirit (gallons).	Imported spirit (gallons).
1881-82	1,557,553	284,843
1882-83	1,684,174	289,241
1883-84	1,844,336	306,916
1884-85	1,693,019	309,493
1885-86	1,858,779	348,156
1886-87	1,854,470	350,475

5. Contrasting the consumption in 1881-82, the first year of the series, with that in 1886-87, the last year of the series, the increase is about 19 per cent. in the case of each class of spirit. But if the assertions above referred to of Messrs. Caine and Smith were well founded, it would have been only reasonable to expect that the consumption of country spirit had risen under the farming system in a much greater ratio than had that of imported spirit sold under the separate license system. It is also to be borne in mind that the figures given in the statement show *licit* and not *actual* consumption and that a considerable portion of the increase in the *licit* consumption of country spirit is the result of the displacement of *illicit* spirit and the powerful check imposed on manufacture or sale of illicit spirit by the steps taken to prevent its distillation in British territory and its importation from Native States.

6. The average rate of consumption of liquor per head of population per annum is still very low throughout the Presidency. It is less than half a pint per head in the Kaira, Ahmedabad, Ahmednagar, Sholapur, Satara, and Bijapur Collectorates ; it ranges between half a pint and a pint per head in the Nasik, Belgaum, Dharwar, and Ratnagiri Collectorates ; and it is in excess of one pint per head in the City of Bombay and in the Khandesh, Poona, Thana Kolaba, Kanara, Surat, Broach, and Panch Mehals districts.

7. I am desired to forward with this letter a copy of a note prepared by Rao Bahadu Lalubhai Gordhandas, formerly Personal Assistant to the Abkari Commissioner, which contains all the information available regarding the systems of Abkari administration, the number of liquor shops, and the rates of consumption in the principal Native States in thi Presidency which have not leased their Abkari to the British Government, and contrasts th conditions in each State with those obtaining in adjacent British territory. In almost ever instance, it will be perceived, liquor shops are more numerous, and the consumption of spir is greater, in the Native State than in the neighbouring British district.

Dated 9th August 1889.

Memo.—By T. D. Mackenzie, Esq., Acting Commissioner, Abkari, Bombay.

1. The first point to which special attention is called is the allegations by Mr. S. Smi on page 3 of the report of the Debate regarding the effect of the guaranteed minimum du system. These are: "The system is to farm it out to the men who will pay the large annual sum for the privilege of supplying the liquor, and the traffic sub-divides itself into t minor heads, one of which is called the central distillery system. The distillery belongs

government. The contractor goes to the central distillery, and takes, say, 100,000 gallons, ngaging not to charge the public more than a certain price: but he may sell it as cheap as e likes. If he finds that he can only sell 80,000 gallons, he will offer the remaining 20,000 gallons dirt cheap—almost for nothing—rather than have it left on his hands."

2. The above description is correct, so far as it goes, but it does not go far enough, and the inference drawn is not absolutely fair. In the first place, the liquor farmer is no fool, and is no more anxious to throw away his money uselessly than other men of shrewdness and business capacity. He has made it his business, since any system of farming whatsoever has been in force, to study the market, to ascertain what probable sales will be ; he knows to a very close approximation what, in ordinary circumstances, of fair crops, years suitable for native marriages, or in which there may be specially large *jatras* or religious fairs and the like, sales are likely to be, in order to recoup him for his expenditure. Generally the contracts have been for terms of three years. The rate of still-head duty, the maximum sale prices, are all publicly and widely advertised weeks beforehand, and are fully and carefully discussed and considered by some of the shrewdest men in India. If a man of this class were to guarantee for one year a sale in ordinary circumstances of 100,000 gallons, the still-head duty being R2 per gallon and the maximum selling price R3-8 per gallon, it is in the highest degree improbable that he would be so far out as towards the end of his contract to have 20,000 gallons yet to draw from the distillery before he could complete the quantity of his guarantee. The extreme probability is that he would have drawn and sold somewhat over his 100,000 gallons. That this is a fair deduction is evident from the periodical increase in the guarantees since the introduction of the central distillery system.

3. It is of course impossible that he should accurately forecast three years, and it is quite possible that, the first two years of his farm having been good, in the third, unforeseen circumstances, such as the severe frost which occurred in Ahmedabad in December 1886, and did great injury to crops all over the district, might prevent ordinary purchasers from being in their usual position to buy liquor, and thus leave the farmer with a surplus stock on his hands, which towards the end of his farm he would sell cheaply so as to minimise his loss for that year. He could not of course count with certainty on again securing the farm for another term, though, as a matter of fact, in the particular case quoted by Mr. Caine at page 9, he did, and now holds it.

4. The quantities guaranteed for sale by the farmers in the first years of the system, when it was on its trial, were so much below the legitimate consumption that they made large profits, and as each man knew approximately from the published returns what the guarantees and the actual sales had been, he naturally endeavoured to obtain a contract for himself. In course of time, as it was found that competition became keener, and that the farmers were guaranteeing larger sales, the Department lowered the rates of profit by raising the still-head duty and either retaining the maximum selling price or raising it in a smaller ratio than the still-head duty.

5. The system was begun ten years ago in certain selected districts, and has gradually been extended nearly throughout the Presidency. It is not claimed for it that it is perfect, nor can it be expected that any system should be entirely faultless. There is no department which has been more closely watched or more sharply criticized, and no opportunity of pointing out faults, real or imaginary, has been omitted. It has been watched and criticized by men in, or interested in, the liquor business themselves, who have seen their profits, which previously to the introduction of the system were very large and all their own, diminished and diverted in some measure from their own pockets to the Government revenue. It has, especially in these latter days, been criticized by others, possibly moved by genuinely philanthropic desires but imperfectly acquainted with facts and circumstances, whose knowledge could only be superficial, who if wishing to study the question on the spot could do so for a few weeks only, were liable to be beset and persuaded by people of the first-named class that the department could do no right thing. Such detractors are either not aware of or choose to ignore the condition of affairs which existed before Act V of 1878 came into force, and they add all the defects and sins of the previous want of system to the alleged faults and deficiencies of the present administration, and blame the latter for the whole.

6. As complaints by one or the other class of critics were made they have been investigated, and, if found to have a substantial basis, remedies have been adopted, *e.g.*, in certain cases minimum as well as maximum selling prices have been fixed, Collectors have been authorized to prevent or restrict manufacture of spirit during the closing months of a contract if it appears that the farmer has on hand stock so large that any addition thereto can

be disposed of only by unduly pushing sales, and more recently, as in the cases of farms the terms of which expired on 31st July last, the minimum vend to be guaranteed has been fixed by the Commissioner after careful consideration of the actual sales of a series of years, while the contracts have been given by him, and not sold to the highest bidder, after close enquiry as to the fitness of the farmers to carry out the contracts fairly alike to themselves, the public, and the Government. Whatever the faults of the system may be, I am humbly of opinion that having regard to the difficulties which have to be overcome—the discouragement of drinking amongst the population, the keeping taxation on spirits and liquors as high as possible without causing illicit distillation and sale, and the securing a maximum revenue from a minimum consumption,—there is at present, and for many years to come, no other system possible with which greater and more serious fault could not easily be found than with the central distillery system as practised in the Bombay Presidency.

Assertion on page 8 of the report that illicit distillation has been entirely stopped in Bombay.

7. The second point on which I have to report is the assertion on page 8 of the report that illicit distillation has been entirely stopped in Bombay. For facility of discussion. I quote the assertion *verbatim* from Mr. Caine's speech :—

"Sir David Barbour is wisely silent with regard to Bombay. I will not be silent. While I was in Bombay I had a visit from Lallubhai Gordhandas, General Assistant in the Abkari Department. I had a long conversation with that gentleman. I made careful notes of it and read them over to him with some care, and he admitted that they accurately represented what he said. His statements were (I quote from my notes): 'Throughout the Presidency there is no illicit distillation whatever for sale. There may be a little prevalent where there are many toddy or mowra trees, for private consumption only. We have got Mr. Pritchard's system well in hand, and illicit distillation is now reduced to a minimum.'"

On this I would venture to remark that it would perhaps have been wiser of Mr. Caine had he been 'silent.' Notes taken in a hurry, especially with preconceived ideas, are apt to mislead, and the few questions I put to Mr. Lallubhai concerning this interview determined me to allow Mr. Lallubhai to make his own statement rather than that I should take 'notes' of it. I, therefore, gave him the extract from the Debate and asked him to put down in his own writing at his leisure what he had to say in the matter. I append it to this report as Appendix A, and would merely remark that he *absolutely denies that Mr. Caine read over to him any notes of their conversation*, or that he, Mr. Lallubhai, ever admitted that Mr. Caine's notes represented in any way what he had said. He fully and completely contradicts the assertion by Mr. Caine that he, Mr. Lallubhai, had said, "Throughout the Presidency there is absolutely no distillation for sale," or, "We have got Mr. Pritchard's system well in hand and illicit distillation is now reduced to a minimum." What he did say was that, "it had decreased wherever the new system was firmly established, and that what little illicit distillation there might be in such places must be for private consumption, and not for sale." *Primâ facie* it is impossible that a man with Mr. Lallubhai's intimate knowledge of abkari matters could have said what Mr. Caine asserts he did, and looking to the abundant inaccuracy of Mr. Caine, as shown in subsequent paragraphs, there can be no room for doubt that in this matter the latter has incorrectly represented facts.

8. Mr. Caine's remarks are :—

Allegations on page 8 of the report that the consumption of liquor in Bombay has increased.

"The system has now been in good working order for ten years, and what are the results? In 1882 the consumption of ardent spirits in the Bombay Presidency was two millions of gallons and in 1886 it had risen to 2,750,000 gallons, these being the latest available figures. There was thus a net increase of 40 per cent. in four years, which means that it would double itself in ten years. We are asked to believe that this increase is due to the change from illicit to licit consumption."

The statement is so misleading, while having apparently a seeming of truth about it, that I am afraid I shall be somewhat tedious in the details necessary to expose its incorrectness. Of course I do not know where Mr. Caine got his figures from, but I do not think he could have got them from the administration reports, or if he did he has very strangely manipulated them. There is also a little difficulty in understanding precisely what year he means by 1882, whether that from 1st August 1881 to 31st July 1882, or that from 1st August 1882 to 31st July 1883. But to prevent any misconception I shall begin with the revenue year 1881-82.

9. In that year the actual sales which may fairly be regarded as the actual consumption in that portion of the Bombay Presidency in which the central distillery system was in force, and for which alone *verified figures are available*, were 1,557,573 gallons. This represents the sales *in the twelve districts in which the central distillery system was in force*, the large liquor-consuming districts of Kaira, Panch Mehals, Khandesh, Bijapur, Dharwar, Ratnagiri, and Kanara *being excluded from the total*, as under the then existing system no accounts of sales were kept in

10. In 1882-83 for the same twelve districts the actual sales were 1,684,174 gallons, an increase of 126,601 gallons. The other seven districts are still out of calculation.

11. In 1883-84 for the same twelve districts, the seven others not yet having come into calculation, the sales were 1,844,336 gallons, exceeding the previous year by 160,162 gallons. This increase, which naturally calls for explanation, is accounted for "partly by the circumstances that the three years' leases of the country spirit farms of eight of the districts concerned fell in at the end of the year under report, during the latter part of which some of the farmers reduced their selling prices with the object of disposing of their surplus stocks. The well-to-do classes of consumers in this presidency, especially Parsis, prefer old spirit to that freshly made, and are in the habit of laying down stocks of country spirit to mature in their own houses, and they took advantage of the temporary fall in prices to replenish their stores. The celebration of an unusual number of marriages during the year also had a marked effect in increasing for the time the consumption of country liquor" (paragraph 74 of Abkari Administration Report for 1883-84). Other causes are also mentioned in the report, and amongst them were the development of the measures taken for the transfer by lease to Government of the abkari management in Native States and increased strength and efficiency of the preventive establishments in British districts.

12. In 1884-85, the total actual sales were 2,311,619 gallons, an increase of 467,283 gallons, but in *that year the central distillery system was introduced* into Kaira, responsible for 10,389 gallons, Bijapur (21,453 gallons), and Dharwar (51,811 gallons); while by the improved out-still system introduced into Khandesh it was *learned for the first time* that the consumption there had been 460,307 gallons, and similarly in Kanara 74,640. Out of the total consumption no less than 618,600 gallons were in the newly included districts. In those with which I began in 1881-82 there was an increase of 135,446 gallons, *viz.*, from 1,557,573 to 1,693,019 gallons.

13. In 1885-86 actual sales were 2,709,920 gallons. Deducting from this total the figures for districts excluded in 1881-82 (*viz.*, 851,141 gallons), the quantity for the twelve districts comes to 1,858,779 as against 1,557,573 in 1881-82. The increase of 301,206 gallons may be set down to the improved arrangements with Native States the abkari management of which had been secured by Government, whereby illicit imports had become more difficult, and to the greater efficiency of the preventive establishments in British territory, and it may fairly be claimed as the natural increase due to the substitution of licit for illicit consumption in those twelve districts.

14. In 1886-87, the actual sales for the whole Presidency were 2,838,523 gallons, a total increase of 128,603 gallons. But this includes 16,839 gallons for three talukas of the Panch Mahals in which for the first time the central distillery system was introduced. Now, making as before the comparison with the twelve districts for which figures were available in 1881-82, I find that the total consumption was 1,854,470 as against 1,557,573 gallons, an increase of 296,897.

15. The conclusion I arrive at, with due deference to Mr. Caine, is that commencing in 1881-82 with a consumption in twelve districts of 1,557,573 gallons, the same districts consumed in 1886-87, under improved arrangements, 1,854,470 gallons, an increase of 19 per cent. Commencing in 1882-83 with a consumption of 1,684,174 gallons, the same districts consumed in 1886-87, 1,854,470 gallons, *an increase of 10 per cent. instead of the 40 per cent. proclaimed* by him. His method has been to compare the figures for twelve districts in 1881-82 or 1882-83 with those for nineteen in 1886-87, and assert that the increase is in the twelve only.

16. As regards the seven districts I would observe that in Ratnagiri, Khandesh, and Kanara the out-still system prevailed up to the end of 1886-87, the last year referred to by Mr. Caine, while it is still in force in part of the Panch Mahals, so that no comparison with previous years is possible. In the remaining three, *viz.*, Kaira, Bijapur, and Dharwar, the central distillery system was introduced from 1st August 1884, and three years are, therefore, available for purposes of comparison; but there is this difficulty in comparing them that the farm for each of these districts was let for the three years to one and the same farmer; that in the first year of the introduction of a new system sales are probably less than they ought to be; in the second year they are, as a rule, about the average, and in the third they are generally rather above the average, because the farmer, not knowing whether his contract will be renewed, is willing, if he has surplus stocks, to sell them at cheaper rates than he ordinarily

24. Before discussing point (*e*), the statements on page 10 of the report regarding the increase of shops in Ahmedabad, it may be well to draw attention to another remark of Mr. Caine's on page 9. He says:—"The Government control the manufacture, but they do not control the retail sale. They pretend to, but to all intents and purposes when the liquor sale has been given to a farmer, he can do whatever he likes. I have had long interviews with liquor farmers. I have talked to one who pays as much as £140,000 a year for the monopoly of certain districts, and he told me he was obliged to take so many gallons a year, and pay duty on it. The Government do not allow him to sell above a certain price, but when he finds himself with liquor on his hands, he disposes of it at any price he can get." *There is no farmer in the whole of the Bombay Presidency "who pays as much as £140,000 a year for the monopoly of certain districts."* The nearest approach to this is found in Mr. Dadabhai Hormasji Dubash, who pays eleven lakhs of rupees a year for the three farms of Khandesh, Surat and Belgaum, and I have ascertained that Mr. Caine has had no conversation with him at all. The farmer with whom he had his 'long talk' and who poured out his grievances to Mr. Caine, appears from the remarks on page 10 to have been Mr. Ginvala, who holds the farms of Ahmedabad, Kaira and Broach at an annual payment of R3,25,000. When he had his conversation with Mr. Caine he was in the fourth year of his farm of these three districts; at the end of that year he would have paid thirteen lakhs for the four years, and it seems probable that Mr. Caine mistook the total payments of four years for one payment and called it "£140,000 a year." Mr. Caine does not say, as in the instance of Mr. Lallubhai, that he read his notes over to the farmer with some care, and that he admitted that they accurately represented what he said!

25. Now turning to point (*e*), I quote from the Debate:—

"There were 102 spirit shops in the Ahmedabad District in the year 1884-85. Out of this number 19 shops were closed in the following year for want of custom. But during the year under report it was found necessary to re-open 11 of them."

Another paragraph in the same report gives the explanation of this remarkable operation:—

"During the three years for which the farms were sold, the farmer was not able to sell the full quantities of spirit removed by him from the distilleries under his minimum guarantee." "So to enable him to do so, and keep up the revenue, 11 shops had to be re-opened. During these four years under review in these paragraphs, the spirit issued from the Ahmedabad Distillery to this farmer who required 11 shops to be re-opened was as follows:—48,000 gallons, 57,000 gallons, 63,000 gallons, 69,000 gallons. The maximum of revenue is undoubtedly secured, the minimum of consumption is secured by an increase from 48,000 to 69,000 gallons, an increase of 45 per cent. in four years."

The number of 102 shops in 1884-85 had been allowed to the farmer because in that part of the district where they were opened the villages so interlaced with Gaikwari territory that the population of those villages, who habitually are consumers of liquor, resorted freely to the foreign shops for it, and it was considered that the farmer had a fair right to try to secure this legitimate custom. But the experiment was a failure, and why? Because it was found that with the lower rates of duty and the out-still system then prevalent in the Gaikwari territory the foreign farmers could, and did, sell liquor at so much lower prices than our farmer could, with our higher rates of duty, afford, that he asked permission to close them. In the following year therefore the number of shops was only 83, but meanwhile the farmer was losing custom which was fairly his in the British villages which were so close to and were surrounded by Gaikwari territory; he was looking out for an opportunity to secure his custom in that part of the district, and he knew that negotiations were in progress to assimilate the Gaikwari rates to those prevailing in British territory. But when 1886-87 began he found that the negotiations were still dragging on indefinitely, and that his custom in that part of the district was still steadily flowing away to foreign territory. In these circumstances when he applied for permission to re-open 11 out of the 19 shops which had been closed, as there appeared no valid reason why the Gaikwari farmers should profit at the expense of ours, or why Government revenue should be sacrificed uselessly, leave to open these 11 shops was given. It will not be out of place to mention that the negotiations above referred to having been completed, the 11 shops were all again closed by July 1888.

26. As to the increase in issues from the Ahmedabad Distillery, Mr. Caine has refrained from mentioning the source from which he derived his figures. They are *not* taken from the administration reports from which he professes to prove so much. From these I find the total sues to have been in gallons of 25° U. P.:—

1883-84	47,589
1884-85	64,766
1885-86	64,751
1886-87	57 809

that the *decrease* in the last year from Mr. Caine's figures is in round numbers 11,000 allons, and from the actuals of the previous year 7,000 gallons! It is possible that the armer simply gave him the issues from the Ahmedabad Distillery without explaining that hey included issues *for the Kaira District also*, which, as well as Ahmedabad, is supplied from he distillery; but I need not waste more time in conjecturing where Mr. Caine got his misleading figures from. His increase of 45 per cent. in four years for the Ahmedabad District alone appears to have been arrived at by a similar process to that by which he worked out the 40 per cent. increase in the whole Presidency, and his inferences and deductions are about equally valuable and trustworthy.

27. It will, I submit, be evident from what I have written above that Mr. Caine's estimate of himself that he "did not see a single man in all India, excepting one, who understood the abkari system in all its details, or indeed half as well as he did himself," (page 9) is open to modification so far as Mr. Caine is concerned, and with reference to the Bombay system, which he has gone out of his way to misunderstand and misrepresent.

28. Though I am not specially asked to report on other portions of the Debate, I would venture to call attention to the extraordinary way in which Mr. Walter McLaren—page 15—while condemning the Government of India and its servants wholesale and unreservedly for directly encouraging intemperance, most strongly urges them to give every facility for increasing it! True, unlike Mr. Caine, he does not profess to understand the subject twice as well as anybody else excepting one, but what he says is: "The Government can never hope to decrease the consumption so long as they continue to increase the facilities for drinking. Besides, while the Government are forcing on this sale of strong intoxicating spirits, they put a very high duty, which is almost prohibitive, upon cocoanut palm toddy, a native liquor which any man can distil, and which is said to be little stronger than ginger beer. And still they wish us to believe that they are actuated by a desire for temperance. We ask them to give proof of this by taking off the duty upon the juice of the palm, and allowing the people to drink it if they desire it. If the Government will only allow the natives to drink this liquor, it will prevent the necessity, if there is necessity, of the natives resorting to the use of the stronger spirituous liquors."

29. If there is any meaning in these words it is, Let the natives have free a liquor which though, when it is *freshly drawn in perfectly clean vessels*, is harmless and non-intoxicating, begins to ferment *at once*, has *if merely allowed to stand for 4 hours* greater alcoholic strength than London porter, if allowed to *stand for 24 hours* greater alcoholic strength than Bass's strongest bottled ale (Bull dog brand)—*vide* paragraph 43, page 14 of the Mowra Commission's report, dated 16th February 1883, and is moreover "a liquor which any man can distil" *into spirit*, without expense, or trouble, to *any strength—London proof or x above proof!* It is curious advice to come from the lips of a staunch advocate of temperance condemning the policy of a Government which declines to give these facilities to drunkenness!

30. In conclusion I submit, as Appendices B, C, D and E, the statements called for in Government memorandum No. 5411, dated 27th July 1889.

APPENDIX A.

I, Lallubhai Gordhandas, having been shown by Mr. Mackenzie, Acting Commissioner of Customs, Salt, Opium and Abkari, that portion of the speech of Mr. Caine, M.P., reported at page 8 in the published Debate in the House of Commons on the Excise Administration of the Government of India, dated 30th April 1889, which relates to my interview with Mr. Caine, M.P., in Bombay, state as follows:—

One night in October or November last, a friend of mine by name Ratiram Durgaram, B.A., came to me at my house in Bombay and said that Mr. Caine wished to see me and talk about abkari matters on which he thought I would be able to give him accurate information. Thinking that this would afford me an opportunity of correcting the misconceptions which I had gathered from the newspapers he had formed, I went and saw him the next day at the Apollo Hotel. Our interview was private, no one else being present. It lasted for about an hour. Mr. Caine, at the outset, said that he would feel obliged if I would give him fuller information about the abkari systems of different districts than he could gather from the Abkari Administration Report for 1886-87, of which he held a copy in his hand. I gave him all the information I could about the different systems in answer

to questions he put me on matters treated of in different parts of the report. At last Mr. Caine said that his charge against the Government was that they directly stimulated the consumption of liquor for the sake of increasing the revenue, of which he said no stronger evidence was required than the fact that the Collectors who could show larger realizations were praised by the Commissioner and the Government, and that the Collectors could not increase the revenue without increasing the sale of liquor by opening new shops. I told him that his charge against the Collectors was entirely groundless and opposed to facts, that the Collectors had no power to open a new shop without the sanction of the Commissioner, and that the Commissioner never sanctioned a new shop except on clear evidence that it was required to remove a real inconvenience to consumers, or to substitute licit for illicit liquor consumed. I contended that the increase in revenue was due mainly to increased taxation, and that in cases in which, the tax being stationary, the revenue had increased from actual increased sales of liquor, such increased sales did not necessarily prove that the total liquor consumption, which was made up of licit as well as illicit liquor, has increased. He then asked me whether illicit distillation was much prevalent, and whether I really thought that the habit of liquor-drinking was not extending among the population. About illicit distillation I said that it had decreased considerably wherever the new system was firmly established and that what little illicit distillation there might be in such places must be for private consumption and not for sale; but that there were districts in which illicit distillation was carried on extensively, owing to the existence of a large number of toddy trees as in sea-coast districts, or of mowra trees as in Khandesh, Kaira, &c , or from a relaxation of Mr. Pritchard's preventive and restrictive arrangements as in Thana and Kolaba. I further said that I could not express any positive opinion whether the habit of liquor drinking was, on the whole, extending or contracting, as no correct inferences could be drawn merely from the recorded quantities of licit liquor sold in different years, which were subject to large fluctuations from causes too numerous to mention and illicit distillation was always an unknown factor in the total consumption. I strongly cautioned him against the fallacy of drawing general conclusions from isolated facts, and suggested, if he wanted to arrive at the truth on the subject, that he should select one district or even one taluka, and make careful inquiries among the people in each village as to the degree of drunkenness which prevailed there under the old out-still system and what it was now, and if after such inquiry he came to the conclusion that drunkenness had increased in any place, he should endeavour to find out its causes, which might not be the same in different places. In conclusion, I told him that my own observation and inquiry during my recent tours in Gujarat had inclined me to the opinion that under the operation of the new abkari system and administration the habit of liquor-drinking was unquestionably decreasing among the poor classes and semi-wild tribes, and that indications of an extension of that habit among some of the middle and upper classes were perceptible, for which the Abkari Department was in no way responsible.

The above is to the best of my knowledge and belief a correct substance of my conversation with Mr. Caine. He was occasionally taking notes in the course of the conversation, but I did not see what he wrote nor did he read his notes over to me. As I was leaving him, he said that he was to start for Ahmedabad that night, and that he would send a copy of his notes to me for revision, if I had no objection. I said that I did not like to correspond with him, but would see him again if he wished me to meet him after his return to Bombay. Mr. Caine did not send me his notes, nor did I have any further meeting with him.

POONA ;
2nd August 1889.

LALLUBHAI GORDHANDAS.

APPENDIX B.

Statement showing the rates of duty per gallon on Country Spirit in force in each year since 1860 up to 1877 in the districts of the Bombay Presidency where such duty was levied.

	Per gallon London Proof.														Per gallon 25° U.P.			
	1860.	1861.	1862	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.
	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.
Bombay Town and Island.	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0*	1 0	1 0	1 0	1 0

* Up to 30 h September 1873.

Statement showing the rates of duty per gallon on Country Spirit in force in each year since 1860 up to 1877 in the districts of the Bombay Presidency where such duty was levied—contd.

	Per gallon London Proof.																	
	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.
	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.
Amedabad City and Cantonment	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 1	1 1	1 1
Broach Town and Anklesvar Town and the villages of Sajod and Andada	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4
Surat City and six miles radius	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 0	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4	1 4
Bulsar Town and six miles radius	...	...	...	...	...	...	...	...	...	...	...	...	...	0 8	0 8	0 8	0 8	0 8

POONA ;
9th August 1889.

T. D. MACKENZIE,
Acting Commissioner of Customs, Salt, Opium and Abkari.

APPENDIX C.

Statement showing the Rates at which Opium was sold to licensed dealers from British Depôts in the Bombay Presidency in each year since 1860.

Year.	Rate per lb. R a. p.	Remarks.
1860-61	...	Up to 1877-78, opium required for home consumption was purchased by the Commissioner of Customs, who supplied it to the several Collectors and fixed the price at which they were to sell it to licensed dealers. Duty at the rate of R12 per lb was leviable on opium for home consumption; but in practice the selling price was fixed at the cost of the opium, plus pass fee, plus a percentage to cover freight, loss from dryage, &c., &c. As each depôt frequently contained various stocks priced at different rates, the prices charged at one and the same depôt varied according to the stock out of which opium was issued to each licensee. The prices ruling in the Bombay market for Malwa opium from 1860 to 1877 are noted below :— Per chest of 140 lb. (R to R) 1860-61 . . . 1,650 to 1,800 1862-63 . . . 1,500 „ 1,600 1863-64 . . . 1,325 „ 1,500 1864-65 . . . 1,500 „ 1,600 1865-66 . . . 1,600 „ 1,635 1866-67 . . . 1,600 „ 1,800 1867-71 . . . 1,400 „ 1,500 1872-73 . . . 1,300 „ 1,400 1873-74 . . . 1,325 „ 1,375 1874-75 . . . 1,375 „ 1,190 1875-77 . . . 1,250 „ 1,800
1861-62	...	
1862-63	...	
1863-64	...	
1864-65	...	
1865-66	...	
1866-67	...	
1867-68	...	
1868-69	...	
1869-70	...	
1870-71	...	
1871-72	...	
1872-73	...	
1873-74	...	
1874-75	...	
1875-76	...	
1876-77	...	
1877-78	...	
1878-79	13 3 6	
1879-80	13 3 6	Up to 30th April 1879.
	12 4 0	Up to 14th November 1879.
	12 12 0	Up to 24th January 1880.
1880-81	13 6 0	Up to 24th February 1880.
	13 12 0	Up to 14th October 1880.
	13 0 0	
1881-82	13 0 0	
1882-83	12 0 0	From 1st August 1882 to 30th April 1883.
	10 0 0	From 1st May 1883.
1883-84	10 0 0	
1884-85	10 0 0	
1885-86	10 0 0	
1886-87	10 0 0	
1887-88	10 0 0	
1888-89	10 0 0	Up to 14th October 1888.
	12 0 0	Up to 14th May 1889.
	10 0 0	From 15th May 1889.

POONA ;
9th August 1889.

T. D. MACKENZIE,
Acting Commissioner of Customs, Salt, Opium and Abkari.

APPENDIX D.

Statement showing the Number of Gallons (reduced to common strength 25° U. P.) of Foreign Spirits imported in the Port of Bombay in each year since 1877-78, together with Import Duty Tariff rates prevailing in each year.

Years.	Quantity in gallons.	Tariff rate of duty per Imperial gallon.	Duty on the quantity of spirit imported.	Remarks.
		R	R	
1877-78	211,289	4	6,33,868	
1878-79	218,084	4	6,54,252	
1879-80	262,752	4	7,88,510	
1880-81	243,512	4	7,30,534	
1881-82	284,843	4	8,54,643	
1882-83	289,241	4	8,67,936	
1883-84	306,916	4	9,21,243	
1884-85	309,493	4	9,28,613	
1885-86	348,156	4	10,44,514	
1886-87	350,475	4 and 5*	10,74,378	* The increased rate came into force from 14th January 1887.
1887-88	338,439	5	12,66,940	

POONA;
9th August 1889.

T. D. MACKENZIE,
Acting Commissioner of Abkari.

APPENDIX E.

Statement showing the Quantities (in gallons of strength 25° U. P.) of Country Spirit sold in the Town and Island of Bombay during the years since 1877-78, the average consumption in drams per head of population (773,196) according to the Census of 1881, and the rates of Still-head duty and Tree-tax in force in each year.

Years.	Mowra Spirit.	Toddy Spirit.	Total.	Average consumption per head of population.	Still-head Duty Rate on: Mowra Spirit 25° U. P.	Still-head Duty Rate on: Toddy Spirit 25° U. P., including tree-tax.	Rate of Tree-tax: Cocoanut.	Rate of Tree-tax: Brab.	Date.
	Gallons.	Gallons.	Gallons.	Drams.	R a. p.	R a. p.	R	R	R
1877-78	362,266	291,291	653,557	40·6	1 12 0 / 2 4 0	*	9 / 12	9 / 12	3 / 4 ‡
1878-79	295,109	290,056	585,166	36·3	2 4 0	...	15	15	5
1879-80	320,415	214,565	534,980	33·2	2 4 0	...	15 / 18	15 / 18	5 / 6 §
1880-81	380,759	202,267	583,026	36·2	2 4 0	...	18	18	6
1881-82	400,434	230,087	630,521	39·1	2 4 0	...	18	18	6
1882-83	399,182	264,608	663,790	41·1	2 4 0	...	18	18	6
1883-84	417,030	281,366	698,396	43·4	2 4 0 / 2 12 0	†	18	18	6
1884-85	531,588	16,856	548,444	34·0	2 12 0	2 6 0	18	18	6
1885-86	565,453	28,612	594,065	36·9	2 12 0	2 6 0	18	18	6
1886-87	515,936	105,730	621,666	38·6	2 12 0	2 6 0	10	10	5
1887-88	505,374	146,785	650,159	40·4	2 12 0	2 6 0	10	10	5

* The increased rate came into force from 1st January 1878.
† Do. Do. 1st June 1884.
‡ Do. Do. 1st January 1878.
§ Do. Do. 1st January 1880.

Note.—The figure of population is, as directed by Government, that of the Census of 1881, but it is submitted that up to that year the figure of population ought to be that of the Census of 1872. If this suggestion is adopted the figures in column 5 up to 1881-82 would have to be modified.

POONA;
9th August 1889.

T. D. MACKENZIE,
Acting Commissioner of Abkari.

Rewa Kantha States.

The out-still system prevails in all the States of the Rewa Kantha, except Rajpipla (in which the still-head duty and central distillery system has been introduced since the 1st January 1888) and the smaller talukas of Bhadarwa, Umeta, the Dodka Mewas, the Pandu Mewas and the Sankheda Mewas, of which abkari leases have been acquired by Government.

2. Under the out-still system in force in the Rewa Kantha territory, the privilege of manufacturing and selling liquor in specified villages is sold annually to the highest bidder. The purchaser of the farm makes and sells any quantity of liquor of any strengths he likes, and sells it at any prices he pleases. The price of liquor is rarely paid in cash; it is paid usually in kind and labour. The village Kalal does not confine his trade to making and selling liquor. By a system of giving liquor on credit and on pawn of property, and of advancing money and grain to the poor, he manages, in the course of a few years, to become the master of their moveable and immoveable properties, and is able to hold many of them in a state of perpetual serfdom. He allows the better class of villagers, on payment of fees, to make liquor for their use in his own still or in private stills.

3. In the States of Bariya and Chhota Udepur, Bhils, Kolis and similar other classes are also allowed to make liquor for their own use on occasions of births, deaths and certain festivals. Moreover, every agriculturist in Bariya is at liberty, on payment of a tax of R1-8 per plough, to make liquor for private use all the year round. A similar practice also prevails in Chhota Udepur, but the exact amount of the tax levied for the privilege is not known. In both these States mowra grows plentifully, so much so that large quantities are brought every year for sale at the Ghodra and Badharpur markets.

4. The following statement shows the area and population of each of the Rewa Kantha States in which the outstill system prevails, the number of liquor shops and stills existing in each in 1886-87, and the approximate amount of abkari revenue realized in the same year:—

Name of State.	Area in square miles.	Population.	Number of Stills and Shops.	Amount of Revenue.	Average number of population per shop.	Average number of square miles per shop.
				R		
Vadasinor	189	46,328	33	10,050	1,404	5·73
Lunavada	388	75,450	54	7,200	1,397	7·18
Sunth	394	58,822	62	18,000	949	6·35
Sanjeli	33	3,751	17	3,000	321	1·94
Bariya	813	66,822	89	*16,000	751	9·13
Chhota Udepur	873	71,218	65	10,000	1,095	13·43

* Includes R11,000 on account of plough tax.

5. For purposes of comparison, similar particulars are given below for the Panch Mahals district which adjoins the States above mentioned:—

Name of State.	Area in square miles.	Population.	Number of Stills and Shops.	Amount of Revenue.	Average number of population per shop.	Average number of square miles per shop.
				R		
Under still-head duty and central distillery system.						
Godhra, Kalol and Halol Talukas	1,013	154,840	35	18,000	4,424	28·94
Under outstill system.						
Dohad and Jhalod Talukas	605	100,639	23	15,727	4,375	26 30

6. In the Rajpipla State, as already remarked, the central distillery and still-head duty system was introduced on the 1st January 1888. As a consequence, all the old outstills have been closed, but the Administrator has not thought fit, without further experience, to make any material change in the number and positions of liquor shops as they existed before, and has given the farm under the new system to the same person who had held farms under the old outstill system for several previous years. The statistics which are given below for the year 1888 may, therefore, be said to represent pretty fairly the condition of things in Rajpipla under the Native rule, modified so far only as required by the immediate necessity of changing the system. Side by side with the statistics relating to Rajpipla, I will give similar statistics for the same year for the Broach Collectorate, which adjoins the Rajpipla State:—

	Rajpipla State.	Broach Collectorate.
Area in square miles	1,514	1,453
Population	114,756	326,930
Number of liquor shops	98	61
Quantity of liquor sold converted to strength 25° U. P. (gallons)	45,930	51,201
Average number of population per shop	1,171	5,355
Average number of square miles per shop	15·45	23·82
Average consumption of liquor per annum per head of population (drams)	19·	7¼

Cambay.

7. The liquor consumption of Cambay amounted in 1885 to 11,701 gallons 25° U. P. which, on a total population of 86,074, give a rate of $6\frac{3}{5}$ drams per head per annum. In 1886, the consumption rose to 14,662 gallons of the same strength, or $8\frac{1}{5}$ drams per head per annum. The figures for 1887 are not available. From the 1st January 1888, the abkari management of the Cambay State has come into the hands of Government by virtue of a lease given by the Nawab for a fixed annual compensation. From the same date, Government increased the excised rates in Cambay, with the result that only 6,129 gallons of liquor 25° U. P. were sold during the twelve months from January to December 1888 giving a rate of $3\frac{2}{5}$ drams per head per annum.

Bansda and Dharampor.

8. The States of Bansda and Dharampor have adopted the central distillery and still-head duty system since the year 1883-84. In the following statement are compared the abkari statistics of the States of Bansda and Dharampor with those for the same period of the British talukas of Chikhli, Bulsar and Pardi of the Surat Collectorate, which adjoin the States of Bansda and Dharampor :—

Names of Native States and British Talukas.	Area in square miles.	Population.	Average annual liquor consumption for 5 years ending 1887-88, gallons 25° U. P.	Number of Liquor shops.	Average number of population to each shop.	Average number of square miles to each shop.	Average annual liquor consumption per head of population, drams.
Native States.							
Bansda	384	34,122	25,113	65	525	5·91	35
Dharampor	794	101,289	70,048	110	921	7·22	33
British Talukas.							
Chikhli	167	60,147	19,130	33	1,823	5·06	15
Bulsar	208	80,707	61,267	44	1,834	4·72	36
Pardi	163	55,761	25,653	33	1,690	4·94	22
TOTAL FOR BRITISH TALUKAS	538	196,615	106,050	110	1,787	4·89	26

9. If the comparatively populous town of Bulsar, which has six liquor shops for a population of 13,229, and an average annual consumption of 19,661 gallons of liquor 25° U. P., is excluded, the average consumption per head of population of the rest of the Bulsar Taluka comes to 29 drams.

Sachin.

10. Similar statistics for the same period of the Sachin State and of the British taluka of Chorasi (exclusive of the city of Surat and the town of Rander) are compared below :—

Names of Native States and British Talukas.	Area in square miles.	Population.	Average annual liquor consumption for 5 years ending 1887-88, gallons 25° U. P.	Number of Liquor shops.	Average number of population to each shop.	Average number of square miles to each shop.	Average annual liquor consumption per head of population, drams.
Sachin State	42	15,721	6,193	13	1,209	3·23	18
Chorasi Taluka	100	35,348	6,628	10	3,534	10·00	9

Baroda.

11. Baroda has declined to furnish the abkari statistics called for by Government. Such as I have been able to collect from various sources will be presented below.

12. In 1887 there were altogether 445 country spirit shops in the Navsari division, which has an area of 1,940 square miles and a population of 287,549. This gives one liquor shop to 4·36 square miles and 646 inhabitants.

13. The number of country spirit shops in the Surat district in the same year was 305 in an area of 1,662 square miles and a population of 614,198. This gives one shop to 5·45 square miles and 2,014 inhabitants, as against one shop to 4·36 square miles and 646 inhabitants in the neighbouring Gaikwadi district of Navsari.

14. Excluding the 58 country spirit shops in the city of Surat, comprised in an area of about 10 square miles containing 109,844 inhabitants, the ratio of the remaining shops to the area and population of the Surat district *minus* the city is one shop to 6·70 square miles and 2,042 inhabitants, as against one shop to 4·36 square miles and 646 inhabitants in the Navsari

15. Statistics of liquor consumption are available for the four years 1883-84 to 1886-87 for the portion of the Navsari district in which the central distillery and still-head duty system was in force in those years. The average annual consumption for that period comes to 139,551 gallons 25° U. P. in a tract containing 635 square miles, 201 liquor shops, and a population of 191,692. This tract comprises the talukas of Velachha (including Kathor but excluding the Vakal Petha), Kamrej, Palsana, Mahua, Navsari and Gandevi.

16. The talukas of the Surat Collectorate which adjoin the said tract of Baroda territory are Olpad, Chorasi, Mandvi, Bardoli, Jalalpor and Chikhli. They have a collective area of 1,291 square miles and a population of 477,730. The average quantity of liquor sold annually at 228 shops in these talukas during the four years 1883-84 to 1886-87 was 205,945 gallons 25° U. P.

17. The consumption of spirit per head of population and the ratios of liquor shops to areas and populations in the above-mentioned parts of the Gaikwad's district of Navsari and of the British district of Surat are shown below :—

	Navsari.	Surat.
Number of square miles to a liquor shop	3·41	5·66
Number of population to a liquor shop	954	2,095
Consumption of liquor 25° U. P. per head of population (drams)	35	21

18. If the city of Surat, like which there is no large city in the Navsari district, is excluded, the comparison would be more unfavourable to Navsari, as will be seen below :—

	Navsari.	Surat.
Number of square miles to a liquor shop	3·41	7·54
Number of population to a liquor shop	954	2,164
Consumption of liquor 25° U. P. per head of population, drams	35	17

19. There are many more liquor shops in Baroda territory than in British territory within a distance of two miles from the under-mentioned frontiers :—

	Liquor shops within two miles of the frontier. British.	Gaikwadi.
Eastern frontier of Olpad Taluka	4	7
Eastern and southern frontiers of Chorasi Taluka (including Sachin State under British management)	16	24
Northern frontier of Jalalpor Taluka	5	17
North-eastern frontier of Chikhli Taluka	2	4
Southern and western frontiers of Bardoli Taluka	12	40
Western and northern frontiers of Mandvi Taluka	8	13
Frontier of the Gaikwad's Taluka of Gandevi	17	19
TOTAL	64	124

20. When lists were prepared in 1887 of the British and Gaikwadi villages situated within two miles of the frontier between the Viramgam, Sanand and Daskroi Talukas of the Ahmedabad Collectorate, and the Vadavli, Kadi, Kalol and Dehgam Talukas of the Kadi district of His Highness the Gaikwad, with a view to stipulate for the non-establishment of liquor shops in any of those villages, it was found that there were 86 villages of the Gaikwad with a population of 40,453, for the supply of whom 17 liquor shops were maintained; while on the British side the total number of villages was 117 with a population of 72,297, with only 10 liquor shops for their supply.

21. The ratios of liquor shops, as they existed in 1887, to areas and populations in some of the talukas of the Baroda district and in the adjacent British talukas are shown in the following table :—

Names of Talukas.	Whether British or Gaikwadi.	Area in square miles.	Population.	Number of Liquor shops.	Average number of square miles to a shop.	Average number of population to a shop.
Choranda	Gaikwadi	226	61,805	11	20·54	5,619
Broach and Amod, exclusive of Broach City	British	476	112,921	13	36·61	8,686
Padra	Gaikwadi	181	86,705	22	8·23	3,941
Jambusar	British	373	77,772	7	53·28	11,110
Baroda (exclusive of Baroda City)	Gaikwadi	309	90,094	19	16·26	4,742
Petlad	British	270	196,026	50	5·40	3,920
Borsad	British	218	143,321	10	21·80	14,332
Anand	British	243	154,118	10	24·30	15,412
Nadiad	British	224	162,256	9	24·89	18,028
Matar	British	217	78,279	3	72·33	26,093
Jarod	Gaikwadi	375	65,522	63	5·95	1,040
Sankheda	Gaikwadi	177	51,645	9	19·66	5,738
Kalol, including Halol Petha	British	415	76,522	15	27·67	5,101
Tilakvada	Gaikwadi	37	7,529	8	4·62	941
Sankheda Mewas	Under British management	311	53,214	40	7·77	1,330

22. The Dabhoi and Sinor Talukas of the Baroda district do not march with British territory, and have therefore been omitted in the foregoing statement.

23. The total abkari revenues of each of the districts of Baroda for each of the years 1883-84, 1884-85, 1885-86 and 1886-87, for which information is available, are compared below with the total abkari revenues of each of the British districts in Gujarat for the same period :—

Name of District.	Population.	Revenue for 1883-84.	Revenue for 1884-85.	Revenue for 1885-86.	Revenue for 1886-87.	Incidence per head of population on receipts for 1886-87.
Baroda.		R	R	R	R	R a. p.
Amreli	147,468	3,587	4,023	3,464	6,396	0 0 9
Kadi	988,487	59,930	77,900	69,557	79,557	0 1 3
Baroda	756,807	1,14,293	1,25,576	1,27,555	1,61.215	0 3 5
Navsari	287,549	1,96,315	4,69,479	4,08,359	4,03,803	1 6 6
TOTAL FOR BARODA	2,180,311	3,74,825	6,76,978	6,08,935	6,50,971	0 4 9
British.						
Ahmedabad	856,324	1,08,764	1,72,269	1,71,693	1,76,134	0 3 3
Kaira	804,800	22,891	24,610	24,622	24,695	0 0 6
Panch Mahals	255,479	26,774	26,703	31,901	36,089	0 2 3
Broach	326,930	1,38,104	1,66,740	1,68,086	1,67,185	0 8 2
Surat	614,198	8,02,529	7,43,062	8,08,107	8,23,251	1 5 5
TOTAL FOR BRITISH DISTRICTS	2,857,731	10,99,062	11,33,384	12,04,409	12,27,354	0 6 10

24. Amreli, which lies in Kathiawar, is not comparable with any of the British districts. It is entered here only to show that an increase of abkari revenue has taken place in that part though it is outside of the pale of the influence of the Abkari Department.

25. Taking the revenue of each district for 1883-84 as R100, the proportions of the amounts realized in subsequent years are as under :—

	1883-84.	1884-85.	1885-86.	1886-87.
Baroda.				
Amreli	100	112	97	178
Kadi	100	130	116	133
Baroda	100	109	111	140
Navsari	100	234	208	206
British.				
Ahmedabad	100	158	157	162
Kaira	100	108	108	108
Panch Mahals	100	100	119	134
Broach	100	121	122	121
Surat	100	92	101	102
TOTAL FOR BARODA	100	186	162	173
TOTAL FOR BRITISH GUJARAT	100	103	110	112

26. The abkari revenue of the Rajpipla State was about R46,000 per annum from 1876 to 1883. From 1883 to 1886 the revenue was realized at the rate of R90,000 per annum.

Rajpipla revenue.

27. The abkari revenue of the Cambay State has largely increased in recent years, as will appear from the following figures :—

Cambay revenue.

	R		R
1881	3,947	1884	9,920
1882	5,978	1885	32,500
1883	8,416	1886	32,500

28. The abkari revenues of Bansda, Dharampor and Sachin have also increased in recent years by 200 to 300 per cent. The exact figures are not known.

Bansda, Dharampor and Sachin revenue.

29. The following extracts are from a translation of rules for the sale of abkari farms in the Nizam's dominion :—

Hyderabad.

"The abkari contract of each taluka shall be separately put up to auction except if the Talukdar has any better mode in his view.

* * * * * * * *

"4. These contracts shall be given for three years ; but the Talukdar should, at the time of giving them out, keep in view the amount of increase that took place by the auction during the previous three years, and the Talukdar is authorized to give or not to give contract to any person either on account of the smallness of the amount or the respectability of the bidder.

* * * * * * * *

"6. The contract may be sold for one or two years (as the case may be) if there be no one to purchase it (for three years) at a considerable amount.

* * * * * * * *

"8. If the highest bid for one year's contract is not for a considerable amount, departmental arrangement shall be resorted to."

30. According to lists made in 1884-85, the numbers of liquor shops in British territory and in Hyderabad territory within three miles of the frontier were as follows :—

	British shops.	Nizam's shops.
Frontier of Chalisgaon Taluka	13	24
" Pachora "	3	37
" Jamner "	4	12
" Yeola "	1	1
" Nandgaon "	14	23
" Kopargaon "	1	2
" Nevasa "	...	2
" Shevgaon "	...	6
" Jamkhed "	5	24

LALLUBHAI GORDHANDAS,
Personal Assistant to the Commissioner of Customs, Salt, Opium and Abkari, on Special Duty.

POONA,
19th July 1889.

No. 312, dated 14th January 1890.

From—T. D. MACKENZIE, Esq., Acting Chief Secy. to the Govt. of Bombay, Revenue Dept.,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

As requested in your telegram, dated the 30th ultimo, I am directed to forward herewith a statement showing the rates of still-head duty in force from 1877-78 to 1887-88 in the several districts of the Presidency proper, and to intimate that similar statistical information for the Town and Island of Bombay is furnished in Appendix E to the memorandum by the Commissioner of Abkari, copies of which were sent to the Government of India with the letter from this Government, No. 9589, dated the 19th ultimo.

2. I am to explain that as the whole of the Ratnagiri district and the greater portion of the district of Kanara were under the out-still system during the period specified above, no rates of still-head duty have been given for them. The partial omission as regards other districts in cases shown in the lists is due to the same cause.

MADRAS RECORD OFFICE

Statement showing the rates of still-head duty in force from 1877-78 to 1887-88 in the several districts of the Bombay Presidency proper where such duty was levied.

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	REMARKS.
	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	
Ahmedabad—												
The city and cantonment of Ahmedabad.	0 12	2 0	2 0	2 0	...	...	...	...	...	...	...	
Whole District	...	...	...	...	2 0	2 0	2 0	...	...	...	2 4	
Whole District (except Paranty and Modasa).	...	...	...	...	...	...	...	2 4	2 4	2 4 up to 31st December 1887.	...	
Kaira—										2 4	...	
Matar and Memadabad talukas	...	...	...	...	2 0	...	...	...	...		1 0	
Kapadvanj	...	...	...	...	...	...	...	1 0	1 0		1 0	
Thasra	...	...	...	...	...	...	...	1 0	1 0	1 0		
Borsad	...	...	...	...	...	...	...	2 4	1 0		2 4	
Rest of the District	...	...	...	...	...	...	...		2 4			
Panch Mahals—										0 12	0 12	
Talukas of Godhra, Halol and Kalol.	...	...	...	...	...	...	...	...	...	...	...	
Broach—												
City of Broach, town of Ankleshawar and villages of Andada and Sajod.	0 15	2 0	...	...	...	...	...	...	...	...	..	
City of Broach and Ankleshwar taluka	...	...	2 0	...	...	...	...	...	...	...	...	
Whole District	...	...	...	2 0	2 0	2 0	2 0	2 4*	2 4*	2 4*	2 4*	*For the city and area of 10 miles round it the rate was R2-6.
Surat—												
City of Surat and six miles radius	0 15	2 0	...	...	...	...	...	...	...	...	...	
Town of Bulsar and six miles radius.	0 6	1 0	...	...	...	...	...	...	...	...	...	
City of Surat and Chorasi and Olpad talukas.	...	...	2 0	2 0	...	...	...	...	...	...	...	
Bulsar and Pardi talukas	...	...	1 0	1 0	...	...	...	...	...	...	...	
City of Surat and Chorasi and Olpad talukas.	...	...	...	...	2 0	2 0	2 0	2 0	2 0	2 0	2 0	
Bardoli, Bulsar, Chikhli, Jalalpur and Pardi talukas.	...	...	...	...	1 8	1 8	1 8 (including Mandvi).	1 8 (including Mandvi).	1 8 (including Mandvi).	1 8 (including Mandvi).	1 8 (including Mandvi).	
Thana	...	(g) 1 0	1 12	1 12	(g) 1 8	(g) 1 8	(g) 1 8	(g) 1 8	(g) 1 8	(g) 1 8	(g) 1 8*	* Up to 31st December 1887. From 1st January 1888 extra percentage system.
	...	(h) 1 4	whole district		(j) 1 12	(j) 1 12	(j) 1 12	(j) 2 0	(j) 2 0	(j) 2 0	(j) 2 0 *	
	...	(i) 1 8										
	...	(j) 1 12										
	...											

g, for Umbergaon Petha; h, for Dehanu Subha; i, for Mahim taluka; j, for the rest of the district.

Statement showing the rates of still-head duty in force from 1877-78 to 1887-88 in the several districts of the Bombay Presidency proper where such duty was levied—contd.

	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	REMARKS.
	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	R a.	
Nasik—												
(a) In all talukas except Baglan, Kalvan and Peint.	...	...	...	...	(a) 2 8	(a) 2 8	(a) 2 8	...	...	...	...	
(b) In Baglan, Kalvan and Peint.	...	...	...	...	(b) 1 12	(b) 1 12	(b) 1 12	...	...	...	...	
Whole District (except) talukas of Baglan, Kalvan and Peint.	...	...	...	...	...	...	...	2 0	2 0	2 0 up to 31st December 1887.	...	
Whole District	...	...	...	...	...	...	...	...	...	...	2 0 (c) 0 12 (d) 2 0 from 1st January 1888.	
Khandesh	...	...	...	...	...	...	...	...	...	...	3 0	* For the town of Ahmednagar and radius of 10 miles, the rate was R2-12.
Ahmednagar	...	2 8	2 8	2 8	2 8*	2 8*	2 8*	3 0	3 0	3 0	3 2	† For the city and cantonment and radius of 10 miles the rate was R2-12
Poona	2 8	2 8	2 8	2 8	2 8†	2 8†	2 8†	3 0	3 0	3 0	3 0	‡ For the city and radius of 10 miles the rate was R2-12.
Sholapur	...	2 8	2 8	2 8	2 8‡	2 8‡	2 8‡	3 0	3 0	3 0	3 0	
Satara	...	2 8	2 8	2 8	2 8‡ 2 8	2 8‡ 2 8	2 8‡ 2 8	3 0 3 0 2 12†	3 0 2 12†	3 0 2 12†	3 2	† For the towns of Dharwar and Hubli and a radius of 10 miles round each.
Belgaum	...	...	...	...	...	...	...	2 8‡ 2 8	2 8‡ 2 8	2 8‡ 2 8	3 0	‡ For the rest of the District.
Dharwar—	...	...	...	...	...	...	...	3 0	3 0	3 0	3 0	¶ For the talukas of Roha Mangaon and Mahad.
Bijapur	...	...	...	...	...	...	2 8	2 0	2 0	2 0	2 0††	** Rest of the district.
Kanara—	...	...	...	...	1 12	1 12	1 12					†† Up to 31st December 1887. From 1st January 1888 extra percentage system.
Haliyal taluka and Supa Petha	...	1 8¶	1 12	1 12								
Kolaba	...	1 12**										

(c) In Navapur Peta, Akrani Parguna, and the villages situate within Mehwas limits in Taloda taluka and in the Dangs and Mehwas States. (d) In the rest of the district.

T. D. MACKENZIE,
Acting Chief Secretary to Government.

No. 20 (Revenue), dated 7th January 1890.

From—C. A. Galton, Esq., Secretary to the Government of Madras, Revenue Dept.,

To—The Secretary to the Government of India, Department of Finance and Commerce

No. 19, dated 7th January 1890.

Adverting to your letter, dated 9th July 1889, No. 3506, I am directed to f copy of the marginally-noted Proceeding Government, from which it will be seen Excellency the Governor in Council is of opinion that the increase in consumption recent years is not due to any encouragement given to drinking but to the growth o tion, the prosperity of the poorer classes, due to a succession of favourable seasons, an success of the measures adopted to put down illicit traffic.

Extract from the Proceedings of the Government of Madras, Revenue Department,—No. 19 (Revenue), dated 7th January 1890.

Read again the following—

G. O., dated 26th July 1889, No. 4692 (Mis. Revenue).

Read the following letter—

No. 3506, dated 9th July 1889.

From—E. J. Sinkinson, Esq., Offg. Secy. to the Govt. of India, Dept. of Finance and Commerce,

To—The Secretary to the Government of Madras, Revenue Department.

In continuation of my letter No. 3392, dated the 3rd July 1889, I am directed to forward copies of the report of the debate in the House of Commons on the subject of Excise administration in India, and to request that you will submit, for the consideration of the Government of India, any remarks which His Excellency the Governor in Council may desire to make on the statements made and figures quoted in the debate, so far as they relate to Madras.

2. I am also to ask that a table, showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India in force each year since 1860, may be prepared and forwarded with your reply.

No. 4692 (Mis. Revenue), dated 26th July 1889.

Order thereon by the Government of Madras.

Referred to the Board of Revenue for early remarks.

2. The statement asked for by the Government of India in paragraph 2 of the letter should also be furnished.

Read also the following—

Proceedings of the Board of Revenue (Separate Revenue), dated 20th September 1889, No. 341:—

Read—

Endorsement of the Secretary of Government, Revenue Department, dated 26th July 1889, No. 4692, on letter from the Government of India, No. 3506, dated 9th July 1889, forwarding, with remarks, copies of the report of the debate in the House of Commons on the subject of the Excise administration of the Government of India.

Resolution.—As desired in paragraph 2 of the order above read, the Board beg to submit two statements giving, so far as the information is available in their office, the particulars called for by the Government of India as to the rates of duty on spirits and the selling prices of opium sold to licensed dealers in each year since 1860.

2. In regard to the rates of duty on spirits, it is necessary to explain that the excise system was not introduced into the districts named in the margin until the years shown against them, so that the rates of duty cannot in these cases be stated for earlier years; that in South Arcot up to 1888-89, and in other excise districts (except Madras) up to 1884-85, the rates of duty shown in the statement include the payments made to Government for the monopolies of the manufacture and sale of spirits which cannot be separated, so that the rates of duty may alone be shown; and that in the case of the Madras District the rates of duty shown in the statement include up to 1884-85 inclusive the license fees of the shops.

Kistna—1886-87.
Kurnool (a part of the district only for the second time)—1885-86.
South Canara—1887-88.
Malabar (except the Wynaad)—1885-86.

3. Under these circumstances, the statement is quite misleading, in that it represents a

general reduction of duty to have taken place in South Arcot in 1888-89, in Madras in 1885-86, and in the other districts in 1884-85. The apparent reduction was due in all these cases to a radical change of system, whereby (1) in most instances the grant of the monopoly of the manufacture and supply of spirits was first separated from the grant of the privilege of sale and was then abandoned; and (2) in all cases the privilege of sale (subject of course to the payment of duty) was separately leased out. Before the change, the rates of duty shown in the statement represented the whole incidence of taxation per gallon of spirits. After the change, the taxation on spirits consisted of two parts—first, the duty directly charged at the time of the issue of the spirits from the distilleries, and secondly, the duty indirectly levied by the leasing out of the privilege of sale. The effect of this double method of taxation has been greatly to enhance during recent years the sum realised by the State per gallon of spirits sold, as will be seen from the following statement, in which both the direct and the indirect duty are shown together under the head of incidence of taxation:—

Incidence of taxation per gallon of spirits of 30° under-proof.

Districts.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90 (estimate).
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
Ganjam	1 12 0	2 6 6	2 10 11	2 9 0	2 4 4	2 5 11	2 6 11
Vizagapatam	1 12 0	2 10 1	2 10 7	1 15 2	2 0 0	2 2 5	2 4 0
Godavari				Rented.			
Kistna		Rented.		1 8 1	1 9 7	2 6 10	2 6 6
Nellore	1 12 0	2 12 0	2 15 8	2 9 4	3 2 11	3 0 0	3 6 9
Cuddapah	2 4 0	3 12 10	4 5 2	3 8 3	3 8 1	3 7 7	3 12 5
Anantapur	2 0 0	2 15 5	3 6 4	2 9 6	2 13 11	2 15 10	3 8 9
Bellary	2 0 0	3 4 9	3 10 4	2 14 7	2 12 3	3 0 10	3 4 7
Do. Cantonment	2 13 0	3 5 8	3 10 1	2 14 2	3 14 3	3 8 1	3 12 6
Kurnool portion		Rented.	2 2 2	2 9 10	2 12 10	3 10 3	3 6 5
Madras { One kind of spirit	3 3 10	3 4 1	3 15 9	4 2 8	3 11 1	4 0 9	4 8 0
Madras { 2nd do. do.	3 9 0	3 9 0	4 6 8	5 13 9	4 7 5	...	...
Chingleput	2 5 0	2 14 3	3 0 1	4 4 10	3 6 2	3 9 7	3 11 2
North Arcot	2 4 0	3 4 7	3 6 9	3 15 2	3 7 6	3 8 3	3 13 6
South Arcot	2 0 0	2 0 0	2 0 0	1 15 5	2 2 11	2 10 2	2 11 5
Tanjore	2 0 0	2 13 10	3 8 1	2 15 11	2 11 4	2 8 9	2 15 3
Trichinopoly	2 0 0	2 13 7	3 5 7	3 3 11	2 13 9	2 15 7	3 5 0
Madura	1 8 0	2 9 8	2 12 3	3 12 10	3 1 11	3 1 1	3 10 11
Tinnevelly	1 8 0	2 10 11	3 4 1	3 11 5	3 8 6	2 13 9	3 6 11
Coimbatore	2 0 0	4 12 0	4 13 9	3 6 10	3 5 3	3 1 7	3 8 7
Nilgiris	2 13 0	4 6 6	4 8 6	4 1 4	3 14 3	4 2 6	4 4 10
Salem	2 4 0	3 13 0	4 8 9	3 10 2	3 3 7	3 8 7	3 15 8
South Canara		Rented (combined arrack and toddy).			1 13 8	0 14 4	2 4 0
Malabar	2 13 0	2 5 2	2 3 11	1 14 10	2 5 3	2 2 0	2 0 5

4. In regard to the debate in the House of Commons on the 30th April last, copy of a report of which has been forwarded for their remarks, the Board have little to say. Most of the criticisms directed at what the speakers called the excise system of the Government of India are applicable to two or three only out of perhaps fifteen or twenty excise systems in force in different parts of India. Only one of those two or three systems is in force in this Presidency at all, and that is moribund here, being in course of being superseded by other methods in pursuance of the policy which has guided the Abkari administration here for nearly twenty years as rapidly as the necessary steps to this end can be taken. As far as that system is here in force, it is free from the objectionable features on which the speakers in the recent debate commented.

5. The Board do not understand what is meant by the statement at page 3 of the report that contractors pay for the outstills certain fixed sums and contract with the Government to pay lump sums for the use of the outstills. This seems to indicate that the speaker believed an outstill to be a kind of implement or machine, the property of Government. But there may be some error in the report.

6. It is not the case that there is here a steadily increasing manufacture of beer strong in alcohol on which no duty is paid (page 7 of the report). The manufacture of beer is increasing, but it is not allowed to contain more than 8 per cent. of alcohol (about the proportion in Bass'Ale), and analyses are frequently made to ensure the observance of this condition. Duty is, and for years past has been, charged on beer made in this Presidency and sold to the public at the same rate (1 anna per gallon) as on imported beer.

7. In this Presidency we do not force people to find sites for shops, nor do we fix maximum prices. We gave that up long ago. When we do interfere with prices, it is to fix minimum prices.

8. It must be extremely difficult for persons in England, who desire to criticise the Indian Abkari administration, to obtain an accurate knowledge of the details of the different

abkari systems and to understand their varying effects both on the revenue and on the moral and material condition of the people; and the Board can make allowances for persons who fail in this difficult task. But it seems to them quite inexcusable that persons who take on themselves to instruct the Government of India and its servants in the performance of their duties should fail to acquaint themselves with the physical facts of the case, which the officers of the department, however anxious to earn promotion by increasing the revenue, neither created nor can modify or abolish. Mr. McLaren (page 15) is evidently ignorant of the facts that, unless particular care is taken to prevent fermentation beginning, toddy ferments almost as soon as drawn; that toddy is mostly sold in a state of fermentation; and that fully fermented toddy has been frequently proved to contain more than 10 per cent. of proof spirit, that is, that it is of the strength of strong beer. Toddy is so cheap—often less than an anna a gallon—that it is believed by many to be the cause of more drunkenness than arrack. But this is a point on which further information is required and on which it is possible that no dictum of universal application can be laid down.

9. The figures on which Mr. Caine bases his arguments at page 8 of the report appear to have been derived from authentic sources. But their application by Mr. Caine shows that he has not fully apprehended the facts. He has omitted to notice that the figures apply to different areas and populations. The statistics of consumption in rented districts are so untrustworthy that the Board make it a rule never to base arguments upon them. Omitting them, the actual facts as to the consumption of recent years are shown in the subjoined statement:—

Statement showing the area, population and consumption of spirits reduced to proof strength in the excise tracts of the several districts of the Madras Presidency for seven years ending 1888-89.

DISTRICTS.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.
Ganjam	39,004	41,835	35,316	27,020	24,579	24,170	24,044
Vizagapatam	11,699	11,226	9,941	9,590	(a) 26,479	29,133	(b) 36,323
Kistna	...	...	...		(c) 71,855	112,059	115,548
Nellore	37,638	38,859	35,276	30,948	39,813	42,106	39,240
Cuddapah	51,623	50,205	45,086	38,189	43,614	46,703	47,541
Anantapur	27,474	26,141	23,726	19,679	25,928	32,380	32,837
Bellary	68,270	73,637	67,920	54,225	60,240	73,475	70,144
Kurnool	...	...	...	(d) 35,437	41,222	38,798	28,022
Madras	125,622	125,783	127,474	108,977	99,400	(e) 140,673	(f) 152,048
Chingleput	40,183	39,718	45,087	47,904	41,123	(e) 57,238	(f) 35,237
North Arcot	73,560	76,647	84,778	83,202	86,368	91,157	91,323
South Arcot	47,571	55,514	70,769	63,354	74,981	80,670	(g) 95,740
Tanjore	27 781	33,875	34,142	24,218	28,669	(h) 37,045	39,100
Trichinopoly	34,164	36,312	37,677	26,623	29,067	(h) 32,157	35,282
Madura	40,924	46,7 1	48,255	41,876	39,096	42,477	48,225
Tinnevelly	31,065	36,462	35,115	26,346	21,700	21,718	26,566
Coimbatore	48,126	47,594	40,232	35,391	38,354	38,183	46,148
Nilgiris	40,515	40,217	35,545	27,752	28,908	36,212	31,918
Salem	46,115	53,000	48,377	36,664	41,570	54,171	52,236
South Canara	...	...	...	...	..	(j) 10,285	(k) 16,827
Malabar	8,001	9,198	9,257	(i) 21,751	27,055	24,197	30,458
TOTAL	799,335	842,964	833,973	759,146	890,021	1,065,007	1,094,807
Area, Sq. miles	93,973	93,973	93,973	99,385	104,221	104,285	106,841
Population	21,679,722	21,679,722	21,679,722	22,331,954	23,125,133	23,185,133	24,374,182

(a) Increase due to change of law enabling department to prevent smuggling from neighbouring rented tracts.
(b) An additional area of 2,000 square miles and an additional population of a million supplied.
(c) For nine months. District formerly rented.
(d) District formerly rented.
(e) Increased consumption owing to strike among toddy-drawers.
(f) A large area and population transferred from Chingleput to Madras.
(g) New system adopted on French frontier.
(h) Preventive arrangements on the Pudukota frontier improved.
(i) Five large towns with a population of 168,000 newly brought under the excise system.
(j) Mangalore town and suburbs with a population of 60,000 newly brought under the excise system.
(k) Mangalore taluk (exclusive of Mangalore town) with a population of 189,049 and an area of 556 square miles added

10. Pages might be written as to the causes of the fluctuations in consumption shown in the above statement. But this is not necessary. It is sufficient to state that the consumption of the tracts which have been under the excise system continuously during the period treated of has been as stated in the margin. These tracts must be considered by themselves if the comparison is to be a fair one, and if a just judgment is to be formed as to the efficiency of present arrangements for the

Years.	Consumption of spirits, proof gallons.
1882-83	799,335
1883-84	842,964
1884-85	833,973
1885-86	710,425
1886-87	759,107
1887-88	889,102
1888-89	913,360

double object of reducing the consumption and of increasing the revenue. The increase in the consumption of spirits was thus about 15·4 per cent., or ·005 of a gallon per head of the population in the period of six years. In 1882-83, however, the country was still far from having recovered from the effects of the great famine of 1876—78. The interval between 1882 and 1889 was one of general prosperity, during which the population probably increased by fully 5 per cent. The increase in the consumption of spirits does not, therefore, appear to the Board to indicate any increase of intemperance or to warrant the conclusion that the abkari system was in any way open to blame. On the contrary, the system is such that, as soon as the rise of consumption in the early part of 1888-89 showed that the increase of 1887-88 was not ephemeral, the Government was at once able to increase the rates of duty charged in the current year to the extent shown in the last column of the enclosed statement of rates of duty.

11. But it is unnecessary to lengthen these remarks or to take up the time of Government with the correction of the many errors as to facts and motives, as well as to principles, into which several of the speakers in the recent debate were betrayed by want of knowledge of the subject It will suffice for the Board to say that they are in possession of two letters from Mr. Caine to their Secretary, in one of which (dated December 5th, 1888) he says, "I am quite convinced that the methods pursued in Madras Presidency are better than those in any other province of British India, judging by results at any rate," while in the other (of the 19th of the same month) he writes, "I have always considered the Abkári Department of Madras the best administered in all India."

APPENDIX.

Statement showing the rates of excise duty on country spirits at 30° under-proof in the Madras Presidency.

Districts.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.	1889-90.
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
1. Ganjam	1 0 10	1 6 9	1 6 9	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 4 0	1 4 0	1 6 0	1 6 0	1 5 0	1 5 0
2. Vizagapatam	1 0 10	1 8 6	1 8 6	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 2 0	1 2 0	1 4 0	1 6 0	1 5 0	1 5 0
3. Godavari	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
4. Kistna	...	...	1 8 6	1 8 6	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 4 0	1 4 0	0 12 0*	0 12 0*	1 5 0*	1 5 0*
5. Nellore	...	...	...	...	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	1 6 3	1 6 3	1 5 4	1 13 6	1 12 0	1 12 0
6. Cuddapah	...	...	...	...	...	...	...	...	...	...	1 6 3	1 6 3	1 12 0	1 12 0	2 3 0	2 3 0
7. Anantapur	(Figures included in Bellary as both formed one district till 1881-82).										2 0 3	2 0 3	2 3 0	2 12 0	2 3 0	2 3 0
8. Bellary { Cantonment		2 12 0	2 12 0	2 12 0	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	1 8 3	1 8 3	1 12 0	1 12 0	1 12 0	1 12 0
8. Bellary { District		...	...	...	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	1 6 0	1 6 0	1 5 0	1 5 0	1 5 0	1 5 0
9. Kurnool	...	2 14 0	3 2 0	3 2 0	3 3 0	3 3 0	3 3 0	3 3 0	3 3 10	3 3 10	3 2 6	3 2 6	...	...	...	...
10. Madras { Pattai	3 6 7	3 6 7	3 7 10	3 4 10	3 5 0	3 5 0	3 5 0	3 7 0	3 7 0	3 9 0	3 9 0	3 9 0	2 12 0	2 12 0	2 12 0	2 12 0
10. Madras { Colombo	2 0 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	2 5 0	2 5 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0
11. Chingleput	1 12 0	2 4 9	2 4 9	2 4 9	2 6 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0
12. North Arcot	1 12 0	1 12 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	1 7 5	1 7 5	1 12 0	1 12 0	2 0 0	2 0 0
13. South Arcot	...	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	1 6 0	1 6 0	2 3 0	2 3 0	2 3 0	2 3 0
14. Tanjore	...	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 12 0	1 7 0	1 7 0	1 12 0	1 12 0	1 12 0	1 12 0
15. Trichinopoly { Towns	...	...	...	...	...	...	...	...	...	...	1 8 1	1 8 1	1 12 0	1 12 0	1 12 0	1 12 0
15. Trichinopoly { Districts	...	...	...	...	1 8 0	1 8 0	1 8 0	1 8 0	1 8 0	1 8 0	1 8 3	1 8 3	1 12 0	1 12 0	1 12 0	1 12 0
16. Madura	...	...	1 12 0	2 12 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 0 0	2 6 6	2 6 6	2 3 0	2 12 0	2 10 0	2 10 0
17. Tinnevelly	...	1 12 0	1 12 0	2 12 0	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	1 4 6	1 4 6	1 12 0	1 12 0	1 12 0	1 12 0
18. Coimbatore	...	2 12 0	2 12 0	2 12 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	2 4 0	...	...	1 0 0	1 0 0	1 0 0	1 0 0
19. Nilgiris	...	1 12 0	2 3 0	2 3 0	2 4 0	2 4 0	2 4 0	2 4 0	...	...	...	1 4 0	0 11 0	0 8 0	0 8 0	0 12 0
20. Salem	...	...	...	...	...	...	...	...	...	...	1 15 0	1 15 0	2 3 0	2 12 10	2 10 0	3 1 0
21. South Canara	...	...	...	...	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	2 13 0	1 15 0	1 15 0				
22. Malabar { Towns	...	...	...	...												
22. Malabar { Wynaad taluk.																

* In the upland taluks and Masulipatam Town.
† With the exception of Cumbum and Markapur taluks, which always continued under the rented system.
‡ Up to 1885-86, Madras Town Abkari was under amani management under the dowle system.

APPENDIX.

Statement showing the selling prices of Opium per Tola (180 grains) sold to licensed dealers for consumption in the Madras Presidency.

District.	1886-87.	1887-88.	1888-89.
	R a. p.	R a. p.	R a. p.
1. Ganjam	0 2 8 to 0 3 9	0 3 2 to 0 4 8	* ...
2. Vizagapatam	0 3 4 to 0 3 9	0 3 9 to 0 4 6	0 4 2 to 0 4 7
3. Godavari	0 3 7 to 0 4 7	0 4 0 to 0 4 3	0 4 1 to 0 4 11
4. Kistna	0 3 3 to 0 4 0	* ...	0 3 10 to 0 4 6
5. Nellore	0 4 1 to 0 6 8	0 4 1 to 0 8 10	0 4 5 to 0 6 0
6. Cuddapah	0 3 8 to 0 4 9	0 4 0 to 0 6 0	0 4 2 to 0 5 4
7. Anantapur	0 4 6 to 0 4 8	0 4 0 to 0 5 1	0 4 3 to 0 10 3
8. Bellary	0 3 9 to 0 4 6	0 2 7 to 0 5 1	0 2 1 to 0 6 0
9. Kurnool	0 3 10 to 0 4 4	0 4 3 to 0 10 8	0 4 3 to 0 5 4
10. Madras	0 3 11	* ...	0 3 11 to 0 4 11
11. Chingleput	* ...	0 4 0	0 4 4
12. North Arcot	0 3 9 to 0 4 0	0 3 7 to 0 4 0	0 4 0 to 0 5 0
13. South Arcot	* ...	0 4 6 to 0 6 0	0 4 0 to 0 7 6
14. Tanjore	0 3 10 to 0 6 0	0 4 4 to 0 6 0	0 4 0 to 0 5 4
15. Trichinopoly	* ...	0 4 8 to 0 5 0	0 4 4 to 0 6 0
16. Madura	0 4 0 to 0 4 2	0 4 6	0 4 8
17. Tinnevelly	0 4 0 to 0 4 6	...	...
18. Coimbatore	0 3 11 to 0 6 2	0 4 0 to 0 5 4	0 4 3 to 0 10 0
19. Nilgiris	0 3 4 to 0 4 1	0 3 11 to 0 6 0	0 4 0 to 0 5 4
20. Salem	0 4 0 to 0 8 0	0 3 4 to 0 4 1	0 4 6
21. South Canara	0 6 0 to 0 6 2	0 4 0 to 0 10 0	...
22. Malabar	0 3 0 to 0 8 0	0 3 5 to 0 7 3	0 4 8 to 0 7 0
		0 4 0 to 0 8 0	0 4 8 to 0 11 8
			0 3 0 to 0 7 0

* Not furnished by Collector and called for.

N. B.—(1) These rates represent the prices realized by the wholesale importer from the licensed vend farmer. The Board have no information of the rates of purchase by the importer.

(2) Information is not available for the years anterior to 1886-87.

Read also—

No. 6225, dated 9th December 1889.

From—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE,

To—The Secretary to the Government of Madras.

Abstract.—Requesting an early reply to the communication inviting remarks on the recent debate in the House of Commons on the excise policy of the Government of India.

Read also—

Telegram, dated 30th December 1889.

From—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE,

To—The Secretary to the Government of Madras.

Abstract.—Inquiring when reply to letter from the Government of India, forwarding, for remarks, copies of the debate of House of Commons on the Excise administration of India, is expected.

Order thereon by the Government of Madras.

With the proceedings read above, the Board of Revenue submits the tabular statements, showing the rates of duty on spirits and the selling prices of opium for a series of years, called for by the Government of India in its letter, dated 9th July 1889, No. 3506, together with remarks on the statements made and figures quoted in the debate in the House of Commons, referred to in the Government of India letter, so far as these statements and figures relate to this Presidency.

2. In regard to the rates of duty on spirits, the Board has taken for the first year of the series 1874-75, which was the last year of the operation of what has been termed the "experimental excise system," which originated in the district of Ganjam in 1869 and was extended to four other districts (Vizagapatam, Chingleput. North Arcot, and South Arcot) in 1872-73. The second year of the series marks the beginning of what may be termed the "second or improved excise system" which was introduced in nearly half the Presidency, and which differed from the previous system in that it fixed the duty in the different districts with reference to the actual selling prices therein instead of arbitrarily as under the first system, as also the maximum and minimum selling prices; and required the contractors to guarantee a minimum revenue determined by competitive tenders. Under both these systems, the contractor had the monopoly both of manufacture and of sale and paid to Government on account of both these privileges a duty on each gallon of spirit issued from his distillery. It is this duty that is entered in the statement up to the year 1883-84.

3. The apparent decrease in the duty after this year was due to the important change introduced in 1884, on the recommendation of the Abkari Committee, of separating the privileges of manufacture and sale, and collecting the revenue, partly, as before, in the shape of a duty on each gallon of spirit issued from the distilleries, and partly in the shape of rent derived by leasing out, in open auction, the privilege of sale. In the period subsequent to the introduction of this system, the duty shown in the statement represents only the still-head duty. For purposes of comparison, however, the Board has given, in paragraph 3 of its Proceedings, a statement, showing the total incidence of taxation obtained by adding together the still-head duty and the incidence of the vend rents on each gallon at 30° under-proof. This statement shows that the total duty has increased considerably during recent years exceeding, in many places, the tariff rate (R3-8).

4. In regard to the increase in consumption observable in recent years, the Government entirely agrees with the Board in believing that it does not indicate any increase in intemperance. The Board is, however, mistaken in supposing that Mr. Caine has made a wrong use of his figures. All his figures, except those for two of the earlier years, seem to have been taken from Sir David Barbour's Financial Statement referred to by him, and agree (when reduced to London-proof strength) with the figures given in paragraph 10 of the Board's Proceedings; and his remarks about increase relate, therefore, only to those tracts which have continuously remained under the excise system from before the introduction of the new system in 1884-85. In these tracts the consumption in 1888-89 shows, as compared with that in 1883-84, the year previous to the new system, an increase of only 8·3 per cent. This increase is fully explained by the increase in population noticed by the Board and by the growing prosperity of the poorer classes during the last few years, due to a succession of very favourable agricultural seasons. To these causes may also be added the gradually increasing success attending the measures adopted to suppress illicit practices.

5. As observed by the Board, every increase in consumption, which is not due to transient causes, is at once met by increasing the duty. This was done pretty generally throughout the excise tracts at the beginning of this year, and a proposal to further enhance the duty from the beginning of the next year is now under the consideration of Government.

6. How far Mr. Caine's statement in regard to "beer" is correct is pointed out in paragraph 6 of the Board's Proceedings. His statement that no duty is paid on beer is true in regard to the issues to the Government Commissariat Department, which form the bulk of the manufacture.* These issues are exempted from excise duty just as Government imports are exempted from customs duties.

—	Beer.			
	Issued to the Commissariat Department.	Issued to the public.	Total.	Percentages of column 2 on column 4.
1	2	3	4	5
	Gals.	Gals.	Gals.	
*1885-86 .	321,382	46,739	368,121	87·3
1886-87 .	499,000	35,787	534,787	93·3
1887-88 .	460,796	51,568	512,364	89·9
1888-89 .	418,114	128,845	546,959	76·6
Total .	1,699,292	262,939	1,962,231	86·6

7. Mr. M'Laren's challenge that if Government wish to be believed that they are actuated by a desire to promote temperance, they might give proof of it by exempting "toddy" from taxation shows, as pointed out by the Board, that his information on this subject is very incomplete.

8. On the whole, the Government is satisfied that an intimate acquaintance with the Abkari administration as it is now conducted in this Presidency will convince any impartial critic who has not an opposite theory to maintain, that, as far as this Presidency is concerned, everything is being done which it is possible for a Government to do; and this would seem to have been the conviction of Mr. Caine himself judging from what he is reported to have stated in his letters to the Board's Secretary.

9. In regard to the prices charged to the licensed vendors of opium by the importers, it is reported that information is not available for the years anterior to 1886-87.

10. Ordered that the following letter be despatched :—

[Letter No. 20, dated 7th January 1890—see page 40.]

[No. 6904—343, dated 23rd November 1889.

From—L. K. Laurie, Esq., C.S., Offg. Secretary to the Chief Commissioner, Central Provinces,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of Mr. Sinkinson's letter, No. 3506 dated the 9th July last, forwarding copies of the report of the Debate in the House of Commons on the subject of Excise administration in India, and asking for the submission of any remarks which the Chief Commissioner may desire to make on the statements made and figures quoted in the Debate, so far as they relate to the Central Provinces.

2. As the figures quoted in the Debate do not bear upon the Excise revenue of these Provinces, it is unnecessary to refer to them. With regard to the general statements made on the subject of Excise administration in India, they may be briefly summed up as follows. That there has been an increase of drunkenness under British administration; that the native population look on drinking as a vice; that a native if he drinks at all drinks *to get drunk*; that the increase of drinking is due to the cheapening of drink and the multiplication of facilities for drinking; and that the unchecked extension of the outstill system and the increase of shops without regard to any standard of number, for purposes of revenue only and in disregard of orders, are the causes which have produced these evil results. It is further alleged that a system prevails of making licensees undertake to pay license duty upon a given amount of liquor, which makes them force their sales; and that a system of local option ought to be introduced in connection with the establishment of shops.

3. I am in the first place to observe that the allegations which are embodied in the foregoing indictment preferred against the Excise administration have been the subject of special enquiry and report during the last few years : and that there is really nothing new in them to answer. I am to invite a reference to the letters noted on the margin, to which the Chief Commissioner can add but little.

No. 5316—279 of the 18th November 1886.
No. C. 50 of the 24th September 1888.
No. 1668—77 of the 15th March 1889.
No. 3572—186 of the 13th June 1889.

4. As regards the charge that there has been an increase of drunkenness under British administration, I am to point out that there are no exact statistics available of the number of drinkers, or of drinking castes in India The charge is based mainly upon general inference from the growth of the Excise revenue, and upon the evidence of certain witnesses quoted by the Honourable Member for Flintshire, who speak only of facts observed by them in Behar and the tea districts (where it is, the Chief Commissioner understands, admitted that there had been an undue extension of the outstill system), and among the educated classes of Lower Bengal who have, there can be no doubt, very largely adopted the pernicious habit of consuming European liquors. There is no ground for admitting the accuracy of the statement if applied to the Central Provinces and the general body of the population there. In paragraph 4 of this Administration's letter No. 5316—279, dated the 18th November 1886, it was explained that the system of freely farming to the highest bidder the right to license outstills and establish shops at pleasure, was in force under Native rule down to the time when the Central Provinces were formed: but in consequence of representations made to the Local Government that it did not operate as a restriction on intemperance, it was abolished twenty years ago. In other words, so far as these Provinces are concerned, the British Administration found the worst form of outstill farming in existence, and temptations to intemperance prevalent, and substituted a stricter system with a view to limit the facilities for drinking and diminishing drunkenness. These are facts which are not to be disputed : and the probability that the substitution of restrictive measures for what was practically absolute license has resulted in a diminution of intemperance, is strong enough, the Chief Commissioner thinks, to outweigh any general statement that intemperance has increased in these Provinces since 1860. As pointed out, however, by the Commissioner of Excise (a copy of whose remarks upon the matter at issue is appended), no such general statement has been formulated by public opinion in these Provinces : while the consensus of official experience is opposed to such a view.

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If attention is turned to the state of things in those Feudatory States and Zamindaris which are most behindhand in adopting British forms of administration, and which in this and other matters most closely reproduce the state of things which generally prevailed before these Provinces passed from under Native rule, it will be found that while the Chiefs and Zamindars were left to themselves distillation was practically unchecked and there was no limitation upon the number of shops. The Chief Commissioner has taken advantage of the re-settlement to insist upon the adoption by the Chanda and other Zamindars of limitations upon the manufacture and sale of spirits; and has from time to time impressed upon the Feudatory Chiefs the desirability of imposing checks such as prevail in British territory upon the consumption of spirits and drugs. Considerable improvement has already been effected, especially in the States which have come under direct management.

5. The statement that the "native population" look on drinking as a vice is a loose way of saying that *certain classes of* the native population take this view: for it can hardly be questioned that among the aboriginal races, the people of low castes, daily labourers, and the agriculturists of some malarious neighbourhoods, the consumption of spirits is viewed with as much cheerful indulgence as is accorded to the consumption of beer by the mass of the English people. In these Provinces, too, the classes who regard drinking as a vice, *viz.*, Hindus of certain of the higher castes and the stricter sects of Mahomedans, form—as was pointed out in paragraph 5 of this Administration's letter above quoted—but a small portion of the total population. "We have here" (to quote the same paragraph) "in a country, much of which is wild and hilly and covered with long stretches of forest, a large aboriginal population, and, in certain parts, large numbers of persons of the lowest castes who, with their forefathers, have always been accustomed to the use of liquor made from the dower of the mohwa tree. It may be added that in the malarious tracts which abound in the Central Provinces it is quite possible that the moderate consumption of a weak spirit such as that ordinarily consumed in these Provinces has its beneficial effect in protecting the people from chills and fever."

6. Whatever may be the case elsewhere, it is quite incorrect to say that a native of these Provinces who is in the habit of consuming country liquor "drinks only to get drunk." As was noticed in paragraph 17 of this Administration's letter No. C. 50, dated the 24th September 1888, the extreme weakness of the spirit which is manufactured from mohwa by the kallars of these parts is a fairly effective check upon excess. Spirituous liquor, which is from 70° to 80° below London proof, must be consumed in inordinate quantities before intoxication supervenes: and except on festal occasions the kallar's customer is content with his glass. In fact, the only class of natives of these Provinces in respect of whom the accusation that drink is taken for the purpose of getting drunk is not a libel is, in the Chief Commissioner's opinion, the numerically small, but more influential, section who have so far adopted European manners as to have cultivated a taste for English spirits. Generally throughout India it is the growth of intemperance in this class that has given rise to the complaints of native reformers like Keshub Chunder Sen, and has served to give point to the charge that drinking habits are extended in India under British administration.

7. Passing now to the statement that the extension of the outstill system and the multiplication of shops have cheapened drink and increased the habit of drinking, it is unnecessary to say much in refutation of the charge. An indication has already been afforded of what the state of things was under Native rule, and how the British Government found it necessary to check intemperance by restricting the outstill system. The history of what was done in the way of replacing the obnoxious free farming system by more regulated methods has been given in this Administration's letter No. C. 50 of the 24th September 1888. Although we have no exact record of the selling prices of country spirits at the time when these Provinces were formed, there can be no reasonable doubt that the effect of the steps then taken was to make drink dearer, not cheaper. It has indeed ere now been strongly urged by local experts that spirits have been made *too dear*, and that the people are unduly deprived of the simple stimulant which their forefathers had always been wont to enjoy. The fact that of late years the number of outstills has (for preventive reasons) been increased must be considered along with the fact that the number of *shops* has been diminished. In short, the Chief Commissioner considers it beyond question that the increase in the Excise Revenue of the Central Provinces is due to the higher prices paid for the right to make and sell liquor, and not to any extension of drinking facilities. When the upset prices fixed by the Administration are not reached at auction, as a general rule the shops are closed.

The allegation that the number of liquor shops is subject to capricious variation and has been unduly multiplied is not (so far as these Provinces are concerned) at all in accordance with the truth. As was stated in paragraph 2 of this Administration's letter No. 1668—77, dated the 15th March last, almost all the liquor shops in these Provinces have been established for

many years: and new ones are, as a rule, only opened upon a representation made to the Deputy Commissioner that there is a local demand for a shop. The standing orders in the Excise Manual are that "no more shops should be licensed than are necessary to meet the legitimate requirements of the liquor-consuming classes" (*vide* paragraph 15 of this Administration's letter No. C. 50 of the 24th September 1888). As a matter of fact, the number of shops now open (7,604) differs little from the number open eighteen years ago (7,361) and is considerably below the total of the year 1882 (*vide* the statistics appended to my letter No. 3572—186, dated the 13th June last). The increase is far below what might have been expected, looking to the increase of the population and the wealth which the trade in wheat and cotton has poured into the province. The same statement is true of the number of *Opium* shops, which was 990 in 1872 and is 990 now. The question—referred to by the Excise Commissioner—as to whether we might not be justified in closing all *Madak*—as distinct from *Opium*—shops, is now engaging the Chief Commissioner's attention, the opinions of all Commissioners and Deputy Commissioners upon the subject having been called for. Mr. Mackenzie is personally inclined to agree with Mr. Priest that it would be a useful reform to close absolutely these *Madak* dens.

8. The system of making licensees undertake to pay license duty upon a given amount of liquor is not in force in these Provinces.

9. With regard to the feasibility of introducing into the Central Provinces the system of "local option," it is unnecessary, I am to say, to add anything to the report made on this subject in my letter No. 1668—77 of the 15th March last. The instructions contained in the Circular appended to the Excise Commissioner's letter seem to the Chief Commissioner to go as far as possible in the required direction. Among the aboriginal tribes of the Central Provinces drink is part of their religion and figures in all their simple ceremonials. To place these untutored people at the mercy of Brahmin voters in the matter of the use of liquor would practically be tantamount to a violation of the Queen's proclamation.

10. Generally, the Chief Commissioner would submit that the agitation against the Excise system in this country appears to be conducted and stimulated by persons holding extreme views who look upon the consumption of alcohol in any form and in any quantity as pernicious. Their real object is not so much to bring the system under reasonable regulation, as to stop the consumption of liquor altogether. The advocates in India of the general superiority of the sudder distillery system have never gone quite so far as this. They were content to propose to make the consumption of spirits a luxury, by making them so dear that only the well-to-do classes could afford to purchase. Criticising a suggestion of this character, Lord Lawrence's Government in 1864 wrote thus:—"Here is an avowal in the plainest and most unmistakable language that the object is *to deprive the poorer classes* of liquor, by so taxing it that it will only be available to the well-to-do people. This, in the opinion of His Excellency in Council, is a great injustice to the people." The Chief Commissioner entirely concurs in this view, and thinks that a vast amount of nonsense is talked and written at the present day in regard to the necessity and propriety of making liquor dear in India. It is not of course desirable to stimulate the sale of liquor by making it unduly cheap. In a way it ought always to be regarded as a luxury, but it must be remembered that it is and ought to be left a poor man's luxury. Dr. Townsend, who was for years Sanitary Commissioner in these Provinces, once wrote:—"The use of alcoholic liquor to excess is not a vice common among the mass of the people, and there appears to be no call for measures of repression to prevent it from spreading. The classes that consume liquor are poorly fed and subject to much exposure to weather; and there can be little doubt that under such circumstances a moderate use of alcoholic liquor is beneficial to health. The agricultural labourer would suffer more in health if, by the enhancement of the price, or from any other difficulties caused by the working of the Abkari rules, he were daily deprived of a moderate amount of liquor after his day's exposure in the rice-field, than if easy access to liquor permitted him occasionally to indulge in drinking to excess." The Chief Commissioner believes, indeed, that drunkenness is by no means co-extensive with habits of drinking. The people of Italy, Spain, and Southern France are, it has often been pointed out, proverbially temperate. The lower classes of India, both Hindu and Mahomedan, drink far more commonly than observers who know only the habits of the higher castes suppose; but it would be a gross libel on a hard-working and law-abiding people to say that they are anything but a sober race. In these Provinces there is a considerable amount of evidence to prove that the effect of unduly limiting the supply of mohwa spirit always tends to drive the people to drugs—which are cheaper, more portable, more fascinating, and far more deleterious in their effects. The true policy of Government should be to discourage the consumption of drugs by making them dear and difficult to procure; to secure to the people an adequate supply of wholesome country spirit at a

From Foreign Department, to Chief Commissioner, Central Provinces, No. 209, dated the 6th August 1864.

fair, but not prohibitive, price; and to limit the number of shops to the real wants of each locality, avoiding thereby the stimulation of drinking which is likely to ensue if an unwholesome competition urges dealers to attract custom artificially.

11. In conclusion, I am to say that the Table called for in paragraph 2 of Mr. Sinkinson's letter has been prepared as fully as the statistics available allow: and will be found appended to the Excise Commissioner's letter herewith forwarded.

No. 1720, dated 30th October 1889.

From—H. H. PRIEST, Esq., Officiating Commissioner of Excise, Central Provinces,

To—The Assistant Secretary to the Chief Commissioner, Central Provinces.

With reference to your endorsement No. 4505—222, dated the 25th July last, I have the honour to submit the statistics called for therein, and to make the following remarks on the statements made in the Debate, a report of which was forwarded with your letter. My reason for delay in replying to this reference was that I wished to gain some further practical experience of the working of the present Excise system in various parts of the Province than I had had the opportunity of acquiring when your letter first reached me.

2. The chief statements made in the Debate may be summarized as follows:—

(1) Drunkenness in India is steadily on the increase.

(2) This increase is chiefly, if not entirely, due to the Government Excise system, which encourages the opening of shops at places where there used to be none, and which stimulates consumption by lowering the price of spirits and binding contractors to pay license duty on a given quantity of spirits whether they can sell it or not.

(3) The outstill system of manufacture and sale is an unmixed evil and should be abolished.

(4) In opening shops and in Excise arrangements generally educated Native opinion is neglected or over-ridden.

(5) The remedy for the present defects in the Excise system consists in the introduction of the principle of local option.

My remarks on each of these statements shall be as brief as possible.

3. The subject of the supposed increase of intemperance in India, so far as it concerns these Provinces, and its assumed connection with the Government system of Excise, was dealt with in considerable detail by my predecessor in this office No. 2369, dated the 2nd October 1886, and again in his No. 1557, dated the 28th August 1888. To the statistics given in these letters and in Secretariat letter No. 50, dated the 24th September 1888, to the address of the Secretary, Government of India, Department of Finance and Commerce, I have little or nothing to add, but would make the following few observations on the general question.

In the first place, there has never, so far as I am aware, been any complaint either by non-official English residents or on the part of educated Natives regarding any alleged increase of drunkenness among the bulk of the population of these Provinces. This absence of all complaint might in itself suffice to show that there has been no such increase here as is alleged to have taken place in other parts of India, but this view is further supported by the evidence of all competent observers with whom I have had an opportunity of discussing the matter. I have recently taken some pains in collecting the opinions of officials who have served for many years in these Provinces, and they are all of opinion that habitual drunkenness among any large class of the people continues to be, as it has hitherto been, unknown. There is of course, especially among the wilder and more backward tribes, a good deal of drinking at festivities. And other social gatherings, but regular drinking to excess is uncommon, and cases of drunkenness in public are as rare now as they have been for years past. The opinion of Native gentlemen whom I have consulted tends to support this view, excepting in so far as they are nearly all agreed in thinking that the consumption of inferior European liquor by the higher and educated classes has certainly increased, and that it has had, and is having, injurious effects. A very intelligent and well-informed Native gentleman recently expressed to me his surprise that Government should be making such efforts to decrease the facilities for drinking in the case of the poorer classes, to whom the cheap and mild stimulant in which they indulge is generally a comparatively innocent pleasure and in some cases a necessity, while little or no restraint is placed on the consumption by the wealthier class of Natives of the much more deleterious cheap Brandies and Whiskies of European manufacture. This is a view which will, I think, commend itself to all who are acquainted with the facts of Native life. I do not think therefore that there is adequate or indeed any evidence that there has of late years been a perceptible increase in drunkenness among the bulk of the population of these Provinces, and

there has most certainly been no such increase as would call for any change in the existing Excise system on that ground alone.

4. As regards the statement that the Government system encourages the opening of shops at places where there used to be none, and stimulates the consumption by lowering the price of spirits and forcing sales at reduced rates, it may be said that the statement is not in accordance with the facts in these Provinces.

During the last five years I have had considerable experience of the Excise arrangements which exist in the more remote Feudatory States and Zamindaris of the Chhattisgarh Division, and can unhesitatingly say that the facilities for drinking and the consequent drunkenness is greater there than in any British district with which I am acquainted. In the wilder parts of these States there is no restriction whatever on the manufacture or sale of spirits. Each family regularly manufactures what it requires: the consumption of liquor at social gatherings is very large, and drunkenness is, among the lower castes, very general. A perusal of the correspondence regarding the introduction of a simple system of Excise among the Khonds of the Patna and Kalahandi States will suffice to confirm these statements. In other States and Zamindaris where more attention is paid to revenue, it is the custom either to lease each village in the State to a separate contractor or to lease the whole area or large portions of it to single contractors. In neither case are any restrictions placed either on the number or locality of stills or shops or on the quality or selling price of liquor. I have indeed never met with a single instance either of prohibition or restriction in any area under Native rule. It was an Excise system similar to that which I have thus briefly described which existed throughout these Provinces when they first came under British rule,—and how, under these circumstances, the people could then have been more sober than they now are, or how our system of rigidly restricted and high-priced monopolies can have encouraged drinking, it is difficult, in the absence of precise and detailed evidence, to understand or believe.

5. As a further proof that the number of shops or the facilities for drinking have not increased under British rule, I may mention that in 1861-62 the number of shops open for the sale of liquor of all kinds was 7,335; while in the present year, with an increase in population between the first census of 1866 and that of 1881 of 22·8 per cent, it only amounts to 7,504. As the number of shops has thus been nearly stationary, while the letting price of monopolies has, owing to the prevention of smuggling and increased competition, very largely increased, it is difficult to see how the price of liquor can have decreased, as was alleged in the course of the Debate now under reference. It may be added that the system of obliging contractors to pay duty on a larger quantity of liquor than they can be expected to sell, does not exist in these Provinces.

6. As regards the emphatic condemnation of the outstill system by the supporters of the Resolution passed by the House of Commons, I would refer to the remarks made in paragraphs 5 to 7 of the Chief Commissioner's Review of the Provincial Excise Report for 1888-89. As in most administrative matters, the question of the system to be adopted is not merely one of abstract ethical expediency, but also of practical efficacy. The general extension of the sadar distillery system to these Provinces has had a fair trial in past years and was found unsuited to local circumstances. It led to illicit distillation and gave great facilities for dishonesty. It has now been replaced by a system of sadar distilleries in thickly populated areas, with outstills in rural tracts. No other alternative, except that of the entire prohibition of the sale of liquor, has been suggested; and in default of such suggestion the present system must be given a fair trial. What is intended now is, to improve the present outstill system where it exists, by abolishing shops where there is no steady demand for liquor, by fixing adequate upset prices for all outstill circles, and by paying careful attention to public opinion in the matter of the number and location of shops. On all these points Circular orders have issued, and the matter is having very careful attention.

7. As regards the fourth point raised in Debate (*i. e.*, the alleged neglect of public opinion on the subject of the location of shops and regarding Excise arrangements generally), I may mention that this subject has been dealt with in a special letter by my predecessor (No. 394, dated the 4th March 1889). To the remarks therein made I have nothing to add, except that all possibility of misconception of the intentions of Government on this head has now been removed by the Circular (copy of which is attached) which was recently issued by me with the previous approval of the Chief Commissioner.

8. With respect to the proposed remedy of local option, hinted at in the last statement which I have extracted from the report of the Debate, I would urge, in the first place, that before the decision of a complicated question of this kind is made over to a partially educated and ill-informed majority, it should be clearly shown that a real evil exists, and that the present arrangements are radically defective.

In the case of these Provinces no such proof has, so far as I am aware, been adduced. It has not been shown either that drunkenness has increased, that liquor has been unduly cheapened, or that a definitely expressed public opinion has been over-ridden or neglected. Moreover, even if these points had been proved, the expediency of handing over the decision of Indian Excise questions to a native majority seems very doubtful. In England there is no marked division between classes who drink and those who do not drink, and abstention from drinking is not a leading principle of any of the chief religious bodies. In all ranks of society there are people who consume spirits in one form or another, and the educated and wealthy are as much interested in the drink-traffic as the poor and ignorant. A decision by local option would not therefore in our own country merely be a decision by tradition or caste, but would generally be the result of reasoned opinion based on an examination of the facts of the case, and on a conviction of the terrible evils which actually result from excessive drinking. Here in India the case is widely different. Abstention from drinking is a principle of religion both with Brahmins and Mahomedans, and all the powerful influence of religious prejudice and caste tradition would be brought to bear on the decision of Excise questions. A decision decreeing the abolition of liquor shops in a certain area would, moreover, affect but slightly, if at all, the comfort or the habits of the majority of the individuals by whom it would be arrived at. It would leave them much as they were, and would mainly influence those numerous members of the poorer and lower castes who are not bound by their religion to abstain from drinking, and to whom the occasional indulgence in a stimulant, weaker in most cases than beer or claret, is sometimes a necessity and rarely if ever a serious injury. Care should of course be taken to avoid offending the prejudices of those who object to drinking in any form, but to allow them to deprive a minority of an occasional and generally innocent indulgence simply because their principles do not permit it in their own case, would, I incline to think, be a mode of procedure totally opposed to every axiom of sound and equitable government.

9. In conclusion, I would remark that the description of opium-smoking shops, as given by Mr. Caine and quoted in the speech of Mr. S. Smith, applies with more or less accuracy to the Madak shops in the larger towns in these Provinces, which are common places of resort for all the depraved and abandoned characters of the locality. Madak is admittedly a poisonous and deleterious drug, and the opening of licensed shops tends, so far as I can ascertain—though I write subject to correction with further experience—rather to increase than diminish its consumption. From numerous enquiries which I have recently made, I believe that the entire prohibition of Madak smoking and the closing of all Madak shops would be a welcome measure to the whole of the respectable native community, while the loss to the revenue, inconsiderable in itself, would be more than compensated for by the gain to the people in the abolition of these pernicious and disreputable places of resort.

10. The Statement attached to this letter is sufficiently explained by the Note which accompanies it.

APPENDIX A.

Excise Circular No. 5, dated Nagpur, the 12th September 1889.

(See paragraph 7 of the letter preceding.)

From—H. H. Priest, Esq., C.S., Officiating Commissioner of Excise, Central Provinces,

To—All Deputy Commissioners, Central Provinces.

In this office Circular No. 2, dated the 27th of June last, your attention was drawn to the necessity of care in selecting sites for outstills, and it was pointed out that such stills should generally be situated on the outskirts of villages and not in the heart of the *abádi*, or in places which are open to objection on sanitary or public grounds.

No detailed instructions were, however, contained in that Circular regarding the rules to be followed in determining the location of shops; but as the consumption of spirits by the public must be influenced by the number and situation of the places where its retail sale is permitted, the Chief Commissioner (with whose approval this Circular is issued) thinks that it is desirable to specify the considerations which should guide the Collector (who, under Section 18 of Act XXII of 1881, is responsible for the number and arrangement of spirit shops in his district) in determining how many shops should be opened, and at what places they should be established.

Orders have already issued (*vide* this office Circular letter No. 683, dated the 18th April 1889) for the closing of all shops at places where there is no permanent ordinary demand for

liquor on the part of the drinking classes of the community; and it only remains to regulate the location of those shops which, after compliance with these instructions, have been retained.

The main principle to be followed in this matter is, that all such sites for spirit shops should be avoided as may be likely unnecessarily to obtrude the vend of spirits upon the notice of passers-by, and thus unduly stimulate the demand, or which might tend to be a cause of offence to the non-drinking classes of the Native community. In accordance with this principle the sites of shops should not generally be fixed near market-places, bathing ghâts, schools, places of worship, workshops, factories, the sides of roads leading to bathing ghâts, or sources of water-supply, or near other places which are usually resorted to by large numbers of the community. Further, in Municipal towns, the opinion of the Municipal Committee, as to the least objectionable localities for spirit shops, should be asked for, and due weight should be given to any objection put forward by them to any proposed or existing sites; while in respect to *all* places, any representation by the inhabitants on the subject of the closing or removal of a spirit shop should receive full and careful consideration from the District Officer.

In conclusion, it should be noted that the sites of permanent and temporary shops should be determined, with due regard to the above considerations, before the dates fixed for the annual Excise sales, and the list of shops as so determined should be laid before the Collector, together with Form A (as prescribed in Rule 6, page 84, and on page 87 of the Excise Manual), at the time of sale. Additions or changes in this list during the auctions should not be allowed except on good grounds based on ascertained facts, and, where any such changes are sanctioned, the facts which led to the change being approved of should be noted by the Collector in each case. Subject to legitimate objections which may be urged during the year by the inhabitants of any town or village, the sites so selected should generally be retained unchanged throughout the year, and all lessees should be specially warned, not only that the villages fixed for the location of shops in each circle cannot be changed during the year, but that no temporary removal of their shops on market days, or other occasions of large gatherings of the public in other parts of the town or village than those selected for the sites of the shop, will on any account be permitted. Where special arrangements for the supply of spirits in the case of such temporary gatherings of the people may be found necessary from an Excise point of view, or on other good grounds, a separate special license for a temporary shop can be issued.

APPENDIX B.

Statement showing the rates at which Opium was supplied to Licensed vendors from the Government Treasury for the years 1870-71 to 1888-89.

Districts.	1862-63 to 1869-70.	1870-71 to 1872-73.	1873-74 to 1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80 to 1888-89.	
Sambalpur	The Government system was not in force in any district of the Province during these years.	The Government system was in force in the Sambalpur District only during these years, licensed vendors being supplied at the rate of R22 per seer.	The Government system was in force in the three districts of the Chhattisgarh Division during these years, licensed vendors being supplied at the above rate.	Government system in force. R22 per seer.	Government system in force. R22 per seer.	Government system in force. R22 per seer.	Government system in force. R22 per seer.	The Government system has been in force in all the districts of the Province during these years, licensed vendors being supplied at R22 per seer.	*Not quite in force till 1876-77.
Raipur				Ditto	Ditto	Ditto	Ditto		
Bilaspur				Ditto	Ditto	Ditto	Ditto		
Nagpur				Ditto	Ditto	Ditto	Ditto		
Bhandara				Ditto	Ditto	Ditto	Ditto		
Chanda				Ditto	Ditto	Ditto	Ditto		
Wardha				Ditto	Ditto	Ditto	Ditto		
Balaghat				Ditto	Ditto	Ditto	Ditto		
Seoni				Ditto	Ditto	Ditto	Ditto		
Chhindwara				Ditto*	Ditto	Ditto	Ditto		
Mandla				Not in force.	Ditto	Ditto	Ditto		
Betul				Ditto	Ditto	Not in force.	Ditto		
Jubbulpur				Ditto	Not in force.	Ditto	Ditto		
Damoh				Ditto	Ditto	Ditto	Not in force.		
Narsingpur				Ditto	Ditto	Ditto	Ditto		
Saugor				Ditto	Ditto	Ditto	Ditto		
Hoshangabad				Ditto	Ditto	Ditto	Ditto		
Nimar				Ditto	Ditto	Ditto	Ditto		

Nagpur;
The 30th October 1889.

H. H. PRIEST,
Offg. Commissioner of Excise,
Central Provinces.

APP[illegible]DIX C.

Statement showing the rates of duty on Liquor at the Sadar Distil[illegible] of each District of the Central Provinces for the years 1864-65 to 1888-89.

Districts.	Rate per gallon.*							
	1862-63.		1863-64.		1864-65.		1865-66.	
	Single distilled.	Above single.	Single distilled.	Above single.	Single distilled.	Above single.	Single distilled.	Above single.
	R a. p	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
Nagpur	The Sadar Distillery system was not introduced in these districts during the above years. Hence no rates have been given.							
Bhandara								
Chanda								
Wardha								
Balaghat								
*Jubbulpore			Sadar Distillery system not in force.		...	1 8 0	Rate not given.	
*Saugor			Ditto.		...	1 8 0	1 8 0 and 1 4 0	1 8 0 and 1 4 0
*Damoh			Ditto.		0 12 0	1 4 0	0 12 0	1 4 0
*Seoni	The Sadar Distillery system was introduced in the districts marked thus * in 1862-63 and was in force for seven months only. No rates are available for these districts.		Ditto.		...	1 4 0	0 12 0	1 4 0
*Mandla			Ditto.		0 12 0	1 4 0	1 4 0 and 0 12 0	...
*Betul			Ditto.		0 12 0	1 8 0	0 12 0	1 8 0
*Chhindwara			Ditto.		Sadar Distillery system not.			
*Hoshangabad			Ditto.		0 12 0	1 8 0	0 12 0	1 8 0
*Narsinghpur			Ditto.		0 12 0	1 8 0	Rate not given.	
Nimar	The Sadar Distillery system was only introduced in the Nimar District in 1866-67. Hence no rates can be given for preceding years.							
Raipur	The Sadar Distillery system was not introduced in the Chhattisgarh Division till 1866-67. Hence no rates can be given for preceding years.							
Bilaspur								
Sambalpur								

* See the Note attached to this Statement.

Rate per gallon.											
1866-67.		1867-68.		1868-69.		1869-70.		1870-71.	
Single distilled.	Above single.	Single distilled.	Above single.	Single distilled.	Above single.	Single distilled.	Above single.	Single distilled.	Above single.
R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
Hence no rates have		0 12 0	1 12 0	Rate not	given.	0 12 0 and 1 0 0	1 12 0 and 2 8 0	0 12 0 and 1 0 0	1 12 0 and 2 8 0
		...	1 12 0	Ditto.		0 12 0	1 12 0	0 12 0 and 0 8 0	1 12 0 and 1 8 0
		0 12 0	...	Ditto.		8·10 and seer of	17 pies per Mohwa.	17 pies per seer of Mohwa.	
		Rate not	given.	Ditto.		0 9 0 and 0 10 0	1 2 0 and 1 4 0	0 10 9	1 6 0
		Ditto.		Ditto.		No rate	given.	0 8 0	...
Rate not	given.	0 12 0	1 8 0	Ditto.		1 8 0	1 8 0	1 8 0	1 8 0
1 4 0 and 0 12 0	1 8 0 and 1 4 0	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0
0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0
Rate not	given.	Rate not	given.	Rate not	given.	0 10 0 and 0 8 0	...	0 10 0 and 0 8 0	...
1 4 0 and 0 12 0	...	0 12 0	...	0 12 0	...	0 12 0	...	0 12 0	...
0 12 0	1 8 0	0 12 0	1 8 0	...	1 8 0	0 12 0	1 8 0	0 14 0 and 0 12 0	1 8 0
in force.		Rate not	given.	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0
0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0
0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0	0 12 0	1 8 0
Rate not	given.	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0	0 12 0	1 4 0
1 0 0 and 0 4 0	1 4 0 1 0 0 and 0 8 0	Rate not	given.	Rate not	given.	0 12 0	1 4 0	0 12 0	1 4 0
Rate not	given.	Ditto.		Ditto.		0 4 0	0 8 0	...	0 8 0
Ditto.		Ditto.		0 4 0	...	0 4 0	0 8 0	0 4 0	0 8 0

APPENDIX C—*continued.*

Statement showing the rates of duty on Liquor at the Sadar Distilleries of each district of the Central Provinces for the years 1864-65 to 1888-89—continued.

Districts.	Rate per gallon. 1871-72. Single and above.	1872-73. Single and above.	1873-74. Single and above.	1874-75.	1875-76.	1876-77	1877-78	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.	Remarks.
	Rate per Seer of Mohwa.																		
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	
Nagpur	1 0 0	1 7 0	0 14 0	0 1 6 and 0 2 0	0 1 6 and 0 2 0	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Bhandara	0 11 0	0 11 0	0 9 11	0 1 6 and 0 1 0	0 1 6 and 0 1 0	0 1 6	0 1 6	0 1 6	0 1 10	0 1 6	0 1 4	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Chanda	0 2 0	0 2 0	0 2 4	0 1 5	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Wardha	0 10 11	0 10 7	0 7 0	0 2 0 0 1 9 0 1 6 and 0 1 0	0 1 6 and 0 1 0	0 1 6	0 1 3	0 0 3	0 1 10	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	
Balaghat	0 8 0	0 8 0	0 6 7	0 1 0	0 1 0 0 0 9	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	
Jubbulpore	1 9 0	1 15 0	0 13 5	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Saugor	1 3 0	0 10 2	1 1 0	0 1 6	0 1 6	0 1 3	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1	
Damoh	0 12 0	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
Seoni	0 8 3	0 8 2	0 8 4	*0 10 0 0 8 0 and 0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	* Per gallon.
Mandla	0 15 8	0 9 10	0 7 0	0 1 0	0 0 9	...	...	...	...	...	...	...	...	...	...	...	...	...	
Betul	0 12 7	0 12 0	0 12 0	0 0 9 0 1 0 and 0 1 2 0 1 9	0 1 3 0 1 6 0 0 9 and 0 1 0	0 1 4	0 1 4	0 1 4	0 1 4	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Chhindwara	0 12 0	0 12 0	0 12 0	0 1 6 and 0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	
Hoshangabad	0 12 0	0 12 0	1 0 0	0 0 9 0 1 0 and 0 1 3	0 0 9 and 0 1 0	0 0 9	0 0 9	0 0 9	0 0 9	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	0 0 9 and 0 1 0	
Narsinghpur	0 12 0	0 12 0	0 14 0	0 1 0	0 1 0	0 1 0	0 1 0	0 0 9	0 0 9	0 0 9	0 0 9	...	...	...	...	...	...	...	
Nimar	0 13 10	0 12 0	0 12 0	...	0 1 6	0 3 0	0 3 0	0 3 0	0 3 0	0 3 0	0 3 0	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	0 1 6	
Raipur	0 12 0	0 12 8	0 14 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 3	0 1 6	
Bilaspur	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
Sambalpur	0 4 0	0 4 0	0 4 0	0 0 6	0 0 6	...	...	...	...	...	...	...	...	...	...	...	...	...	

NAGPUR;

The 30th October 1889.

H. H. PRIEST,

Offg. Commissioner of Excise, Central Provinces.

NOTE TO APPENDIX C.

The Sadar Distillery system was introduced into the districts of Jubbulpore, Saugor, Damoh, Seoni, Mandla, Betul, Hoshangabad, and Narsinghpur in the year 1862-63 and was in force for seven months only. It was not in force in the year 1863-64 in any district of the Province. The system was, however, again introduced in the above districts in 1864-65, and the rates given in the statement attached to this note have been taken from the Revenue Administration Report for that year.

The rates for 1865-66 and 1866-67 have been taken from Statement IV*a* of the Revenue Administration Report for 1866-67.

The rates for 1867-68, 1868-69, 1869-70, and 1870-71 have been taken from Statement IV*a* of the Revenue Administration Report for those years.

The rates for 1871-72, 1872-73, and 1873-74 have been worked out on the figures given in Statement I of the Excise Reports for those years.

The system of levying duty on mohwa was introduced in these Provinces in 1874-75. Prior to that year duty was levied on each gallon of liquor distilled, as will be seen from the statement appended. The rates on each seer of mohwa taxed in 1874-75 and in the year 1875-76 have been taken from Appendix A to the Excise Report for the latter year.

The rates for the years 1876-77 to 1881-82 have been worked out on the figures given in Statement I of the Excise Reports for those years.

The rates for the years 1882-83 and 1883-84 have been taken from Statement B of the Excise Report for the latter year.

The rates for the years 1884-85 to 1888-89 have been extracted from Statement B of the Excise Reports for those years.

2. The Government system of supplying opium to licensed vendors from the Treasury was in force in the Sambalpur District only during the years 1870-71 to 1872-73, the rate per seer of opium being R22. Prior to 1873-74 vendors supplied themselves with opium as they pleased.

In 1873-74 and 1874-75 the system was in force in the three districts of the Chhattisgarh Division, the rate per seer being R22.

In 1875-76 the system was extended to the districts of Nagpur, Bhandara, Chanda, Wardha, Balaghat, Seoni, and Chhindwara. In 1876-77, two more districts were added, *viz.*, Mandla and Betul. The number remained the same in 1877-78, but in 1878-79 the districts of Jubbulpore, Damoh, and Narsinghpur adopted the Government system, and from the year 1879-80 to 1888-89 the same system has been in force in all districts of the Provinces.

NAGPUR;
The 30th October 1889.

H. H. PRIEST,
Offg. Commissioner of Excise, Central Provinces.

No. 2348, dated 16th November 1889.
From—H. C. FANSHAWE, Esq., Offg. Secy. to the Government of the Punjab,
To—The Secretary to the Government of India, DEPT. OF FINANCE AND COMMERCE.

I am now directed to reply to your letter No. 3506, dated 9th July 1889, which forwarded copies of the Report on the debate in the House of Commons on the subject of Excise Administration in India, with a request that any remarks which His Honour the Lieutenant-Governor might desire to make on the statements made and figures quoted in the debate, so far as they relate to the Punjab, might be submitted for the consideration of the Government of India. It was also asked that a table showing rates of duty on liquor and selling prices of opium might be prepared and forwarded to the Government of India.

2. In reply, I am to observe that the Punjab is referred to once only in the debate by Sir John Gorst, who incidentally mentions the number of shops open for the sale of spirits. The Excise Administration of the Province seems, however, to have been excluded from general notice in the discussion which took place, and the Lieutenant-Governor does not understand that any expression of his views on the question of the general excise policy of the Government of India is now called for.

3. The statistics asked for in the second paragraph of your letter under reply, together with a letter of the Commissioner of Excise explaining the same, are furnished herewith.

No. 97, dated 25th September 1889.
From—The Excise Commissioner, Punjab,
To—The Secretary to Financial Commissioner, Punjab.

I have the honour to acknowledge receipt of the copies of correspondence relating to the

report on the debate in the House of Commons on the subject of Excise Administration in India which was forwarded with your endorsement No. 4784, dated 6th August last.

2. In reply, I beg to submit herewith the statement asked for in paragraph 2 of the Government of India letter No. 3506, dated 9th July, and to explain that the statement cannot be completed for the whole period, because there are no figures in the Excise or Revenue Reports of earlier years from which the details can be obtained. With respect to the figures given, I have further to explain that the rates of license fees and still-head duty on country spirits for the years 1870-71 to 1888-89 have been worked out on total gallonage irrespective of strength; and to refer you to Appendix III to the memorandum on Excise by Sir W. Davies (1886) for the average incidence on proof spirits. The figures given in the latter, however, differ very little from those shown in the statement now submitted. For rum and European liquors the rates of license fees on the total gallonage irrespective of strength are given, the rates of still-head duty on the former and of import duty on the latter being at present R4 and R5 per gallon of proof spirit respectively. As regards the figures relating to opium (column 7 of the statement), the Government of India letter referred to above asks for "the selling prices of opium sold *to* licensed dealers for consumption in India," by which I understand that *wholesale* prices are meant, *i.e.*, the prices at which licensed retail vendors can procure the drug. The figures given under this head in the statement, therefore, show the average wholesale price of opium per seer in force in the Punjab.

It may be noted that the wholesale price of opium depends on its quality, which varies a good deal from year to year, and that pure opium usually realizes R13 to R15 a seer, the latter being the price charged for the excise drug.

3. In paragraph 2 of the Punjab Government letter, a copy of which has been forwarded with your letter under reply, I am asked whether I have "any remarks to offer as to the number of shops in the Punjab as compared with the number in other Provinces and *with* the incidence of excise revenue per head in the Punjab and elsewhere." I beg to annex herewith a comparative table illustrating this branch of the enquiry, and to state that the figures given therein relate to the years 1885-86 and 1886-87 and are taken from Imperial Returns II and VI with Provincial Excise Reports, except in the case of Central Provinces and Bombay, where different forms are used. But it will be evident that the comparison, except as to incidence of revenue per head, is defective owing to the difference of system prevailing in the various Provinces. It can scarcely, I think, serve any useful purpose to compare the figures of population and number of shops for the sale of spirits for the Punjab, where the central distillery is in force everywhere except in a portion of a single district, with those of the North-Western Provinces and other Provinces where other systems are in force at the same time. I would also invite attention to the very large number of shops in other Provinces for the sale of what are classed as "fermented liquors" The number of liquor shops in any two Provinces could not be any index of the consumption, or even of the facility for consumption, unless the systems of excise were the same, and even if the systems were the same, local differences would defeat any proper comparison. It is also evident that the incidence of taxation per head of the population is no index of the drinking habits of the people. For instance, while the incidence of taxation on country spirits in the Punjab is nearly R6 a gallon, it is a good deal less than half that figure in the North-Western Provinces. The only thing that can be the subject of fair comparison in any two Provinces is the amount of consumption of spirituous liquors, and Appendix B to the Punjab Excise Report for 1888-89 gives the following results under this head :—

CONSUMPTION IN GALLONS.

Spirits.						Fermented liquors.	
Country.		Rum.		Imported.			
Total.	Per head of population.	Total.	Per head of population.	Total.	Per head of population.	Total.	Per head of population.
161,706	0·009	21,601	0 002	86,127	0·005	681,679	0·036

I cannot find in the statements with the Annual Reports the corresponding figures for other Provinces, but it is probably as much as is expected that I should give the figures for the Punjab.

Statement showing the rates of duty on liquor and wholesale price of opium in the Punjab each year since 1860.

1	2	3	4	5	6	7
Year.	Rate of duty per gallon on liquors.					
	Country spirits.			Rum.	European spirits.	Wholesale price of opium per seer.
	License fees.	Still-head duty.	Total.	License fees.	License fees.	
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
1860-61	Information not available.					
1861-62						
1862-63						
1863-64						
1864-65						
1865-66						
1866-67	2 11 6	2 12 6	5 8 0	Information not available.		
1867-68	2 7 4	2 13 5	5 4 9			
1868-69	2 9 7	2 13 11	5 7 6			
1869-70	2 14 7	2 13 3	5 11 10			
1870-71	3 10 6	2 13 8	6 8 2			
1871-72	3 3 8	2 13 5	6 1 1			
1872-73	2 12 0	2 13 1	5 9 1			
1873-74	3 1 2	2 15 4	6 0 6			
1874-75	2 14 11	2 14 6	5 13 5			
1875-76	2 8 1	2 13 6	5 5 7			
1876-77	2 6 9	2 11 6	5 2 3			
1877-78	2 7 8	2 11 5	5 3 1			
1878-79	2 11 6	3 1 1	5 12 7			
1879-80	2 11 11	3 0 11	5 12 10			
1880-81	2 3 1	3 0 10	5 3 11			
1881-82	2 1 6	3 0 7	5 2 1			
1882-83	2 10 9	2 15 8	5 10 5	3 2 1	0 4 10	16 15 2
1883-84	2 8 6	2 15 8	5 8 2	6 6 3	0 10 4	14 5 7
1884-85	2 8 4	2 15 8	5 8 0	2 15 7	0 5 4	12 4 1
1885-86	2 11 5	2 15 8	5 11 1	3 2 8	0 4 10	9 9 3
1886-87	2 10 2	2 15 8	5 9 10	2 12 7	0 5 5	10 0 10
1887-88	2 9 5	2 15 2	5 8 7	2 13 9	0 4 10	13 7 1
1888-89	2 10 11	2 15 9	5 10 8	2 11 4	0 5 7	14 8 2
	2 6 2	2 15 10	5 6 0	2 15 7	0 4 7	13 4 4

Statement showing the number of shops for sale of spirits and liquors of all kinds, and incidence of Excise Revenue per head of population in the Punjab as compared with other Provinces.

Province.	Population.	Number of shops for the retail vend of			Average population to each shop for the retail vend of			Total revenue from spirits and fermented liquors.	Incidence per head of population.	Total revenue from spirits, liquors and drugs.	Incidence per head of population.
		Spirits.	Fermented liquors.	Total.	Spirits.	Fermented liquors.	Total.				
1885-86.								R	R a. p.	R	R a. p.
Bombay	15,064,660	Information not available.		4,391	Information not available.		3,431	69,84,063	0 7 5	71,97,239	0 7 8
Madras	30,868,504	22,152	14,214	36,366	1,393	2,172	849	78,96,480	0 4 1	Information not available.	
Central Provinces	9,234,276	8,329	954	9,283	1,109	9,680	995	16,06,366	0 2 10	24,84,252	0 4 4
Lower Burma	3,736,771	175	1,262	1,437	21,353	2,961	2,600	10,69,854	0 4 7	27,39,855	0 11 9
Lower Provinces Bengal	66,589,859	5,036	18,406	23,442	13,222	3,617	2,841	56,07,177	0 1 4	95,83,132	0 2 3
North-Western Provinces and Oudh	44,107,869	7,656	4,102	11,758	5,761	10,752	3,751	43,96,479	0 1 7	57,02,151	0 2 0
Punjab	18,842,264	1,530	39	1,569	12,299	482,518	12,009	8,54,113	0 0 9	13,65,237	0 1 2
1886-87.											
Bombay	51,0646 ,0	Information not available.		4,331	Information not available.		3,478	72,13,384	0 7 8	74,24,972	0 7 11
Madras	30,868,504	27,515	15,943	43,458	1,122	1,936	710	84,91,959	0 4 5	Information not available.	
Central Provinces	9,234,276	8,625	1,020	9,645	1,071	9,053	958	16,33,205	0 2 11	25,06,669	0 4 4
Lower Burma	3,736,771	49	1,357	1,406	76,261	2,754	2,657	10,43,731	0 4 6	29,80,022	0 12 9
Lower Provinces, Bengal	66,589,859	5,103	18,228	23,331	13,049	3,653	2,854	59,69,392	0 1 5	1,01,25,426	0 2 9
North-Western Provinces and Oudh	44,107,869	7,494	4,300	11,794	5,885	10,257	3,740	42,68,444	0 1 6	56,46,545	0 1 11½
Punjab	18,842,264	1,476	66	1,542	12,747	305,606	12,219	9,20,167	0 0 9	14,38,867	0 1 3

No. 327—86 E., dated 15th November 1889.

From—H. Thirkell White, Esq., C.S., Offg. Chief Secretary to the Chief Commissioner, Burma,
To—The Secretary to the Government of India, Department of Finance and Commerce.

In compliance with the orders contained in your letter No. 3506, dated the 9th July 1889, I am directed to submit a minute by the Financial Commissioner, Burma, on the statements made and figures quoted in the debate in the House of Commons on the excise administration of the Government of India, as far as they relate to Burma.

2. In submitting this minute, I am to say that the Officiating Chief Commissioner fully concurs in the opinions expressed therein.

Minute by F. W. R. Fryer, Esq., Financial Commissioner, Burma, on the statements made and figures quoted in the Debate in the House of Commons on the Excise Administration of the Government of India,—dated 20th October 1889.

Remarks on a debate in the House of Commons on excise administration and table of rates of duty called for.

In the Government of India, Finance and Commerce Department, No. 3506 (Separate Revenue—Excise), dated the 9th July 1889, a report of a debate in the House of Commons on the subject of excise administration in Burma was forwarded for any remarks which the Local Government may desire to make on the statements and figures quoted in the debate so far as they relate to Burma, and a table was called for showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India for each year since 1860. The tables called for are forwarded and the figures obtainable have been compiled.

Duty on liquor.

2. As regards liquor, it must be explained that there was no duty on distillery liquor in Rangoon previous to 1871-72. Instead of duty the distiller paid a fixed annual sum for the privilege of distilling and selling liquor. The duty on distillery liquor was, except in the Bassein district, where it was R1-5-0 per gallon in 1876-77 and R2 in 1877-78, generally R2-8-0 per gallon from 1866-67 to 1876-77, when it was raised to R4 per gallon. In 1886-87 it was reduced to R3 per gallon, because it was considered that, unless the duty was reduced, liquor manufactured at local distilleries could not compete with the cheap rum and brandy imported into the province from Europe and the Straits. In 1888-89 the duty was again raised to R4, because the duty on imported spirits was enhanced from R4 to R5 per gallon, and it is now proposed to assimilate the duty to that on imported spirit from the 1st April 1890.

Duty on locally manufactured beer.

3. The duty on beer distilled at local distilleries is R1 per gallon, but no beer has been distilled in Burma at distilleries since 1886-87. As the duty on imported beer is only 1 anna per gallon, it is evident that beer distilled at local distilleries cannot compete with it.

Selling price of opium.

4. The selling price of Government opium issued from Government treasuries was R16 per seer in the Kyaukpyu district in 1860-61. In 1862-63 it was R18, in 1862-63 and 1863-64 it was R20. In the Sandoway district it was R20 in 1861-62 and 1862-63. Elsewhere it was R24 till 1881-82, when it was raised to R28 in the Akyab district and to R32 elsewhere. No opium has been allowed to be sold in the Kyaukpyu and Sandoway districts of the Arakan division since May 1882.

Revenue from excise per head of population in Burma in excess of what it is elsewhere.

5. In the debate in the House of Commons it was remarked by Sir John Gorst that the revenue per head of the population raised from the consumption of spirits and opium in Lower Burma is enormously in excess of that raised in any other province of India. It is said to be double the revenue raised in Assam, more than ten times that raised in Bengal, and enormously greater than that raised in Bombay. It is also eleven times as high as in the Punjab. This is due to the strict limitation of the number of shops. In 1888-89 there were only 16 shops for the sale of opium in the whole province. The result is that heavy sums are obtained for licenses to keep these shops, but it may be well doubted whether, as a matter of fact, these shops limit themselves to supplying opium only to the areas which they are allowed to supply.

Remarks of Chief Commissioner on limitation of opium shops extracted from Resolution on the Excise Report for 1887-88.

6. The Chief Commissioner in the second clause of paragraph 2 of his Resolution on the Excise Report of Lower Burma for 1887-88 remarked as follows :—

"The reduction of the number of shops and the closing of all shops in districts where it is known that opium consumed is shown by experience to be futile, and in the Chief Commissioner's opinion is actively mischievous. reference to Statement No. 7 in the Appendix will show that districts to which shops are denied supply

themselves from other districts. The incidence of revenue per head in Akyab, where there is only one shop, is R0-15-10. In Prome it is R0-14-0, in Bassein R0-10-4, in Toungoo R0-12-7, in Rangoon Town R4-1-6, in Moulmein R2-12-0. These figures mean that the districts which are not allowed to have shops supply themselves from the nearest shops. It is certain that the licensed vendor in Prome, for example, sends out hawkers to go round and supply the people in Tharrawaddy and Thayetmyo. The Akyab shop supplies the Arakan division. The Bassein and Rangoon shops supply Thôngwa. Besides which the difficulty and cost of getting Government opium from distant shops gives a great stimulus to smuggle foreign opium.

"The Chief Commissioner wishes the Financial Commissioner to consider whether the policy of closing shops has not gone too far."

Opinion of the Financial Commissioner on the policy of limiting the number of opium and liquor shops.

7. In my opinion the policy of refusing to open shops in districts where there is a demand for opium, although it has the effect of forcing up the amount paid for licenses for the shops which are allowed fails to prevent the sale of opium in districts in which, whilst there is a demand for opium, the sale of it is forbidden. The Commissioner of Arakan has lately brought to notice that the use of opium is increasing in the Kyaukpyu district, where its sale is forbidden, and that opium is consumed in Kyaukpyu is an undoubted fact. The inference is that a supply is obtained illicitly from the licensed vendor at Akyab or by smuggling. It is in reality obtained partly by one and partly by the other method. In the same way it has always been the aim of the Government to limit the number of liquor shops as much as possible, but this policy, if carried too far, leads to illicit distillation.

Remarks on the question of suppressing outstills.

8. As regards the suppression of outstills and their supersession by central distilleries, it is the declared policy of the Government of Burma to prefer central distilleries where a duty can be levied on every gallon of spirits consumed to the unavoidably laxer system of outstills. See paragraph 3 of the Chief Commissioner's Resolution on the Excise Report for 1888-89. In paragraph 4 of that Resolution the Chief Commissioner remarks:—

"Outstills are admittedly an unsatisfactory method of controlling the manufacture of spirit. In Burma, where the thick growth of bamboos and trees, the sparse population, and the presence of the Chinese—the most apt smugglers in the world—render it impossible to prevent illicit distillation, outstills are a necessary complement to the excise system. They require to be very closely watched, and to secure this the personal exertions of the superior officers of police and of the Township Officers are necessary. The Chief Commissioner hopes that the Financial Commissioner is correct in supposing that the supervision is watchful. The seizures in Rangoon, the discovery of seven illicit outstills in the immediate neighbourhood of that town, where, it may be observed, there are forests in which stills can be concealed easily, and the seizure of three licensed outstills, the capacity of which many times exceeded that licensed, indicate that there is an opening for increased vigilance on the part of the police and excise establishments. The attention of District Officers is called to this matter. Information leading to detection should be well rewarded and cases carefully prosecuted so as to prevent such failures of justice as have occurred in some instances. Measures are about to be taken to fix the minimum price at which outstill liquor may be sold, but it will be very difficult to enforce a regulation of the kind without the greatest vigilance."

Remarks of Sir Richard Temple in the debate.

9. This is exactly the argument used by Sir Richard Temple in the debate in the remarks made by him commencing from "the House must remember that India is a country abounding with materials for the manufacture of liquor," at the end of page 24 of the printed report of the debate and ending at page 25: "I say it is a reality, and I ask the House of Commons whether it is likely that a population who has understood the art of brewing from time immemorial, and who has a passion for strong drink, would leave untouched and unused all those materials of which I have spoken."

Local option.

10. I next come to the question of local option.

It has always been usual in Burma to respect the expressed wishes of the people as regards the opening of opium or liquor shops, and in many places where it has been proposed to open shops the Government has refrained from so doing owing to the remonstrances of the village elders, and in some places shops have even been closed after they have been opened because the stricter Buddhists objected to them.

It has now been provided by a circular issued with the approval of the Local Government that Municipal Committees in Municipal towns and the general public elsewhere shall be consulted before any new liquor or opium shop is opened and that no such shop shall be established, except under the orders of the Commissioner, where objection to it is made.

The Government of Burma has always discouraged the use of intoxicants.

11. This is almost complete local option. So far then as Burma is concerned the Government has certainly never established spirit distilleries, liquor and opium shops in large numbers of places where till lately they never existed in defiance of the strong opinion and the protests of the inhabitants; on the contrary, the Government has, I

think, refused in many cases to allow non-abstainers from opium and liquor reasonable facilities to supply their wants, and notably in Upper Burma the Government is attempting to prevent Upper Burmans from using either opium or liquor and has prohibited the sale of either to Upper Burmans.

The Local Government uses all means in its power to check the sale of intoxicants.

12. It is certain that Burmans as a rule would be the better were it possible to induce them to abstain from intoxicants, because few Burmans can use intoxicants in moderation, and Government should and does do all in its power to check the consumption of intoxicants in Burma, but it is beyond the power of the Government to enforce total abstinence; and measures of repression, when they are too harsh, lead to smuggling and illicit distillation and sale. It is, however, and always has been, the desire of the Local Government to decrease rather than to increase the facilities for obtaining opium and for drinking, and the Government would hail with satisfaction any decrease in the sale of liquor and opium if it could be brought about without a corresponding increase of smuggling and illicit distillation, which, as far as my experience goes, is a result which the Government cannot hope to obtain.

Statement showing the duty levied on Spirits.

District.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	R	R	R	R	R	R	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p	R a. p.	R	R a. p	R	R	R	R	R	R	R	R	R	R
Akyab	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..
Kyaukpyu	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		...	..	...	...	...		...
Sandaway	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..
Northern Arakan	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Rangoon	...		...	...	...	...	Not available					2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	4 0 0	4	4 0 0	4	4	4	4	4	4	4	3	3	4
Hanthawaddy		Not available					2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	2 8 0	4 0 0	4	4 0 0	4	4	4	4	4	4	4	3	3	4
Pegu	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4	4	4	3	3	4*
Tharrawaddy	...	...	...		...	...	...	...	...	...	...	...	...	...	...	...	...	...	4 0 0	4	4	4	4	4	4	4	...	...	...
Prome	...	...	...	...	...	...					Not available								4 0 0a	4	4	4	4	4	4	4b	...	...	...
Bassein	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	2 8 0	1 5 0	2	4 0 0	4	4	4	4	4	4	4	3	3	4
Thôngwa	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Henzada	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..
Thayetmyo	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..	...	...	...	...	...
Moulmein	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4	4	4	4	4	4	3	3	4
Amherst	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	2 8 0	2 8 0	4	4 0 0	4	4	4	4	4	4	3	3	3	4
Tavoy	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Mergui	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Toungoo	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	2 8 0c	4	4	4	4	4	4	4	3	3	4
Shwegyin	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Salween	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

* For the first month (April) of the year 1888-89 the rate was R3 per gallon.
a Central distillery established.

b Central distillery abolished.
c Distillery opened in this year.

Statement showing the duty levied on Beer.

District.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p	R a. p.	R a. p.	R a. p.	R	R
Akyab	...	...	...	...	...	...	...	..	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..	..
Kyaukpyu	...	...	...	...	...	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	..
Sandaway	...	...	...	...	...	...	...	...	...	...	..	...	...	..	...	...	...	...	...	...	...	...	...	...	..	...	...	..	..
North Arakan	...	...	...		...	...	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	..
Rangoon	...	...	...	...	...	...	...	...	...	...	...	...	...	...	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	..	...
Hanthawaddy	...	...	...	...	..	...	...	...	...	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	..
Pegu	...	...	...	...	...	...	...	...	...	...	..	...	...	...	...	...	...	...	...	...	.	...	...	...	0 1 0	0 1 0	...	..	...
Tharrawaddy															Not available				0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	...	..	..
Prome															Not available				0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0a	...	...	..	..
Bassein	...	...	...	...	...	...	...	.	...	...	...	...	...	...	...	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	0 1 0	.	..
Thôngwa	...	...	...	...	...	...	...	..	...	...	...	...	...	.	...	...	...	...	...	...	...	...	...	...	...	...	...	..	...
Henzada	...	...	..	...	...	...	...	..	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Thayetmyo	...	...	...	...	...	...	...	..	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..	...
Moulmein	..	...	...	.	...	...	...	...	...	..	...	...	...	..	...	...	...	...	..	...	b	...	...	...	...	...	...	...	...
Amherst	...	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	...
Tavoy	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...		...
Mergui	...	...	...	...	...	...	.	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	...
Toungoo	...	...	...	...	...	...	...	..	...	...	...	...	...	...	..	...	...	...	b	...	...	...	...	...	...	...	...	...	..
Shwegyin	...	...	..	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	.	...
Salween	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	..	...

a Central distillery closed. | b No beer has been manufactured since the opening of the distillery.

Statement showing the selling prices of Opium.

District.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	1869-70.	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.	1877-78.	1878-79.	1879-80.	1880-81.	1881-82.	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.	1888-89.
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Akyab		Not available																											
Kyaukpyu	16	18	20	20																									
Sandaway		20	20		a	24	24		24	24	24	24	24	24	24	24	24	24	24	24	24	28	28c	28	28	28	28	28	28
North Arakan					No sales																								
Rangoon																													
Hanthawaddy																													
Pegu																													
Tharrawaddy																													
Prome																													
Bassein	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	32	32	32	32	32	32	32	32
Thôngwa																													
Henzada																													
Thayetmyo																													
Moulmein																													
Amherst	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	32	32	32	32	32	32	32	32
Tavoy																													
Mergui																													
Toungoo	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	32	32	32	32	32	32	32	32
Shwegyin																													
Salween																													

a No opium been sold in the district since May 1862.

b In Tharrawaddy a shop was opened for three years. In 1878-79 and 1879-80 the farmer got his supplies from Rangoon.

c No record can be found.

No. 413—XIII-87A., dated 18th November 1889.

From—R. SMEATON, Esq., C.S., Secretary to the Government of the N.-W. Provinces and Oudh,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge your letter No. 3508, dated 9th July 1889, forwarding copies of the report of a debate in the House of Commons on the subject of Excise administration in India, with a request that there may be submitted with it, for the consideration of the Government of India, any remarks which His Honour the Lieutenant-Governor and Chief Commissioner may desire to offer on the statements made and figures quoted by Mr. Caine, in regard to the Upper Provinces, in the course of his speech, so far as they have reference to the North-Western Provinces and Oudh. Especial attention is invited to two points, the latter of which only will be dealt with in the present letter: namely, the statements on pages 10 and 11 of the report, regarding the number of shops in Etawah, Etah, Muttra, and Sitapur, and the license fees for Benares. A table showing the rates of duty on liquor and the selling price of opium sold to licensed dealers for consumption in India during each year, since 1860, is also forwarded to you, in accordance with the instructions conveyed in your letter.

2. What is, apparently, required from this Government is a reply to the charges brought by Mr. Caine against its administration in respect of the Excise revenue. Mr. Caine's argument, briefly, is understood to be that the North-Western Provinces and Oudh Government, by the multiplication of shops and by pressure put upon its officers, to the best of its ability stimulates the consumption of liquor; that the District and Revenue Officers of the Government, in response to the pressure put upon them, endeavour to encourage consumption; and that were it not for the measures initiated by that Government and adopted by its officers, the consumption of liquor would certainly decrease, and would become comparatively insignificant.

3. The question of allocation of shops for the sale of liquor was taken up in a review by Government of the Excise Administration Report for 1879-80, and in paragraph 11 of that review, dated 10th June 1881, the Government wrote as follows :—

"The proper allocation and distribution of shops for the retail of country liquor is one of the most important points in the Excise administration, and all District Officers should give the subject their careful attention. Local differences prevent any general rule being laid down; attention should be paid not only to population but to the distances of the shops from the population which they are intended to supply, and perhaps one shop for every local area with a population of 3,750, may be taken as a rough standard towards which efforts should be made to approximate."

The Board, in their letter No. 288—V.S.-9, dated 16th June 1884, replied as follows :—

"In 1881 the Government directed that the allocation of shops in distillery tracts should be made on the principle that there should be one shop to every 3,750 persons. Experience has shown that some alteration of this limit is required, and the Junior Member is of opinion that in populous tracts, where the distillery system is in force, there should not be more than one shop to 5,000 persons or 10 square miles of country. He considers that in the more sparsely populated tracts one shop to an area of 12 or 14 square miles would be ample.

"In outstill tracts, after the issue of the proposed notification, liquor will be purchasable up to a limit of six bottles. Mr. Daniell thinks that in populous portions of such tracts there should not be more than one outstill to every 8,000 persons or 16 square miles, and in the less fully populated portions not more than one outstill to an area of 18 to 20 square miles. The Junior Member would wish it to be understood that this limit is proposed as a maximum, and that it is no way his intention that the existing number of outstills should be increased in cases where they fall below it."

These proposals were sanctioned. In a letter to the Government of India, No. 99—13-12-6, dated 8th July 1884, the Government added :—

"It is understood, however, that in the farmed and outstill tracts the rule will be taken as an average standard—to be generally worked up to, and to be tested by experimental application."

Later on, in the Resolution (No. 289, dated 30th July 1886) on the Excise Report for the year 1884-85, the Government said :—

"The Lieutenant-Governor and Chief Commissioner desires it to be understood that in districts where, as in Bulandshahr, it has been carefully ascertained that the small consumption of liquor is to be ascribed not to smuggling, but to the abstemious habits of the people, no systematic attempt to increase the consumption should be made."

The Board, in paragraph 18 of their Report for the year 1885-86, wrote, with regard to the orders of 8th July 1884, as follows :—

"The allocation of liquor shops is a subject of considerable importance. A few years ago the standard of one shop for 5,000 inhabitants was fixed by Government as being likely on the one hand to ensure reasonable facilities to every one for the purchase of duty-paid liquor, and on the other hand to prevent, as far as possible, excessive consumption. Progressive endeavours have been made in most districts where the number of shops is too high to reduce them to this standard but observation would seem to show that in some districts a larger

number of shops can be maintained without harm. This is especially the case in the *mahua*-growing tracts, where dear liquor or difficutly in procuring duty-paid spirits naturally results in illicit distillation and consequent loss to Government, and in cases where a large population of liquor drinkers is found in a *mahua*-growing country (as in the Kunda tahsil of the Partabgarh district), the Junior Member agrees with the Commissioner of Rae Bareli in considering that the provincial standard should not be adopted without very careful local inquiry.

"In Sitapur, the reduction of shops is reputed to have resulted in a loss of more than R2,000 in license fees and no further reduction is advisable for the present. The Commissioner's statement that in Bara Banki the retail shops have reduced to the Government standard, is not borne out by the figures given in page 65A; and if the statement has reference to the current year, this should have been explained.

"In some districts where the number of shops was below the Government standard attempts were made to increase them, but not with conspicuous success. From Etah, Etawah, and Muttra it is reported that many new licenses had to be withdrawn as no liquor was sold, and that new shops put up for auction were not bid for. In Garhwal, the Government standard is obviously inapplicable, and no attempt was made to conform to it; only three retail shops were licensed, and the number of inhabitants per shop exceeded 115,000. In Dehra Dun, on the other hand, conditions of an exactly opposite character obtain, there being a retail shop for vend of native liquor to every 3,350 persons, while, including licenses for the vend of English liquor, the population per license is 2,088. Any attempt, however, to reduce the number of shops in this district would be followed by extensive illicit distillation. In the Jhansi Division the number of shops is largely in excess of the Government standard and although the Commissioner of Excise makes no remarks thereon, it appears from the district reports that at present it is inexpedient to make any considerable reduction in their number.

"In connection with this subject, I am to remark that an experiment is being tried in Agra and Budaun of giving three years' licenses to retail vendors. No information regarding the working of the experiment is yet available; but the settlements made at the beginning of the current year were pecuniarily very satisfactory in these two districts. In Aligarh, on the contrary, no bidders came forward, and the experiment proved a complete failure. Further trial of the system will be made."

The Government in its orders upon that report wrote:—

"Regarding allocation of shops for vend of native liquor, the Board observe that the standard approved by Government (one shop per 5,000 inhabitants) is not everywhere suitable, and that caution should be used by District Officers in applying it. In some districts liquor-vendors will not open shops up to the number warranted by the standard. At other places—the number of existing shops being in excess of the standard—it is sometimes found (as in Sitapur on the year under report) that reduction is followed by a heavy loss to Government in license fees; and wherever this means that a certain amount of trade has passed from the vendors of licit to those of illicit spirit, it may easily be that such reductions are unadvisable. In *mahua* tracts especially, where liquor is easily distilled, the Junior Member considers that a large number of shops should be permitted. The standard number of shops was fixed as indicating what experience showed to be a fair average for the moderate and reasonable supply of liquor to the people, and should be regarded as a maximum rather than as a minimum. It must, of course, vary according to the situation and other circumstances of particular districts; but the Lieutenant-Governor and Chief Commissioner observes that the system proceeds on the assumption that vigilant and effective preventive regulations are maintained. Where these are not in force, or where they are impracticable, it is of course quite certain that a reduction of shops will be followed by an increase of the illicit business, so that it is the duty of the Excise Department and of the District Officers to look at the question on both sides. On the understanding that this aspect of the matter is not overlooked, the Lieutenant-Governor and Chief Commissioner concurs generally in the views of the Board set forth in paragraph 18 of their letter: and the extent to which the standard number should be insisted on in particular cases may safely be left to the Board's discretion."

4. It is obvious from the above extracts that the aim of the Board and of the Government in 1881, as in subseqnent years, has been to apportion the number of shops approximately to the population, with the view not of stimulating consumption of liquor, but of combating illicit distillation. In many districts, especially in districts where materials for distilling are to every man's hand, certain classes will drink; and if excised liquor is not provided they will drink liquor which pays no duty. It is not a question between liquor and water, but between excised and unexcised liquor. In the words of the review of the report of 1885-86, "The system proceeds on the assumption that vigilant and effective preventive regulations are maintained. Where these are not in force, or where they are impracticable, it is of course quite certain that a reduction of shops will be followed by an increase of the illicit business; so that it is the duty of the Excise Department and of the District Officers to look at the question on both sides." The standard was fixed to furnish reasonable facilities for obtaining excised liquor, "and, on the other hand, to prevent excessive consumption." This is a principle as well understood by every Revenue Officer in these Provinces as is any other received maxim of administration, and the several references to the number of shops scattered here and there among successive Excise reports are always understood to be written with reference to this principle, and subject to the limitations which it lays down. Neither the Government nor any Revenue Officer has hitherto thought of adopting the precaution of annually stating that his criticisms or remarks as to the number of shops must be read subject to a qualification so universally understood. Nothing can be easier than to take up isolated passages from reports which have been written in the assurance that those who read them, like those who wrote them, are aware of the established rule upon the subject, and to put them forward, more or less misquoted, before an audience for the most part profoundly unacquainted with the Indian system of Excise, as proof of the assertion that the sole object of allocation of shops is to stimulate consumption of liquor. In paragraph 11, for example, from which a quotation has been made, the following words occur in the course of the Government Orders:—

"The Commissioner of Excise considers that shops are not so numerous in the North-Western Provinces as they should be; and shows that in the districts where there has been the largest increase in still-head duty there has also been a large increase in the number of shops; while in the districts where there has been a decrease in shops, there has also been a decrease, or but a small improvement, in still-head duty."

The object of the Excise Commissioner's remarks, as the context above quoted will have proved, is to show that with the number of shops the consumption of excised liquor has increased; that the population immediately in question is prone to consume liquor; and that if an adequate number of shops is not supplied, they will consume liquor which has paid no Excise. As anticipated in the orders of Government on the report for 1884-85, they will turn to smuggling, if no attempt is made to provide shops. Viewed, however, from the standpoint of uninformed criticism—of criticism, that is to say, unacquainted with the fundamental rules which underlie our Excise administration in India—the paragraph lends itself to misinterpretation.

5. Passing next to the report to which the Government of these Provinces has been referred, I am to state that His Honour has found it desirable to compare, in respect of each quotation by Mr. Caine from the Excise reports, the text and context—as it stands in the report, and as it is to be found in Mr. Caine's speech. Before showing the result, I am to point out a misapprehension into which, on the threshold of his criticisms, Mr. Caine has fallen, and which led him apparently to single out the North-Western Provinces and Oudh as one of the chief objects of his attack. Mr. Caine is reported to have quoted Mr. Westland's language in the Legislative Council as follows:—

"I look hopefully to a considerable increase in the Excise revenue, and believe that a great deal might be done in Northern India by the introduction of the methods which in Bombay and Madras have so powerfully contributed to the increase of revenue under this head."

On this Mr. Caine adds:—

"When Mr. Westland so pointedly referred to the North-Western Provinces as the district from which he looked for an increased revenue from excise, he was hardly fair to his energetic subordinates in that district."

Mr. Caine then, on the text of Mr. Westland's remarks, proceeds to his criticism of the North-Western Provinces. His Excellency in Council is aware that reference to Northern India is by no means a pointed reference, or necessarily any reference at all, to the North-Western Provinces. Northern India comprises the Government of the Punjab as well as the Government of the North-Western Provinces and Oudh. The Lieutenant-Governor and Chief Commissioner's recent experience of the questions which arose before him when Financial Member of the Council, in connection with Excise at the last revision of the Provincial Contracts, gives him no ground for supposing that Mr. Westland's remarks had exclusive or even main references to these Provinces. The sharp contrast which Mr. Caine desired, in the front of his onset, to draw on the one hand between Mr. Westland's apology for the sluggish circulation of excised liquor in the North-Western Provinces and Oudh, and the actual activity of the officers in these Provinces on the other, loses point when it is found to rest entirely on misuse of one of the most current terms employed with reference to the Provinces of India.

6. Turning to the actual text of Mr. Caine's speech, the first passage referring to the North-Western Provinces and Oudh is as follows:—

"He (Mr. Westland) must have had before him at the time the Excise Report for 1886, and read the following leading paragraph:—

"'The revenue from Excise has continued to advance steadily, and the gross receipts for the year under report are the highest on record, showing an increase of 12 per cent. on previous years.' Why?—because the officials had been stimulating the sale of liquor to the uttermost."

The Lieutenant Governor is unable to lay his hand upon the passage precisely as here quoted as a "leading paragraph"; it is not to be found in the Excise Report for 1885-86, or in any of the orders which were passed upon that report. Something of its substance occurs in the report, where a careful and doubtless an accurate reply is given by anticipation to the question Mr. Caine put and, to his own satisfaction, answered, in the above quotation. The Excise Commissioner, after giving the figures of increase, wrote in paragraph 5 as follows:—

"The causes of this increase may be briefly summarised as follows:—

I.—The agricultural prosperity of the year.

II.—The auspiciousness of the year for Hindu marriages.

III.—There can be little doubt that the experience gained by District and Excise Officers is bear[illegible] fruit. Cliquedom and monopoly among contractors and licensed vendors have been watched [illegible] schemes to lower the amount of license fees, &c., or to preserve the interest of individu[illegible] certain contracts, to the prejudice of the revenue, have been brought to light and frustra[illegible] The average consumption of liquor, drugs, and opium has been approximately estimated, and e[illegible] have been made to secure, as far as practicable, adequate tenders for the Excise contracts; [illegible] although the facilities for illicit distillation of country spirits, and still more for illicit with[illegible] ing of opium, now that poppy cultivation is so widespread, are considerable, much has been [illegible] in the direction of safeguarding the interests of the Department, and the unprecedentedly [illegible] revenue that has been realised may be fairly set down as in a great measure due to the [illegible] attention that has been given to Excise throughout both Provinces."

Exceptional agricultural prosperity, auspiciousness of the year for Hindu marriages, [illegible] success in preventive Excise administration are the main reasons assigned to the large income of that year. The Government, in paragraph 2 of their review, commenting on the remarks of the Commissioner, wrote as follows :—

"In the year 1884-85 the Excise revenue of the Provinces, after steady advance during a number of years showed a falling off of 4·83 per cent., which was attributed chiefly to the reduction, by orders of Government, of the area administered under the outstill system, to the inauspiciousness of the year for Hindu marriages, and to the high price of materials for distillation. During 1885-86 the area under outstills was still further reduced by the introduction of the ordinary distillery system into certain parganas of the Bareilly, Pilibhit, and Shahjahanpur districts.

"But as the other causes which injuriously affected the receipts of 1884-85 were of a temporary nature, the orders on the Excise Report for that year expressed an opinion that the receipts would probably again increase. This expectation has been fulfilled; and the gross receipts of the year under report (*viz.*, ₹57,02,151) are the highest on record. The table in paragraph 4 of the report shows the adjustments in respect of advance payments which it is necessary to make in order to arrive at the true Excise income of 1885-86. The real receipts thus obtained are ₹40,11,895 in the North-Western Provinces and ₹16,66,888 in Oudh; total ₹56,78,783. The corresponding figures for the previous year were ₹35,90,612, ₹15,03,604, and ₹50,94,216: the increase in the total realisations, therefore, is ₹5,84,567, or ₹11·47 per cent. The year was one of agricultural prosperity: it was held to be auspicious for Hindu marriages: and the revenue, as anticipated by Government, has shown a corresponding increase."

Mr. Caine, entirely ignoring the explanation given by the Commissioner and accepted by the Government, has offered his own, to the effect that the revenue had increased because the officials had been stimulating the consumption of liquor to the utmost. It would have been obvious to Mr. Caine, had he approached the question with a desire of informing himself, that it is impossible for Excise officers to stimulate a year of exceptional prosperity or an auspicious year for Hindu marriages. Prosperity in India, as in England, is traced in the increase of receipts from a variety of sources, prominent among them being that of Excise. For five years from 1880 these Provinces were blessed with a succession of good harvests. The circumstance, again, of certain years being considered exceptionally auspicious for Hindu marriages, leads to oscillation in excise receipts, which otherwise proves unintelligible. Local superstitions, local customs, local habits, all tend to the increase or decrease, in a given year, of the Excise revenue. Comparative analysis of the receipts of Excise administration in India, as in all other countries, must always prove impracticable to any one who fails or refuses to take account of the characteristic customs of the people; or finds a short and sufficient explanation of all the phenomena that meet him in the unprincipled action of officials.

7. Mr. Caine is next represented as quoting from a report as follows :—

"The district reports contain repeated assurances from all parts of the Provinces that drinking is practically unknown."

The actual quotation is as follows, being paragraph 20 of the Board of Revenue's report dated 18th March 1887, of the Excise administration for the year 1885-86 (the words to which attention is asked are now italicised) :—

"Considerable attention was given by many Excise officers as to the vexed question of the spread of drunkenness, and the general consensus of opinion is that no bad results in this direction need be feared. The district reports contain repeated assurances from all parts of the Provinces that drinking *as a vice* is practically unknown, except in the large towns and cantonments, where either bad characters congregate, or certain classes of the population are so Europeanised in habits as to drink openly."

Mr. Caine's comment on his mutilated quotation is as follows :—

"What a dreadful state of things from the Government point of view, but what a blessing it would be if we could have it in England, Wales, or Scotland. I suppose this is where Mr. Westland looks for an increased revenue."

Mr. Westland, it has been seen, had extended his view beyond the Provinces which form the subject of Mr. Caine's criticisms. Mr. Caine's object in making use of so much of the paragraph in question as he found it convenient to quote, was apparently to lead his hearers

to understand that, even by the admission of local authorities, India, in respect to the consumption of liquor, was a virgin soil, awaiting merely the advent of the official to sow and reap a rich crop of opium and Excise revenue. The aim of the paragraph, it will be seen, was in truth precisely the opposite. It was to show that while during the year under review there had been, for the reasons above given, an unprecedented revenue from the increase in Excise, drinking, as a vice, is practically unknown. The omission by Mr. Caine of the words "as a vice" cannot be attributed to oversight.

8. The next quotation is as follows :—

"But the same report abounds in paragraphs showing how an enlightened Indian Government endeavours at once to get rid of such a happy moral condition and such an unhappy absence of revenue. On page 13 of this report from the North-Western Provinces, paragraph 32 is the following :—

"*Etawah.*—The number of shops has increased from 53 to 67. There are five shops in the Municipality, which are reported to be sufficient. In the village tracts the number is still far below the Government standard. Efforts are being made to bring the number of shops up to the prescribed standard. Besides the 67 shops now opened, licenses were granted for others; but they were withdrawn when it was found that no liquor was sold at these shops."

The passage referred to is paragraph 32 of the Report of the Commissioner of Excise for 1885-86, which runs as follows (the italics are not in the report) :—

"*Etawah.*—The number of shops has increased from 53 to 67. There are five shops in the Municipality, which are reported to be sufficient. In the village tracts the number is still far below the Government standard: *there is only one shop to 10,368 of population, or one in 23·6 square miles.* Efforts are being made to bring the number of shops up to the prescribed standard. Besides the 67 shops now opened, licenses were granted for others; but they were withdrawn when it was found that no liquor was sold at these shops."

Here, again, the words "there is only one shop to 10,368 of population, or one in 23·6 square miles" have been omitted, with an object, obviously, similar to that which led to the omission of the words indicated in the preceding paragraph. A maximum standard having been prescribed by the Government with the object of adopting precautions against the consumption of unexcised liquor, the intention in this passage was to explain how and why this standard was not worked up to. The aim of the writer was not to draw the attention of the Government to the fact that he had increased the number of shops; but to explain that, although he had increased them, the circumstances of the district do not admit of the adoption of a standard prescribing a higher maximum as a safe guide. Incidentally he discloses, what Mr. Caine was careful to conceal from the House, that there is one shop only to more than 10,000 persons, and to every 23·6 square miles. From paragraph 15 of this letter will be seen more fully what are the circumstances of the district.

9. Mr. Caine proceeds as follows :—

"*Etah.*—There has been an increase of one shop; there are now 63. At the last settlement efforts were again made to induce the liquor farmers to open new shops; but, as last year, to no purpose. No one would bid even a nominal price for them. The number of shops is much fewer than the number allowed by Government standard."

Here, again, the remark as to the number of shops has reference to the Government standard, the object of the writer of the report being to explain why in the district (Etah) to which he referred, the Government standard was inapplicable; and to give the superior authorities to understand why he had used the discretion left to local officers as to maintaining a scale of shops much below the standard of comparison tentatively adopted by the Government.

10. The next quotation is as follows :—

Mr. Crooke, the Revenue Officer of Etah, "draws attention to the impossibility of the labouring class consuming liquor to any considerable extent when it is sold, as at present, of inferior quality and at an almost prohibitive price."

The Board, in quoting Mr. Crooke, were writing of the increased consumption in these Provinces of intoxicating drugs, the deleterious effects of which have always been regarded, and referred to in successive reports, with the greatest apprehension. Where any section of the population is known to be addicted to this form of stimulant, it has been the consistent aim of this Government to substitute, for the pernicious habit of drugging, the consumption of ordinary country liquor. The Board of Revenue, in pursuance of this policy, wrote as follows :—

"It is a question whether the time has not arrived for restricting the cultivation of the hemp plant and the manufacture of drugs therefrom, as is done in Bengal and the Central Provinces. There is a general consensus of opinion that the consumption of these stimulants has greatly increased of late years, a result due partly to their extreme cheapness and portability as compared with liquor, and partly to the preference which is naturally felt for them over inferior and adulterated spirits. Mr. Crooke (Etah) draws attention to the impossibility of the labouring classes consuming liquor to any considerable extent when it is sold, as at present, of inferior quality and at an almost prohibitive price. There appears, however, to be little reason for apprehending any seriously

pernicious effects from the extended use of *bhang* or *ganja*, such as naturally results from the consumption of *chandu* and similar poisonous preparations of opium. Hemp drugs are used more as stimulants than as intoxicants, and it is reported from Muttra that their use is increasing among fakirs and others, who regard the effect produced by them as akin to sacred religious frenzy, whereas ordinary drunkenness is unseemly and polluting."

Mr. Caine ignored the whole of the paragraph as above quoted, and the fact that it had especial reference, not to the propagation, but to the prevention, of an extremely dangerous form of taking stimulants. His only aim was to bring his hearers to the conclusion that the Revenue Officer, inspired by the policy of his Government, drew his attention to the impossibility of the labouring class consuming the liquor to any considerable extent when sold, as at present, of inferior quality and at an almost prohibitive price. Honourable Members, although unacquainted with the Indian Government, will not have failed to reflect that if the policy of the Government were to increase the consumption of excised liquor, it would have been careful to ensure that the quality should not be inferior, or the price almost prohibitive. The comment Mr. Caine desired the House to draw from the whole passage was, that Mr. Crooke, the Revenue Officer of Etah, "wants to persuade the labouring classes to consume liquor to a considerable extent." Had that been Mr. Crooke's desire, the result, as above indicated, lay in his own hands. A Government, whose aim is to stimulate consumption of liquor, does not permit liquor to remain "of inferior quality and at an almost prohibitive price."

From the final paragraph of the last extract another peculiarity connected with Indian customs is apparent, which, though it would probably be overlooked by Mr. Caine, is not without interest to the observer of Eastern habits. It is not a question whether the fakir or religious mendicant should intoxicate himself; it is not, in other words, a question between drugs and water; but the precise form of intoxication is the point at issue: and drugs are preferred for the purpose aimed at because the effect produced is regarded as akin to religious frenzy, such as until lately was seen in the procession of the Dosah in Egypt, and such as is aimed at by Eastern votaries of various sects and on several occasions.

11. The next quotation is as follows :—

"At Muttra, it is reported that many new licenses had to be withdrawn, as no liquor was sold, and that new shops put up for auction were not bid for. At Muttra there were 39 liquor shops 25 years ago; now the number is 59. Yet my right honourable friend says the larger number of shops have been established recently. 'Recently' means a period of 25 years."

The number of shops at present is stated in this passage to be 59. Reference to the year's report will show that the number of shops under the distillery system is there stated as 39, or precisely the number which is said to have existed 25 years ago. Including shops under the farming system the number was 55. The combined number in the last year of report (1888-89) was 43. Even with the examples before us, showing how little responsibility he felt towards the House either for the accuracy or the completeness of his quotations, his aim being to snatch a verdict, it is impossible to suppose that Mr. Caine could have desired to state the number of shops existing in Muttra as being in excess of the number which he knew in point of fact to have existed.

12. Mr. Caine proceeds :—

"Here are other paragraphs.

"'In Sitapur, the reduction of 33 shops is reported to have resulted in a loss of more than R2,000 in license fees, and no further reduction is advisable at present.'

"'In the Jhansi Division, the number of shops is largely in excess of the Government standard; and although the Commissioner of Excise makes no remarks thereon, it appears from the district reports that at present it is inexpedient to make any considerable reduction in their number.'"

This quotation is accurate. In Sitapur, as generally in Oudh—which Province was separately administered up to 1877—the number of shops was for some years considerably in excess of the standard laid down by Government, *viz.*, 1 for every 5,000 of the population as a maximum. Measures have been steadily pursued to effect a reduction, and in the course of 1885-86 33 shops out of 277 were closed in the Sitapur district. For the ensuing year (1889-90) a still further reduction has been arranged and is being carried out; after which the number of shops will for the present be 207. It is worthy of note, with special reference to the very extensive reduction of shops in this district, that the gallonage has not materially decreased in consequence. It may be inferred that a diminution in the number of shops does not necessarily ensure a corresponding decrease in the consumption of liquor; and this is further established by the figures given in paragraph 19 of this letter.

13. The number of shops in the Jhansi Division is stated to be largely in excess of the Government standard, the District Officers thinking it to be inexpedient to make any considerable reduction in their number. It has been explained in the course of this letter that the

Government standard, although a maximum, is not intended as a strict rule for general application. Where especial reasons exist for deviating from the standard, they have to be explained; and in the Jhansi Division the special reason is that facilities for smuggling liquor are extraordinarily great. That Division is almost entirely surrounded by Native States which are beyond the control of the British Government. The proximity of a Native State invariably stimulates liquor-drinking within our own borders. During his march last year throughout Oudh, in no single instance had the Lieutenant-Governor and Chief Commissioner observed a case of drunkenness until he arrived on the Nepal border, when special police precautions had to be taken to prevent the camp-followers obtaining liquor at cheap rates on the Nepalese side of the frontier. In spite of these precautions, as soon as the Camp reached the Nepal border, men who, in face of the higher price of the excised liquor in our own territory, had hitherto found no opportunities of indulging their appetite, were seen by no means infrequently in various stages of inebriation along the line of march.

14. Mr. Caine goes on to say :—

"We are told that the high rise in consumption at Cawnpore is due to the opening of the new distillery. Who was it that opened that distillery? A limited liability Company or a private individual? Not at all. It was the Government. In consequence of the opening of the new distillery they raise the consumption. I think it is the way in which they get the maximum of revenue."

The new distillery to which Mr. Caine refers is explained by that gentleman himself to have taken the place of liquor previously imported from neighbouring districts (Lucknow, Hardoi, and Unao) connected by rail. "*Who was it that opened that distillery*" he asks further; and he replies that it was the Government; his desire being to cast discredit on the Government for opening a distillery where none existed before. The least inquiry when he was in India would have shown Mr. Caine that the farming system, until the period referred to in the report, existed in Cawnpore, and had recently been abolished to make way for the distillery system. All distilleries under the latter system are Government property; and as a consequence of the substitution of the distillery for the farming system—which it has always been the aim of the Government to abolish whenever practicable—it was inevitable, if there was to be any Excise machinery at all in Cawnpore, that a new Government distillery should be established.

15. Mr. Caine continues—

"The last paragraph which I will quote is at Benares; the license fees for the year were very high, and to make their business profitable the retail dealers lowered their prices, and thus largely increased the sale of liquor."

This paragraph indicates nothing beyond the fact that retail dealers having competed for licenses too keenly among themselves were compelled, in order to recoup their outlay, to sell their liquor at unusually low prices. The competition of retail vendors arises from local causes with which the Government has absolutely no concern, and now and again rivalry or jealousy, or the desire of a would-be monopolist to exclude smaller men, leads to excessive bids which, as in this instance, cause the vendors to take temporary measures for recouping their loss. The increase in Benares, however, in the year in question was only sufficient to bring up the district consumption to that of the year 1883-84.

16. Mr. Caine concludes :—

"I could go on *ad nauseam*, and could give similar instances from all the Provinces of India. These extracts show clearly that where there are no liquor shops and no desire for them, the Excise administration has forced them in; and that where there are avowedly too many, they have refused to reduce them."

It has been the aim of the preceding remarks to show that Mr. Caine, in his anxiety to furnish apposite instances, has not hesitated to mutilate the text from which he copies; to leave out so much of it as is opposed to his contention; or to cut it off, if need be, entirely from the context, which throws light upon it. He has made no effort to put before the House the explanations given in the reports from which he quoted; he has not attempted to gain any knowledge of the bearing of the social or religious customs of the people on the liquor question; or the effect of geographical peculiarities on administrative arrangements. The extracts, restored to their proper place in the text and given without manipulation, show that for the purpose of preventing illicit manufacture and sale a Government standard has been adopted as a maximum, or as an approximate test, by which to judge of the adequacy of the number of shops for preventive purposes in any given district; that in some cases the Government standard has been exceeded, and that in others it has not been attained; and they illustrate the anxiety of District Officers to satisfy the Government in either instance (whether

that is, shops exceed or fall below the standard) of the correctness of their action. Mr. Crooke, had he conceived his orders to be to bring up the shops to a certain standard, would not have thought it sufficient to assure the Government that the people decline to consume liquor because the price was too high, or the quality inferior; he would have strengthened the quality, and reduced the price. The Jhansi District Officers, if they hesitate to reduce the number of shops to the standard indicated by Government, do so because they cannot, like Mr. Caine, ignore the geographical features of the tract in which they find themselves placed; but know it to be their duty to place such restrictions as they can on the consumption of cheap liquor imported from foreign States, by establishing a sufficient supply of shops within their own territory, the licensees of which make it their business to check the introduction of contraband cheap liquor.

17. Turning from the special question of Mr. Caine's criticisms on the working of the Excise system in these Provinces, I am to furnish, for the information of the Government of India, the following figures in regard to the three districts of Etawah, Etah, and Muttra, which are interesting as showing the consumption of liquor in those districts by the chief drinking castes which are to be found within their limits :—

ETAWAH—

Total population of the district	722,371
Number of people to the square mile	426
Names of seven of the chief drinking castes in the district	Kahar, Kori, Chamar, Dhobi, Bhangi, Kumbhar, Kayath.
Number of males of all ages in these drinking castes	42,013
Number of shops for the supply of country liquor throughout the district	53 { 42 distillery. 11 outstills.
Total number of gallons of country liquor consumed in 1881-82	5,762
Average yearly consumption per head of the drinking population	·13 of a gallon.
Number of villages in which there are more than 50 persons of the drinking castes	375

ETAH—

Total population of the district	756,523
Number of people to the square mile	435
Names of the five chief drinking castes in the district	Kahar, Kori, Chamar, Bhangi, Kanjar.
Number of males of all ages in these drinking castes	79,813
Number of shops for the supply of country liquor throughout the district	55
Total number of gallons of country liquor consumed in 1881-82	2,870
Average yearly consumption per head of the drinking population	·03 of a gallon.
Number of villages in which there are more than 50 persons of the drinking castes	619

MUTTRA—

Total population of the district	671,690
Number of people to the square mile	462
Names of the six chief drinking castes in the district	Kahar, Kori, Chamar, Bhangi, Kayath, Dhobi.
Number of males of all ages in these drinking castes	76,637
Number of shops for the supply of country liquor throughout the district	33
Total number of gallons of country liquor consumed in 1881-82	3,636
Average yearly consumption per head of the drinking population	·04 of a gallon.
Number of villages in which there are more than 50 persons of the drinking castes	354

18. It may be observed that in Etawah only, of the three districts aforesaid, was the outstill system in force when these results were ascertained and reported. Three of the tahsils of this district—two of which are trans-Jumna and one trans-Chamba, abutting on Native territory—are still, owing to the neighbourhood of such territory, and to the physical characteristics of the intervening country, under this system. In Muttra for the same reason portions of three parganas bordering on the Bhartpur State are under farm. Etah is wholly under the

distillery system. The figures of the last year for which returns are fully available (ending 30th September 1888) are as under :—

		Revenue from country spirits.	Number of wholesale and retail shops.
		R	
Etawah	Distillery	24,820	65
	Outstills	660	14
Etah	Distillery	13,446	73
Muttra	Distillery	13,984	37
	Farm	540	6

19. The following figures of the last six years in the above three districts, commencing from the time when the distillery system began to be generally introduced, and the Excise system to occupy anew the attention of this Government, are material, and I am desired to append them :—

		1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
(1) As regards the distillery system :—							
Etawah	Number of shops (wholesale and retail)	39	52	59	73	62	65
	Gallonage	6,034	9,108	8,828	8,610	10,351	11,733
	Average consumption per head	·008	·01	·01	·01	·01	·01
Etah	Number of shops (wholesale and retail)	64	61	63	63	70	73
	Gallonage	5,198	6,666	4,721	5,378	3,231	3,214
	Average consumption per head	·006	·008	·006	·007	·004	·004
Muttra	Number of shops (wholesale and retail)	3	11	26	39	36	37
	Gallonage	2,086	2,648	2,953	3,507	4,199	4,769
	Average consumption per head	·003	·004	·005	·006	·007	·008
(2) As regards the farming system :—							
Muttra	Receipts	2,249	2,330	746	933	597	540
	Number of shops	30	24	16	16	6	6
(3) As regards the outstill system :—							
Etawah	Receipts	528	538	493	507	617	660
	Number of shops	11	14	11	10	12	14

Taking the number of shops in Etawah under the distillery and outstill systems combined, it will be seen that there were 79 in 1887-88 as against 50 in 1882-83; in Etah 73 as against 64; and in Muttra 43 as against 33. The gallonage under the distillery system, taking the three districts together, showed considerable increase, while the receipts under the farming and outstill systems had very largely decreased.

20. Adverting next to paragraph 3 of your No. 3508, dated 9th July 1889, requesting the submission of a table showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in India since 1860, I am directed to say that there has been no change as regards opium, since 1860, in the price to licensed vendors. It has stood, unaltered, at R15 per seer. The licensed vendors are allowed to sell at their own discretion; but the sales by treasurer's agents at R16 per seer, in tahsil precincts only and within office hours, regulates to a great extent the prices demanded by licensed vendors. As regards still-head duty, I am to explain that since the year 1877, in which the two Provinces were amalgamated, a uniform rate of one rupee per gallon has been imposed, irrespective of strength and material; prior to that the rates varied considerably. The Commissioner's account, which gives all necessary information, is as under :—

"*North-Western Provinces.*—The farming system was in vogue from 1860 to 1862. From 1862-63 it was supplanted by the more familiar ordinary distillery system. The still-head duty was fixed at R1 per gallon on spirits of three-fourths London proof strength, and eight annas on all weaker brews. From October 1863, it was raised to R2 and R1 respectively. In the following year, 1864-65, a distinction was made between spirits distilled from molasses and the liquor made from the *mahua* flower, and the scale of still-head duty altered to a charge of R1-8, or 12 annas on the former, and R1 or 8 annas on the latter, according to the strength of the brew. In January 1866, these rates were raised to R2 and R1 on molasses' spirits, and R1-8 and 12 annas on that made from *mahua*. In 1869-70 a uniform still-head duty of R1-4 was fixed irrespective of the strength of the liquor, or the materials used in making it. In the course of the same year, however, the rate was again raised to R1-8, and continued so until the 30th of September 1877. From the 1st October 1877 up to the present time a uniform rate of R1 per gallon has obtained both in the North-Western Provinces and Oudh, without respect to the strength of the liquor, or the materials from which it is distilled.

"*Oudh.*—From 1860 up to the 30th of April 1863, the rates in force were as follows:—

For liquor 25° under proof or more, ₹2 per gallon.

Ditto of less strength, and down to 30° under proof, ₹1-8 per gallon. From the 1st of May 1863 to the 30th of September 1877, the rates were lowered to—

₹1 per gallon on all liquor from 25° under proof up to proof; and

annas 12 per gallon on all liquor varying from 25° to 30° under proof.

No spirits above proof or below 30° under proof could be issued. As already stated, a uniform duty of ₹1 per gallon, without regard to the strength of the brew, was introduced from the 1st of October 1877, and has remained unaltered up to the present time.

21. I am desired, before concluding, to place before the Government of India the following figures regarding the consumption of liquor in these Provinces as a whole. The total annual gallonage under the distillery system for the last six years, with corresponding figures of shops and average consumption per head of population, was as under:—

	1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
Total gallonage	1,766,000	1,842,000	1,810,000	2,060,000	1,917,000	1,839,000
Number of shops	6,803	6,760	6,612	6,366	6,310	6,191
Average consumption of gallons per head	·05	·05	·05	·05	·05	·05

Under the farming and outstill systems, the figures are the following:—

		1882-83.	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
Farms	Total receipts ₹	1,28,000	1,60,000	1,60,000	1,85,000	1,84,000	1,85,000
	Number of shops	1,073	1,127	809	807	803	803
	Average license fees per head	·04	·04	·04	·05	·05	·05
Outstills	Total receipts ₹	3,44,000	4,33,000	3,80,000	3,93,000	3,91,000	4,01,000
	Number of shops	901	955	806	876	792	825
	Average license fees per head	·07	·08	·07	·07	·07	·07

A glance at the figures given above shows that (1) under the distillery system, which is in force in the greater portion of the United Provinces, the gallonage in the course of these six years (comparing the first and last years) increased by about 4 per cent., the number of shops falling by about 9 per cent., (2) that under the farming and outstill systems combined (the two systems are really one and the same, the essential difference being one of area only) the receipts rose from ₹4,72,000 to ₹5,56,000, or by between 17 and 18 per cent., the number of shops falling from 1,974 to 1,628 (or by nearly 18 per cent.), while the average of license fees per head of population was about ·069 of a rupee only. There can be no doubt that the increased quantity of liquor under the distillery system, and of receipts under the farm and outstill systems, is mainly the result of a succession of good agricultural years: and also of the more careful supervision, and stricter measures for putting down smuggling, that have of late years been insisted on. The reduction in the total number of shops, from 8,777 to 7,819, is the result of the policy adopted by the Government of these Provinces, to which attention has already been invited, strictly to limit the number of shops to actual requirements, so far as these are ascertainable. It will be observed that the distillery system is that which is mainly in force in these Provinces. The other systems (which are retained only in portions of any given district, which are adjacent to foreign territory, forest, or mountain) bear but a small proportion to it, so far as population, which is the only sound basis of comparison, is concerned. The figures of the three systems for the last year for which figures are available (ending 30th September 1888) are as under:—

	Population.
Distillery system	35,466,000
Farming ditto	3,047,000
Outstill ditto	5,595,000

ie two latter systems cover, it will be observed, a total population of 8,642,000 only—or not ite one-fourth of the population which draws its supply from the distillery system. It is edless to enter into an elaborate description of the systems; but it may be observed that hile, as regards population, the proportion is about 80 (distillery) to 20 (farming and outstill) e gross revenue of the last year (1887-88), the figures of which have been reviewed, was vided in the ratio of 74·5 to 15·5, as under:—

	₹
Distillery system	31,72,000
Farming and outstill system	5,85,000

22. It is perhaps worth noticing, in conclusion, that the average daily number of prisoners confined in the jails of the United Provinces stood, from the year 1881 to the year 1887, as under:—

1881	26,477
1882	24,066
1883	21,873
1884	20,076
1885	18,288
1886	18,615
1887	17,961

The years 1885-86 and 1886-87, it will have been seen, were the most productive from the point of view of Excise. They were the years in which the jail population was at its lowest. The figures furnish their illustration to the statement that drunkenness, as a vice, leading to crime, does not exist in these Provinces. It may be allowed, equally, that in good agricultural years crime statistics are lowest. Excess of drink, with consequent increase of the criminal population, is not known or likely to be known in this part of India. In good agricultural years, or in years considered auspicious for marriages, more liquor is consumed; when the prices of food-grains rise, consumption of liquor is restricted. Masses of the population never touch liquor and no inducement is held out by Government to them to do so. Other classes—among them many of the lowest inhabitants of the towns—drink or consume drugs. If they cannot get excised liquor they will obtain liquor which has not paid excise. In the eastern district of the Provinces, especially where the *mahua* tree is used for distillation, facilities for illicit manufacture more than abound. Reduction of shops in such districts would bring about increase of consumption; for the licensees maintain a watch on unexcised liquor. The object which the Government everywhere sets before itself is by giving reasonable facilities of purchase of excised liquor to control the manufacture and consumption of illicit liquor, the detective agency of the Government being thus the licensed sellers, rather than the police. The police in India is an agency unsuited to preventive purposes because its probity cannot be sufficiently relied on, and because it would take large occasion for its own pecuniary advantage from the opportunities given by this class of duty.

Table showing the Rates of Duty on Country Spirits and the Selling Price of Opium sold to Licensed Dealers in the North-Western Provinces and Oudh.

Year.	Rate per gallon of country spirit in the North-Western Provinces.	Rate per gallon of country spirit in Oudh.	Rate per seer of opium sold to licensed dealers in the North-Western Provinces and Oudh.
1860-61	Farming system was in force	₹2 for 25° U. P. ₹1-8 for 30° U. P.	₹15 per seer.
1861-62			
1862-63	₹1¾ L. P. strength: 8 annas weaker strength.		
1863-64	₹2 and ₹1 respectively.		
1864-65	₹1-8 and 12 annas molasses' spirit. ₹1 and 8 annas mahua spirit	as above	
1865-66	₹2 and ₹1 ₹1-8 and 12 annas		
1866-67 to 1868-69	Ditto	₹1 exceeding 25° U. P. 12 annas 25° to 30° U. P.	
1869-70	₹1-4 irrespective of strength and material.	ditto	
1870-71	₹1-8 irrespective of strength and material.		
1871-72 to 1876-77	Above continued		
1877-78 to 1887-88	₹1 irrespective of strength and material.	₹1 irrespective of strength and material.	

F. W. BROWNRIGG,

Offg. Commr. of Excise, N. W. P and Oudh.

No. 433—XIII-87 A., dated 28th November 1889.

From—R. SMEATON, Esq., C.S., Secretary to the Government of the N.-W. P. and Oudh,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

In continuation of this office letter No. 413—XIII-87 A., dated 18th November 1889, on the subject of Excise administration, and with special reference to paragraph 2, clause (*a*) of your letter No. 3508, dated the 9th July last, I am directed to submit, for the information of His Excellency the Governor General in Council, a copy of the papers marginally noted, regarding the "opium den" in Lucknow, to which attention was called in the debate in the House of Commons on Excise administration in India.

From Commissioner, Lucknow, No. 3935, dated the 28th August 1889, and enclosures.
From Commissioner of Excise, No. 438 C.E., dated the 9th October 1889, and enclosures.
From Commissioner of Excise, No. 457 C.E., dated the 15th October 1889.

2. The Lieutenant-Governor and Chief Commissioner desires me to say that the account given by Mr. Caine of the opium shop in question, so far as the testimony of all who are conversant with the place and know the habits and customs of Lucknow residents enables His Honour to judge, appears to have been coloured in the highest degree by Mr. Caine's well-known views on the subject of stimulants, and to have been presented to Parliament under the influence of feelings similar to those which prompted him to bring before the House the ill-founded indictment against the Excise administration of these Provinces treated of in the letter quoted in my 1st paragraph.

3. I am to add that there seems to the Lieutenant-Governor and Chief Commissioner to be no reason for departing from the policy which has for many years been in vogue in these Provinces—of cautiously reducing, as far as is possible, the number of licensed opium-smoking centres. But His Honour considers that to do away entirely with such places of resort would only result in largely encouraging the smoking of illicit opium—in private and at their own homes—by those who are habitual smokers.

4. Referring to paragraphs 10 to 16 of the letter from the Commissioner of Excise, dated the 9th October 1889, I am to say that in districts where opium is not grown it will probably be advisable to do away with the rule requiring lessees to take a certain minimum quantity of opium before a license is granted. This question is being separately considered.

No. 3935, dated 28th August, 1889.

From—W. E. NEALE, Esq., Offg. Commissioner, Lucknow Division,

To—The Secretary to the Government of the N.-W. Provinces and Oudh.

I have the honour, in reply to G. O. No. 260—XIII-87 A., dated the 3rd August, 1889, to forward herewith copy of a memorandum by the Deputy Commissioner on the points specified by you. I visited the particular shop and one other shop personally and made inquiries; and I believe Mr. Mulock's estimates and opinions to be correct.

2. The native impression seems to be that opium-eating is increasing in Lucknow, but in a private form; and that the public consumption of it in "dens," &c., is diminishing. They say it was much larger in this latter form in the King's period. The Deputy Commissioner's figures, showing a reduction of shops from 20 to 3, would confirm this idea, though of course the size of the shops is an unknown item in the account. On the other hand, the total consumption from 1883 has risen from 11 maunds to 20 maunds.

3. The inducement to go to the shops is that the opium is there served in a more palatable form, and, I suppose, the attractions of society also have their weight. Prohibition against consuming in the premises would increase consumption by drinking at home; but would also withdraw a source of temptation, so that probably some slight decrease of consumption would occur. I would, at all events, suggest that the lessees should be freed from the obligation of purchasing a *minimum* of opium, just as has been recently ordered in regard to liquor lessees.

4. The details of Mr. Caine's description of the opium shop are not quite as they appeared to me. There was no comely Chinese woman, and no girl in charge of each room. There was a great chattering going on as we came in. The smokers were mostly men of over thirty. In Mr. Caine's shop were 105, and in the other 110 persons. There were three women in the former, and five or six in the latter: of whom two were young, about 20 to 22 years (prostitutes of course), and the others, women of 50 or so. The time chosen was 8 P.M. (without previous warning), which is the most fashionable hour. I have of course visited other chandu shops: the general characteristics are always the same: and those in Lucknow present nothing remarkable.

Memorandum on G. O. No. 260—XIII-87 A., dated 3rd August 1889.

1. *Paragraph 2.*—The shop referred to is that situated in muhalla Nayagaon of the Aminabad quarter in the city of Lucknow. The shop has been in existence since shortly after the mutiny, *i.e.*, about 1860.

2. The lease of the shop has only been disposed of separately since 1882-83, and has brought in the following sum each year since then:—

	Per annum. R
1883-84	432
1884-85	768
1885-86	792
1886-87	1,296
1887-88	3,496

1888-89 leased at a rate of R4,980 per annum for nine months: and is now leased at a rate of R2,880 per annum, as former licensee failed.

3. In 1882-83 a minimum of opium was inserted for the first time in these licenses, and the amount of opium used at this shop since that year (which is the first for which separate data for each shop are available) was as follows, *viz.*,—

	Mds.	s.
1883-84	1	12
1884-85	1	35
1885-86	3	8
1886-87	4	35
1887-88	12	4
1888-89	5	21 (for 10 months.

4. I estimate the average number of persons who frequent this shop all the year round at about 400 per diem. I would note that practically the customers of each shop are every day the same individuals, for the habit of opium-smoking once contracted is very seldom abandoned, and there are only three shops in the whole city of Lucknow where the habit can be indulged in. No shops are open in the outlying district, *i.e.*, there are only three shops for 700,000 persons according to the last census.

5. There are at present, as already stated, only three shops in the city of Lucknow and none in the district. Down to the close of 1870-71, when the drug contract was disposed of jointly with that for sale of madak and chandu, there were 50 chandu shops. In that year the two contracts were for the first time disposed of separately.

6. In 1874-75, 1883-84, 1885-86, and 1887-88 the number of these shops licensed fell respectively to 20, 12, 6, and 3, the number now open. The amount of license-fees realised by sale of these licenses annually during the last ten years, and the amount of opium sold to the license-holders since 1883 and 1884 (the first year when a minimum of opium for each shop was inserted, and data are therefore available) are given in the accompanying statement.

7. I estimate the number of persons frequenting the three shops now open at a maximum of 1,200 per diem all the year round.

8. *Paragraph 3.*—The leading conditions in the licenses of these shops are—

(1) punctual payment of license-fees every month;
(2) purchase of a fixed minimum per month of Government opium;
(3) shop to be open only from sunrise to 9 P.M.;
(4) no objectionable characters to be allowed entrance;
(5) receipt of anything but cash in payment strictly forbidden.

9. The total sale of Government opium at the treasury in Lucknow was 122 maunds seer in 1887-88, of which 20 maunds 4 seers, or less than one-fifth, was purchased by the andu and madak licensees. The great mass of opium-eaters belong to the lower classes, and ium-smoking is almost exclusively confined to the lowest of the Muhammadan population ing in the city of Lucknow.

10. *Paragraph 4.*—If the smoking of opium were to be prohibited at licensed shops, ere is no doubt that the habit would spread by being practised in a number of centres ere those who indulge in it would meet for the purpose.

F. B. MULOCK,
Deputy Commissioner.

List of Chandu and Madak shops.

Year.	Number of shops.	Yearly fees.	Amount of opium sold per annum.	Remarks.
		R	Mds. s.	
1879-80	20	4,680		
1880-81	20	4,680		
1881-82	20	5,260		
1882-83	20	4,730		
1883-84	12	3,420	11 13	
1884-85	12	6,888	15 34	
1885-86	6	4,068	13 1	
1886-87	6	6,480	23 1	
1887-88	3	7,740	20 4	
1888-89	3	12,600*	17 24	For 10 months.

* Rate per annum for nine months and re-let at a rate of R8,700 per annum for the remaining three months.

DEPUTY COMMISSIONER'S OFFICE;
LUCKNOW:
The 24th August 1889.

F. B. MULOCK,
Deputy Commissioner.

No. 321—XIII-87 A., dated 9th September 1889.

From—R. SMEATON, Esq., C.S., Secretary to the Government, N.-W. P. and Oudh,
To—The Commissioner, Lucknow Division.

With reference to your letter No. 3935, dated the 28th August last, regarding the "opium den" in Lucknow, I am directed to request that you will be good enough to state clearly (1) the amount realised from the lease of the shop in 1888-89 (specifying the months covered), and (2) the amount anticipated—if no settlement has yet been come to for 1889-90.

2. I am to point out that you have not replied definitely to the inquiry as to the form in which opium is principally consumed, and to ask that you will now do so.

3. Your reply to this letter should be forwarded to the Commissioner of Excise, to whom a copy of your report of the 28th ultimo has been forwarded.

No. 438 C.E., dated 9th October 1889.

From—F. W. BROWNRIGG, Esq., Offg. Commissioner of Excise, N.-W. P. and Oudh,
To—The Secretary to the Government of the N.-W. Provinces and Oudh.

I have the honour to acknowledge the receipt of your No. 322—XIII-87 A. of September 9th, and to forward the further report called for by you from the Commissioner of Lucknow in your No. 321—XIII-87 A. of the same date, which has been, as desired, submitted through this office.

2. There can be no doubt, as Mr. Neale points out, that opium-smoking in Lucknow was much more common in the King's period than it is now. That this conclusion is well-founded I have reason, too, to believe from personal inquiry into the matter. The actual *clientèle* of the *madak* and *chandu* shops in Lucknow, as noticed in the reports which you have already received, is not very large. The same people come day after day, for the habit of opium-smoking once formed is rarely broken off.

3. The amount of opium consumed in licensed smoking dens is not always a true gauge of the actual extent of the practice. Lucknow is throughout a poppy-growing district, and it is well known that the unprepared and freshly-gathered opium obtained direct from the cultivators is highly esteemed for smoking purposes in the form of *madak* and *chandu*. That some of this finds its way into the city, despite every effort to prevent it, can hardly be denied. As long as the license fees for these *madak* and *chandu* shops remained at a low figure, the minimum of Government opium which the lessees were compelled to take, based as it was on the fees paid, necessarily remained low also. As the fees rose, so of course did the minimum. But it does not follow that the actual amount consumed increased in the same proportion. More Government opium, and less of the illicit article, was consumed until last year the point was reached, in regard to the shop which Mr. Caine inspected, where the minimum of opium, based on the license fees, could not be consumed, and the contract broke down. The lessee, as a result of competition—which the large reduction of shops has stimulated in an unusual

degree—had bid more than the true value of the shop, and failed in consequence. The license fees for 1889-90, as Mr. Mulock points out, show a very large falling off on those paid for the year which has just closed, and there is no doubt that they must eventually adapt themselves closely to the actual amount of Government opium which can be consumed.

4. As the Deputy Commissioner points out, the number of opium-smoking shops 20 years ago in the Lucknow district alone was about 50, or almost as many as there are now in existence for the whole of the North-Western Provinces and Oudh combined. This total has been gradually reduced so far that three were found enough during the past year to supply all the customers who frequented such haunts. For 1889-90 only two shops have been licensed, so that the facilities for opium-smoking in Lucknow may justly be said to have been restricted to the very lowest scale compatible with the prevention of illicit consumption. One has been closed since Mr. Mulock wrote on the 17th September, and a remission of R600 in fees sanctioned on this account by the Board of Revenue. The total estimated income under the head of license fees for the vend of these preparations during 1889-90 should therefore be placed at R7,050, instead of R7,650, as reported by the Deputy Commissioner. This, it will be seen, is less than the amount realised in 1887-88, the last of the normal years with which a fair comparison can be made. Judged from the standpoint of fees, therefore—unsatisfactory though such a test may be, especially in a city like Lucknow, where combination is more than usually rife—it may reasonably enough be argued that the consumption of opium in the form of smoking is not materially on the increase.

5. Last year there were only 54 opium-smoking shops in the United Provinces. This number has been still further reduced for the year which has just commenced on October 1st. It is the avowed object of Government to keep down the sale of *madak* and *chandu* as far as is consistent with the unavoidable recognition of the practice of opium-smoking; and were it not for the firm belief that the abolition of such shops altogether would be a greater evil than their retention on the present scale, there is no doubt that they would all have been ere now records of the past.

6. Paragraph 4 of the Deputy Commissioner's report of September 17th clearly indicates the difference between opium-drinking and opium-smoking. The latter is by far the most common way in which opium is taken. The ordinary opium shopkeeper does not endeavour to induce his customers to consume the drug on his premises, as the *madak* and *chandu* lessee is forced to do. There is no special art required in preparing the ordinary opiate draught. A little ball of the drug is gradually dissolved in water, and the mixture then drunk off as any other liquid intoxicant would be. But the preparation of *madak* and *chandu* needs a practised hand, and calls for more skill on the part of the licensee. These are the only forms in which opium is smoked in these Provinces, and the customer must needs consume his purchase on the lessee's premises. At the time of Mr. Caine's visit an attempt was being made to bring into vogue the Chinese mode of smoking; but the effort was not successful, and the old-established methods were soon reintroduced. For complete particulars regarding the preparation of *chandu*, and the way in which it is smoked, I would not do more than refer to pages 22—24 of the abstract of district notices, in the Excise Administration Report for the year ending 30th September, 1880. The account contained there may be considered to hold good still, and it would be needless on my part to recapitulate here the full and interesting description there given.

7. Lucknow contains a vast Muhammadan population, and there is no doubt that opium-smoking as well as drinking is largely practised both by high and low in private houses. On the latter form of consumption there is of course no ban, and the former is, it is needless to say, extremely difficult of detection. There can be no doubt whatever that the restriction of opium-smoking to two or three main centres, the habitués of which cannot conceal their identity, has a salutary effect in stigmatising the habit as one of the special prerogatives of men of bad character. To be an opuim-smoker in these days is unquestionably a badge of opprobrium and disrepute, and any step which would tend to diminish the odium that now attaches to this practice is most earnestly to be deprecated.

8. I quite concur in Mr. Mulock's opinion as to the probable consequence of prohibiting opium-smoking in shops licensed for this particular purpose. The stigma which is now associated with this habit, practised as it must be at well-known centres, would then be avoided, and a considerable impetus also given to illicit consumption. For the opium-smoker then would probably procure his supplies through some other person, and need never himself visit the shop at all, while if so disposed the facilities within his reach of obtaining illicit opium would be greatly enhanced, as the difficulty of proving that he was not using Government opium would always be enormous. It is useless now to ignore the existence of the habit. The safest and soundest course of all is to endeavour to restrict it within the narrowest

possible bounds and to keep it from spreading, by confining both sale and consumption to the smallest possible number of fixed centres.

9. In order to be able to grasp the subject from a provincial point of view, I append a statement prepared for the last ten years showing the consumption of opium in the North-Western Provinces and Oudh since 1878 (annexure A). The figures are shown under three separate heads:—

(1) the amount sold to *ex-officio* licensed vendors, *viz.*, to treasurers and their agents, which is retailed by them at a fixed rate of R16 per seer to private customers;

(2) the amount sold to ordinary non-official licensed vendors, *viz.*, opium contractors, who are allowed to retail it at whatever price they like;

(3) the amount sold to the *madak* and *chandu* vendors for consumption on their premises.

The main inferences to be drawn from these figures, making due allowance for the fact that there is probably much less smuggling now than there used to be in former years, are as follows:—

(*a*) That the actual consumption of opium in all forms in the United Provinces does not show any tendency to unnatural or even ordinary increase. In fact, excluding the first two years of the decade—the first two after the introduction of the new Opium Act of 1878—the consumption in 1887-88 will be seen to be actually less than the average.

(*b*) That the actual consumption of opium in the form of *madak* and *chandu* has considerably decreased within the same period. This fact alone is a strong argument in favour of the retention of the present system.

10. I now pass on to the question suggested in paragraph 2 of your No. $\frac{322}{XIII-87 A.}$ of September 9th, and at the risk of being somewhat prolix I would briefly refer to the facts which led up to introduction and retention of the present system, under which every opium lessee is compelled to stipulate to take a certain minimum quantity of Government opium as a *sine qua non* to his obtaining his license.

11. 1877-78 was the first year in which licenses to sell opium were put up to auction. In his report on the administration of the Department for that year Mr. Robertson, then Commissioner of Excise, wrote as follows:—

"I am convinced that the recorded sales in no way represent even approximately the actual amount of opium consumed, at any rate in poppy-producing districts, and that a considerably enhanced revenue might be obtained from this source without in the slightest degree stimulating the consumption of opium or interfering with the transactions of the Opium Department; but simply by insisting that only Government opium shall be consumed, and by stopping its being obtained illicitly (paragraph 32)." He goes on then to compare the amount of Government opium sold in—

(*a*) those districts throughout the whole of which poppy-growing was permitted;

(*b*) those where it was partially permitted;

(*c*) those where it was prohibited.

The conclusions arrived at from these statistics are clearly set forth in the Government review (paragraph 22):—"These figures show that the view taken by Government in the orders on the Excise Administration Report for 1876-77 was correct, *viz.*, that the consumption of opium in opium-producing districts was so far below that in non-producing districts as to justify the presumption that smuggling on a large scale was carried on to the serious detriment of the revenue." To combat this illicit sale the Junior Member of the Board of Revenue, in paragraph 20 of his forwarding letter, had suggested that a minimum amount of opium should be fixed for each license in poppy-growing districts. On this proposal the Government orders were as follows (paragraph 22): "The Junior Member may, as desired, exercise his discretion in fixing a minimum sum to be paid for each license in opium-growing districts, and making it compulsory on each licensee to take a certain amount of Government opium, as there is reason to suppose that licenses are often used there simply as a cloak for the sale of illicit opium." This was in August 1879. Before the close of the same year the Board had sanctioned 10 seers as the minimum of Government opium for each license taken out in a poppy-growing district, and this rule has been regularly observed up to the present time. This is the first actual order issued prescribing in so many words a minimum quantity of opium per license. Its purview was naturally limited, but it indicates the principle which has since been applied in all districts throughout the Provinces.

12. Prior to this, however, in the rules framed under the Opium Act (I of 1878), published in Government notification No. 29 A of 2nd February 1878, for the retail vend of opium

had been introduced inculcating, though not actually enforcing, much the same idea. as follows:—

"That if he buy less than , which is the quantity estimated to be retailed at in each month, he will, if required, explain the reason of the falling off to the Collector." In 1883 the point arose as to how Collectors could enforce the purchase of the prescribed amount should the lessee's explanation be deemed unsatisfactory. The Board of Revenue held that failure to purchase the amount stipulated for should be treated as tantamount to a breach of contract. The result of this was that the rule was re-written, and the minimum clause, as it now appears in all opium licenses, framed as follows:—

"*10th.*—That if he buy less than , which is the quantity estimated to be retailed at in each month, and the Collector considers his explanation of his failure to buy the required amount to be unsatisfactory, the Collector may resume the lease at once and confiscate the instalments paid in advance by the lessee as security" (*cf.* page 79, Excise Manual). I append a copy of all the license forms issued for the sale of drugs and opium, as in connection with paragraph 3 (*a*) of your letter of August 3rd they may be found useful, (annexure B).

13. In 1884 the question as to what amount of opium should ordinarily be fixed on the basis of license fees was also determined. On Mr. Cadell's recommendation orders were issued that for every R100 license fees in the case of opium vendors from 30 seers to one maund (40 seers) should be guaranteed, and in the case of *madak* and *chandu* lessees from 15 to 20 seers. While sanctioning this scale the Board of Revenue enquired whether the system of minimum quantities should be enforced in all districts. In reply Mr. Wall suggested that in those where the average sales for the two or three past years had been satisfactory the restriction might well be removed. To this proposal the Board agreed. No action, however, has ever been taken upon this exemption.

14. This, then, is how the matter stands at present. The conception of a minimum seems to have first originated in the necessity of putting a check on illicit sale. It was read into the rules framed under Act I of 1878, evolved into a principle in regard to poppy-growing districts in the following year, and later on so liberally interpreted as to be applied unreservedly to all districts in the United Provinces.

15. Poppy cultivation is permitted more or less in almost two-thirds of the districts in the North-Western Provinces and Oudh. I append a copy of the last Government notification on this point, dated 2nd January 1889 (annexure C). There can be no doubt whatever that the minimum rule has hitherto had a salutary effect. To this, and the severe punishments introduced for the first time by the Opium Act of 1878, must be attributed the decrease in smuggling, which it is not unreasonable to assume has taken place within the past ten years. The sale of Government opium in 1877-78 was 1,068 maunds 39 seers. Now it is on the average nearly 1,500 maunds. The number of persons convicted of offences connected with opium in the first year of the working of Act I of 1878 in these Provinces was 886. In 1887-88 the total had dropped to 419. I append a statement showing the number of persons convicted of offences under the Opium Acts during the last ten years (annexure D).

16. The minimum system is unquestionably a wise provision in poppy-growing districts, and it would be injudicious to introduce any general measure which would neutralise the beneficial effect of this precaution. But in districts where the poppy is not grown, and more especially where the sales of opium are and have been for the past two or three years satisfactory, there would appear to be no objection to a tentative relaxation of the rule. With this end in view it would seem feasible to exempt a few selected districts in the first instance, and should a comparison of the results attained with those of past years under the present *régime* be then found favourable, the exemption might be still further extended to all districts where the poppy is not grown. But I am not prepared to admit that any useful results would ensue from similar experiments in poppy-growing tracts, and the minimum rule in such areas should not for the present at least be relaxed.

No. 4373, dated 19th September 1889.

From—W. E. Neale, Esq., Offg. Commissioner, Lucknow Division,

To—The Secy. to Govt., N.-W. P. and Oudh (through Commr. of Excise, N.-W. P. and Oudh).

I have the honour to submit copy of a letter, No. 4561, dated 17th September 1889, from the Deputy Commissioner, Lucknow, furnishing particulars regarding the "opium den" in Lucknow, on points noted in G. O. No. 321—XIII-87 A., dated 9th September 1889.

No. 4561, dated 17th September 1889.

From—F. B. MULOCK, Esq., Deputy Commissioner of Lucknow,

To—The Commissioner, Lucknow Division.

In reply to your endorsement No. 4121, dated 11th instant, forwarding copy of Secretary to Government's letter No. 321—XIII-87 A., dated 9th instant, to your address, I have the honour to state as follows.

2. The amount realised in license fees from the lease of the shop for each of the months of 1888-89 up to date has been as follows, *viz* :—

		R	a.	p.	
July	1888	830	0	0	received in advance for 1888-89.
October	"	415	0	0	
November	"	415	0	0	
December	"	415	0	0	
January	1889	415	0	0	
February	"	415	0	0	
March	"	415	0	0	
April	"	415	0	0	
May	"	415	0	0	
June	"	415	0	0	
July	"	415	0	0	
August	"	480	0	0	*Note.*—In July the license was cancelled for breach of the condition of the license, and the shop re-sold.
September	"	220	0	0	
		4	8	4	
TOTAL		5,269	8	4	

3. A sum of R7,650 is anticipated on account of the lease of the three *madak* and *chandu* shops now open for 1889-90, as this was the lump sum bid at auction held on the 28th August. Formal sanction to the settlement has not yet been received from the Commissioner of Excise.

4. In opium-smoking shops, the drug is consumed in the form of *chandu* or else *madak*. The former preparation consists of opium mixed with opium ashes repeatedly boiled and strained till sufficiently indurated to be rolled into balls and smoked. This is the favourite preparation with opium-smokers; and 80 per cent. at least of the opium purchased by lessees of this class of shops is so consumed. *Madak*, as made in Lucknow, consists of *pán* leaves steeped in a solution of opium, dried and rolled into balls, and so smoked. The above are the only two forms in which opium is *smoked*. At retail opium shops the pure drug is retailed in small quantities, and the purchasers take it away and eat it as required. At these shops drinking-water and drinking-vessels are usually kept by the lessee for the use of the few purchasers who prefer to dissolve the drug in water and drink it.

Annexures to Commissioner of Excise No. 438 C.E., dated the 9th October 1889.

ANNEXURE A.

Statement showing the total sales of opium in the North-Western Provinces and Oudh for the ten years ending 1887-88.

Years.	To ex-officio licensed vendors.	To Non-official licensed vendors.	To *madak* and *chandu* licensed vendors.	Total.	REMARKS.
	M. s.	M. s.	M. s.	M. s.	
1878-79	Not shown separately.			1,189 13	
1879-80	363 4	953 9	...	1,316 13	Increase due to stricter supervision by District Officers (*vide* paragraph 117 of the Board's letter on the Excise Report for 1878-79).
1880-81	401 19	1,134 32	...	1,536 11	Much of this increase was due to irregular purchases of opium from the district of the Meerut Division for export to the Punjab.
1881-82	381 29	1,084 31	...	1,466 20	Decrease attributed to the stoppage of the above practice.
1882-83	415 20	948 26	164 19	1,528 25	
1883-84	379 31	951 31	165 14	1,496 36	
1884-85	338 29	924 19	210 30	1,473 38	} Decrease said to be due to the introduction of Malwa opium.
1885-86	361 9	959 10	176 39	1,497 18	
1886-87	352 10	994 36	162 38	1,510 4	Increase attributed to the re-introduction of Ghazipur opium.
1887-88	370 29	978 34	133 33	1,483 16	

ANNEXURE B.

Circular No. 1., dated 23rd August 1887.

From—R. WALL, Esq., Commissioner of Excise, N.-W. Provinces and Oudh,

To—All District Officers in the North-Western Provinces and Oudh.

I have the honour to invite your attention to Notifications Nos. 177—XIII-76 and 179—XIII-76-32, dated 9th July 1887, published in the *North-Western Provinces and Oudh Government Gazette* of the 16th idem, promulgating the revised opium rules under Sections 5 and 13 of the Opium Act, 1878, and fixing the price at which opium is procurable from the Government Treasuries by treasurers, farmers, licensed vendors, and druggists.

2. The form of licenses, permits, &c., required under Rule 32 of the revised rules have been approved by the Board, and copies are herewith forwarded for your information and guidance. Vernacular forms will follow. The revised forms should be used in the ensuing year's settlements.

107. Under Rule 32 of the rules issued under sections 5 and 13 of the Opium Act, the Board of Revenue, North-Western Provinces and Oudh, with the sanction of the Local Government, prescribe the following forms for use under these rules :—

FORM.

I.—Lease for farm of opium or intoxicating drugs or poppy-heads.

Counterpart of this will be signed by the farmer and deposited in the Collector's office { District / Name of farmer / Limits of farm

BE it known that the duties leviable on the retail of have been let in farm to A. B., a resident of , pargana , district of , for the term of , commencing from the 1st October 18 , and ending with the 30th September 18 , upon the following conditions :— in the

1st—That the said A. B. shall pay to Government the sum of R , being the first instalment (and in addition R , being one-sixth of the annual payment, which if it be not intermediately forfeited for default or breach of some other condition of this lease shall be set off against the 11th and 12th instalments).

	R
On the 1st November	
Ditto December	
Ditto January	
Ditto February	
Ditto March	
Ditto April	
Ditto May	
Ditto June	
Ditto July	

(*Note.*—In cases where Government Promissory Notes or Railway shares have been deposited as security, the words within brackets shall be omitted, and the requisite instalments for August and September entered in the list of payments.)

2nd—That the one-sixth of the annual payment made on the 1st October under the last preceding section shall, in the event of default, or breach of any other condition of this lease, not be reclaimable by the lessee.

Note.—If Government Promissory Notes or Railway shares have been deposited, the following shall be substituted for the preceding clause :—

That in the event of default or breach of any other condition of this lease, the Promissory Notes or Railway shares deposited as security shall vest in Government, and shall not be reclaimable by the lessee.

N.B.—When the period of the lease exceeds one year a fresh payment of one-sixth of the amount payable annually must be made at the commencement of each year; or if Promissory Notes or Railway shares have been deposited as security, they must remain so deposited until the period of the lease shall expire.

3rd—That no shops other than those specified in the list annexed, shall be licensed by the said A. B., and that the site of no shop shall be changed without the written permission of the Collector or officer in charge of the Excise Revenue.

4th—That the said A. B. shall grant no license to a minor, female or eunuch.

5th—That the said A. B., shall file in the Collector's office, on or about the 1st October

1st January, 1st April, and 1st July, lists in the form subjoined of all licenses granted by him which may be in force on those dates :—

1	2	3	4	5	6	7
Date.	Name of farmer.	Limits of farm.	Name of licensee.	Date of license.	Location of shop.	Date of order of Collector or officer in charge of the Excise Revenue authorising grant of license for the shop.

6th—That a license in Form No. V appended to the rules made under the Opium Act, 1878, shall be given by the said A. B. and a counterpart to be taken and deposited by him in the Collector's office for every shop licensed by him.

7th—That the said A. B. shall give immediate information to the Collector or officer in charge of the Excise Revenue of any breach of the law or rules relating to Excise that he may know or have reason to believe to have been committed by any person holding from him a license for retail sale.

8th—That the said A. B. shall keep daily the following account showing the quantity of opium purchased from the treasurer or his agent, the quantity sold, and the balance remaining in store at the end of the day :—

1	2	3	4	5	6	7		
						Detail of the sales shown in column 5.		
Date.	Quantity remaining in store yesterday.	Quantity received from the Treasury to-day.	Total quantity to be accounted for.	Quantity sold to retail vendors.	Quantity remaining in store.	Name of licensee (*a*).	Locality of shop (*b*).	Quantity sold (*c*).

[Here enter any restrictions or reservations made by the Collector with the sanction of the Commissioner under Rule 29, clause (3) of the opium rules.]

Special license to licensed druggists.

108. *II.—Special license to licensed druggists.*

SPECIAL license is hereby granted to A. B., following the profession of , at , in the district of , for the retail of opium, intoxicating drugs or poppy-heads, on the condition that such opium shall be procured from a Government Treasury or sub-treasury, or from a farmer or a licensed vendor, and shall be used *bonâ fide* as medicine or in medical preparations or prescriptions.

DISTRICT

Dated } *Collector.*

License for retail vend to treasurer or his agent.

109. *III.—License for retail vend to treasurer or his agent.*

A. B., holding the office of , in the service of Government at , is hereby authorised to retail opium subject to these conditions :—

1st—That he will only sell opium supplied from a Government treasury or sub-treasury.

2nd—That he will sell opium only for ready money and between the hours of and

3rd—That he will sell opium at the rate of R16 per seer.

4th—That all sales shall be duly registered in a book kept for that purpose.

5th—That except to a licensed druggist holding a special license from the Collector, he will not sell more than three tolas of opium to one person at one time.

6th—That this license is issued under all the conditions prescribed in the Opium Act 1878, and in the rules made under section 5 thereof.

DISTRICT

Dated } *Collector,*

110. *IV.—License for retail vend of opium or poppy-heads (general) granted by the Collector.*

District
Number of license in register
Name of retailer
Locality of shop

BE it known that A. B., resident of , pargana , district of , is hereby authorised by the Collector of , to sell opium by retail at , in , from the date of this license to the day of 18 , upon the following conditions :—

License for retail vend (general). NOTE—Counterpart of this will be signed by the license-holder and deposited in Collector's office.

1st—That he will pay to Government a monthly duty of

2nd—That he will sell no opium but such as he may purchase from a Government Treasury or sub-treasury, and that he will not receive or have in his possession opium obtained otherwise.

3rd—That he will retail opium only in the shop for which this license is granted.

4th—That except to a licensed druggist holding a special license from the Collector, he will not sell more than three tolas weight of opium to any person at one time.

5th—That he will not adulterate the opium sold by him.

6th—That he will not receive any wearing apparel or other goods in barter for opium.

7th—That he will not open his shop or make sales therein before sunrise: that he will not keep it open or make sales therein after ; and that he will not harbour any person therein during the night.

8th—That he will not permit persons of notoriously bad character to resort to his shop; that he will prevent gaming and disorderly conduct therein, and that he will give information to the nearest Magistrate or Police Officer of any suspected person who may resort to his shop.

9th—That he will have constantly fixed up at the entrance of his shop a signboard bearing the following inscription in legible characters, in the vernacular language :—

(NAME OF VENDOR.)

"Licensed to Retail Opium."

10th—That if he buy less than , which is the quantity estimated to be retailed at in each month, *and the Collector considers his explanation of his failure to buy the required amount to be unsatisfactory, the Collector may resume the lease at once and confiscate the instalments paid in advance by the lessee as security.*

11th—That he will keep up daily an account in this form showing the receipts and deliveries of opium at his shop each day, and the balance in store :—

Date.	Quantity of opium in store from yesterday.	Quantity of opium received this day, and whence received.	Total quantity to be accounted for.	Quantity sold this day.	Quantity left in store.

12th—That he will at once produce his license and accounts for inspection, on the demand of any officer of any of the departments of Excise, Police, Customs, Salt, Opium, or Revenue superior in rank to a peon or constable empowered under section 14 of the Opium

Act, and that he will not prevent any such officer of whatever rank from entering his shop at any hour of the day or night.

13th—That he will not sub-let or transfer the business covered by this license without consent of the Collector or officer in charge of Excise Revenue.

14th—This license shall have effect from the day of to the day of , and unless renewed by order of the Collector by the day of , being the expiration of the period for which it was granted, shall cease to remain in force notwithstanding that a special order recalling it has not been issued by the Collector.

15th—This license may be recalled by the Collector—

(*a*) for default of punctual payment of the duty stipulated to be paid in claused ;

(*b*) for violation of any of the conditions specified in this license ;

(*c*) if the holder of this license be convicted of breach of the peace or of any other criminal offence during the currency of this license.

Should the license be recalled for any of these causes, the license-holder will have no claim to any compensation whatever or to any refund of any duty or instalment of duty already paid, but it shall be in the discretion of the Collector to make such compensation or refund, should he consider it necessary or advisable to do so; should the Collector desire to recall this license before the expiry of the period for which it has been granted for any cause other than those above specified (*a*), (*b*), and (*c*), he shall give fifteen days' previous notice and remit a sum equal to the duty for fifteen days, or if notice be not given shall make such further compensation in default of notice as the Commissioner may direct.

16th—This license may be surrendered by the license-holder on his giving one month's notice to the Collector and paying such fine not exceeding the amount of the duty for six months or the loss caused to Government by the failure to carry out any condition imposed as the Collector may adjudge; should the Collector be satisfied that the reason for resigning the license is adequate, he may with the sanction of the Commissioner remit the fine.

17th—On the infringement of any of the above articles or of any of the conditions imposed by the Opium Act, 1878, or by the rules made thereunder this license and any other license or licenses that the holder may have obtained for the sale of opium or for the manufacture or sale of *madak* or *chandu* will be forfeited; he will also be liable to the punishment prescribed by the law for the specific offence committed.

DISTRICT

Dated } _____ *Collector.*

111. *V.—License for retail vend of opium or poppy-heads granted by a farmer.*

District
Number of license in register
Name of retailer
Locality of shops

License for retail vend of opium to be granted by a farmer.

NOTE.—Counterpart of this will be signed by the license-holder and deposited in the Collector's office.

BE it known that A. B., resident of pargana , district, of , is hereby authorised by the farmer of license to the , to sell opium by retail at in from the date of this day of 18 , upon the following conditions:—

1st—That he will pay to the farmer C. D. a monthly duty of

2nd—That he may purchase all the opium he may require direct from the farmer C. D. and not from any opium-vendor.

3rd—That he will retail opium only in the shop for which this license is granted.

4th—That except to a licensed druggist holding a special license from the Collector, he will not sell more than three tolas weight of opium to any person at one time.

5th—That he will not adulterate the opium sold by him.

6th—That he will not receive any wearing-apparel or other goods in barter for opium.

7th—That he will not open a shop or make sales therein before sunrise; that he will not keep it open or make sales therein after ; and that he will not harbour any person therein during the night.

8th.—That he will not permit persons of notoriously bad character to resort to his shop that he will prevent gaming and disorderly conduct therein, and that he will give information to the nearest Magistrate or Police Officer of any suspected person who may resort to his shop.

9th.—That he will have constantly fixed up a signboard bearing the following inscription in the vernacular language of the country:—

(NAME OF VENDOR.)

"Licensed to Retail Opium."

10th—That he will keep up daily an account in this form showing the receipts and deliveries of opium at his shop each day and the balance in store:—

Date.	Quantity of opium in store from yesterday.	Quantity of opium received this day, and whence received.	Total quantity to be accounted for.	Quantity sold this day.	Quantity left in store.

11th—That he will at once produce his license and accounts for inspection on the demand of any officer of any of the departments of Excise, Police, Customs, Salt, Opium or Revenue superior in rank to a peon or constable empowered under section 14 of the Opium Act, and that he will not prevent any such officer of whatever rank from entering his shop at any hour of the day or night.

12th—That he will not sub-let or transfer the business without the consent of the Collector or officer in charge of the Excise Revenue.

13th—This license shall have effect from the day of , to the day of , and unless renewed by the order of the Collector by the day of , being the expiration of the period for which it was granted, shall cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Collector.

14th—This license may be recalled by the farmer—

(*a*) for default of punctual payment of the duty stipulated to be paid in clause 1;

(*b*) for violation of any of the conditions specified in this license;

(*c*) if the holder of this license be convicted of breach of the peace or of any other criminal offence during the currency of this license.

15th—On the infringement of any of the above articles or of any of the conditions imposed by the Opium Act, 1878, or by the rules made thereunder, this license and any other license or licenses that the holder may have obtained for the sale of opium will be forfeited; he will also be liable to the punishment prescribed by the law for the specific offence committed.

112. *VI.—License for the retail sale of* madak *or of* chandu *granted by the Collector.*

District
Number in register
Name of vendor
Locality of shop

License for retail vend of *madak* or *chandu*.

NOTE.—Counterpart of this will be signed by the license-holder and deposited in the Collector's office.

BE it known that A. B., resident of , pargana , district of , is authorised by the Collector of to open a shop for the retail vend of *madak* (or *chandu* as the case may be) at , from the date of this license to the 18 , upon the following conditions:—

1st—That he will pay to Government a monthly duty of

2nd—That he will purchase all the opium he may use in the manufacture of *madak* (or *chandu*, &c., as the case may be) direct *from a Government Treasury or sub-treasury* or from a farmer of Government opium, but not from a licensed vendor of opium.

3rd—That he will sell *madak* (or *chandu*) only in the shop for which this license is granted, and that he will not sell *madak* or *chandu* in any other place.

4th—That his shop shall be situated on the ground-floor, and shall have but one door for entrance and exit, which door must open on to a public thoroughfare.

5th—That he will not sell more than three tolas weight of *madak* (or *chandu*) to one person at one time.

6th—That he will not receive any wearing-apparel or other goods in barter for the drug.

7th—That he will not open his shop or make sales therein before sunrise; that he will not keep it open or make sales therein after , and that he will not harbour any suspected person therein.

8th—That he will not permit persons of notoriously bad character to resort to his shop; that he will prevent gaming and disorderly conduct therein, and that he will give information to the nearest Magistrate or Police Officer of any suspected person who may resort to his shop.

9th—That he will have constantly fixed up at the entrance of his shop a signboard bearing the following inscription in the vernacular language of the country :—

(NAME OF VENDOR.)

"*Licensed vendor of* madak (*or* chandu)."

10th—That he will keep up daily the following account showing the receipts of opium in his shop, the quantity used in the manufacture of *madak* (or *chandu*), and the balance remaining in store at the end of the day :—

I.—Opium.

Date.	Quantity of opium remaining in store yesterday.	Quantity received to-day, and whence received.	Total quantity of opium to be accounted for.	Opium used in the preparation of *madak* (or *chandu*).	Quantity remaining in store.
1	2	3	4	5	6
	M. s. c.	M. s. c.	M. s. c.	M. s. c.	M. s. c.

II.—Madak *or* Chandu.

Date.	Quantity remaining in store yesterday.	Quantity manufactured out of opium to-day.	Total quantity of *madak* or *chandu* to be accounted for.	*Madak* or *chandu* sold to-day.	Quantity remaining in store this day.
1	2	3	4	5	6
	M. s. c.	M. s. c.	M. s. c.	M. s. c.	M. s. c.

And that if he buy less than , which is the quantity of opium estimated to be used by him in the manufacture of the *madak* (and *chandu*) he sells monthly at his shop, and the Collector considers his explanation of his failure to buy the required amount to be unsatisfactory, the Collector may resume the lease at once, and confiscate the instalments paid in advance by the lessee as security.

11th—That he will at once produce his license and accounts for inspection on the demand of any officer of any of the departments of Excise, Police, Customs, Salt, Opium or Revenue, superior in rank to a peon or constable empowered under section 14 of the Opium Act, and that he will not prevent any such officer of whatever rank from entering his shop at any hour of the day or night.

12th—That he will not sub-let or transfer the business covered by this license without the consent of the Collector or officer in charge of Excise Revenue.

13th—This license shall have effect from the day of to the day of , and unless renewed by the order of the Collector by the day of being the expiration of the period for which it was granted, shall cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Collector.

14th—This license may be recalled by the Collector—

(*a*) for default of punctual payment of the duty stipulated to be paid in clause 1;

(*b*) for violation of any of the conditions specified in this license;

(*c*) if the holder of this license be convicted of breach of the peace or of any criminal offence during the currency of this license.

Should the license be recalled for any of these causes the license-holder will have no cl any compensation whatever or to any refund of any duty or instalment of duty already but it shall be in the discretion of the Collector to make such compensation or refund, e he consider it necessary or advisable to do so. Should the Collector desire to recall this li before the expiry of the period for which it has been granted for any cause other than above specified (*a*), (*b*), and (*c*), he shall give fifteen days' previous notice, and remit a sum e

to the duty for fifteen days, or if notice be not given shall make such further compensation in default of notice as the Commissioner may direct.

15th—This license may be surrendered by the license-holder on his giving one month's previous notice to the Collector and paying such fine, not exceeding the amount of the duty for six months or the loss caused to Government by the failure to carry out any condition imposed as the Collector may adjudge. Should the Collector be satisfied that the reason for resigning the license is adequate, he may, with the sanction of the Commissioner, remit the fine.

16th—On the infringement of any of the above articles or any of the conditions imposed by the Opium Act, 1878, or by the rules made thereunder, this license and any other license or licenses that the holder may have obtained for the sale of opium or for the manufacture or sale of *madak* or *chandu* will be forfeited; he will also be liable to the punishment prescribed by law for the specific offence committed.

DISTRICT }
Dated } *Collector.*

License for retail sale of madak and chandu.
NOTE.—Counterpart of this will be signed by the license-holder and deposited in the Collector's office.

113. *VII.—License for the retail sale of* madak *or of* chandu *granted by a farmer.*

District
Number in register
Name of vendor
Locality of shop

BE it known that A. B., resident of , pargana , district of is authorised by C. D., the farmer of , to open a shop for the retail vend of *madak* (or *chandu* as the case may be) at from the date of this license to the 18 ; on the following conditions :—

1st—That he will pay to the farmer C. D. a monthly duty of

2nd—That he will purchase all the opium he may use in the manufacture of *madak* (or *chandu* as the case may be) direct from the farmer C. D., and not from any opium vendor.

3rd—That he will sell *madak* (or *chandu*) only in the shop for which this license is granted.

4th—That his shop shall be situated on the ground-floor, and shall have but one door for entrance and exit, which door must open on to a public thoroughfare.

5th—That he will not sell more than three tolas weight of *madak* (or *chandu*) to one person at one time.

6th—That he will not receive any wearing-apparel or other goods in barter for the drug.

7th—That he will not open his shop or make sales therein before sunrise; that he will not keep it open or effect sales therein after , and that he will not harbour any suspected person therein.

8th—That he will not permit persons of notoriously bad character to resort to his shop; that he will prevent gaming and disorderly conduct therein, and that he will give information to the nearest Magistrate or Police Officer of any suspected person who may resort to his shop.

9th—That he will have constantly fixed up at the entrance of his shop a signboard bearing the following inscription in the vernacular language of the country :—

(NAME OF VENDOR.)

"*Licensed vendor of* madak (*or* chandu)."

10th—That he will keep up daily the following account showing the receipts of opium in his shop, the quantity used in the manufacture of , and the balance remaining in store at the end of the day :—

I.—Opium.

Date.	Quantity of opium remaining in store yesterday.	Quantity received to-day, and whence received.	Total quantity of opium to be accounted for.	Opium used in the preparation of *madak* (or *chandu*).	Quantity remaining in store.
1	2	3	4	5	6
	M. s. c.	M. s. c.	M. s. c.	M. s. c.	M. s. c.

II.—Madak *or* Chandu.

Date.	Quantity remaining in store yesterday.	Quantity manufactured out of opium to-day.	Total quantity of *madak* or *chandu* to be accounted for.	*Madak* or *chandu* sold to-day.	Quantity remaining in store this day.
1	2	3	4	5	6
	M. s. c.	M. s. c.	M. s. c.	M. s. c.	M. s. c.

11th—That he will at once produce his license and accounts for inspection on the demand of any officer of any of the departments of Excise, Police, Customs, Salt, Opium or Revenue, superior in rank to a peon or constable empowered under section 14 of the Opium Act, and that he will not prevent any such officer of whatever rank from entering his shop at any hour of the day or night.

12th—That he will not sub-let or transfer the business covered by this license without the consent of the Collector or officer in charge of Excise.

13th—This license may be recalled by the farmer—

(*a*) for default of punctual payment of the duty stipulated to be paid in clause I and by the farmer or Collector;

(*b*) for violation of any of the conditions specified in this license;

(*c*) if the holder of this license be convicted of breach of the peace or of any other criminal offence during the currency of this license.

14th—On the infringement of any of the above articles or of any of the conditions imposed by the Opium Act, 1878, or by the rules made thereunder, this license and any other license or licenses that the holder may have taken out for the sale of opium or for the manufacture or sale of *madak* or *chandu*, will be forfeited; he will also be liable to the punishment prescribed by law for the specific offence committed.

DISTRICT }
Dated } *Collector.*

ANNEXURE C.

SEPARATE REVENUE (EXCISE) DEPARTMENT.

MISCELLANEOUS.

No. 1—XIII-18.

Dated the 2nd January, 1889.

Under Rule II of the rules made in exercise of the powers conferred on him by sections 5 and 13 of the Opium Act, 1878, the Lieutenant-Governor and Chief Commissioner is pleased to notify that the following are the tracts in the North-Western Provinces and Oudh within which the cultivation of poppy for the Government is allowed during the year ending 30th September 1889:—

Name of district.	Extent of cultivation.
Ghazipur	Entire district.
Ballia	Ditto.
Benares	Bara pargana. Mahwari do. Mawai do. Ralhupur do. Dhus do. Barhwal do. Narwan do. Majhawa do.
Mirzapur	Entire district, except tappa Kon and taluqa Saktesgarh (pargana Kanti and pargana Singnauli, including Dudhi, Bhadohi, Agori, and Bijaigarh.
Azamgarh	Entire district.
Gorakhpur	Ditto.
Basti	Ditto, except Benaikpur pargana.
Allahabad	Karra pargana. Karrari do. Atharban do.

Name of district.	Extent of cultivation.
Allahabad	Arail Pargana. Khairagarh do. Barah do.
Fatehpur	Fatehpur do. Haswa do. Hathgoan do. Kotila do. Ghazipur do.
Cawnpur	Rasulabad do. Derrapur do. Bilhaur do.
Mainpuri	Entire district, except Shekohabad and Mustafabad parganas.
Etawah	Etawah pargana. Barthna do. Bidhuna, except the southern portion.
Farukhabad	Entire district, except Pahara.
Bareilly	Aonla pargana. Suneha do. Ballia do. Sarauli, South do. Faridpur do. Bareilly do. Kot do.
Budaun	Sahaswan do. Satasi do. Budaun do. Ujhani do. Salimpur do. Usehat do.
Shahjahanpur	Shahjahanpur pargana. Jamaur do. Kant do. Tilhar do. Khera-Bajhera do. Jalalpur do. Nigohi do. Katra do. Jalalabad do. Azamnagar do. Nidhpur do. Patiali do.
Etah	Sahawar-Karsana pargana. Sirpura do. Barna do. Sonbar do. Etah
Lucknow	Entire district.
Bara Banki	Ditto.
Unao	Mohan-Auras pargana. Asiwan-Rasulabad do. Jhalotar Ajgain do. Asoha do. Govinda-Parsandan do. Safipur do. Bangarmau do. Maurauwan do. Urao do.
Hardoi	Pachhoka do. Pali do. Shahabad do. Saromannagar do. Bawan do. Barwan do. Katiari do. Bilgram do. Sandi do. Mallanwan do. Balamau do. Gundwa do. Kalyanmal do. Sandila do. Gopamau do. Bangar do.
Sitapur	Entire district, except Kundri, North and South, and eastern portion of pargana Tambour beyond the river Chuka.
Fyzabad	Entire district.*
Gonda	Ditto, except Tulsipur pargana and that portion of Balrampur pargana not lying south of the river Tapti.
Partabgarh	Entire district, excepting half of pargana patti to the east.
Sultanpur	Entire district.
Rae Bareli	Ditto, except Sarein pargana.

* Except within the limits of the Fyzabad Municipality, the cantonment and adjacent villages (*vide* Notification No. 184—XIII-161, dated 3rd June 1889).

MADRAS RECORD OFFICE

ANNEXURE D.

Statement showing the number of persons convicted in opium smuggling cases during the last ten years ending 30th September 1888.

Year.	Number of persons.
1878-79	886
1879-80	733
1880-81	573
1881-82	448
1882-83	394
1883-84	478
1884-85	624
1885-86	504
1886-87	(Not available in the Annual Report.)
1887-88	419

No. 369—XIII-87 A., dated 11th October 1889.

From—R. SMEATON, Esq., Secretary to the Government of the N.-W. Provinces and Oudh,
To—The Commissioner of Excise, N.-W. Provinces and Oudh.

In continuation of G. O. No. 322—XIII-87 A., dated the 9th September last, I am directed to request that you will report whether it would not be advisable entirely to close the "opium den" in Lucknow. The Lieutenant-Governor and Chief Commissioner, as at present advised, is of opinion that entire and immediate closure would be the safest measure. I am to ask for your opinion on this question at earliest convenience.

No. 457 C.E., dated 15th October 1889.

From—F. W. BROWNRIGG, Esq., Offg. Commissioner of Excise, N.-W. Provinces and Oudh,
To—The Secretary to the Government of the N.-W. Provinces and Oudh.

I have the honour to acknowledge the receipt of your No. 369—XIII-87 A. of October 12th, and to reply as follows.

2. I have already touched on the point now referred to in paragraphs 7 and 8 of my No. 438 C.E. of October 9th. It would be useless to close the "opium den" which Mr. Caine visited, if the other *madak* and *chandu* shop in Lucknow, which has been licensed for 1889-90, were allowed to remain open. If closure is determined on as a matter of principle, then both should be abolished. But there is no argument that could warrant the adoption of such extreme measures in the case of Lucknow, which would not tell with equal effect in respect to every opium-smoking shop in the United Provinces. In most instances where Collectors or Deputy Commissioners have been consulted regarding the licenses to be granted for these shops in 1889-90, they have expressed their decided opinion that reduction is likely to be a greater evil than retention. Where it has been deemed feasible shops have been closed; but in many districts no reduction has been found possible. I think there can be no doubt whatever that the present system of confining the consumption of these preparations to the lowest possible number of fixed centres is the best that can be devised. To abolish these shops altogether would be much worse than useless. It would remove at once the inevitable stigma which now attaches to the habit of opium-smoking, and it would give an irresistible impulse to the use of illicit opium. I think it would be a decidedly regretable step in the truest and best interests of the public at large to close the opium dens in Lucknow. The only persons who would benefit from and be grateful for such a move are the opium-smokers themselves, and it is scarcely necessary to say that they are the very last people whose sensibilities should be considered in a matter of this sort.

No. 1637—4056, dated 18th October 1889.

From—J. A. CRAWFORD, Esq., Secretary to the Chief Commissioner of Coorg,
To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

In reply to your letters No. 3506 of the 9th July 1889, and No. 5147 of the 8th instant, I am directed to forward a copy of a letter * from the Commissioner of Coorg, regarding the excise administration of that district.

* No. 375-216, dated the 21st August 1889, with enclosures.

2. The figures in the margin, which have been compiled from those furnished by the Commissioner, show, for periods of five years from 1869-70 to 1888-89, the average consumption of country spirit and the average amount of duty paid thereon. The average numbers of shops for the retail vend of country spirits during the same four periods were, respectively, 158, 145, 121, and 75. All these figures relate to arrack distilled from sugarcane or palm jaggery. The other kind of liquor consumed in Coorg is toddy drawn from the palm. This toddy is ordinarily consumed in a fresh state, and leases or licenses to draw and sell it are sold separately for each sub-division or taluk.

Years.	Average consumption per year.	Average duty per year.
	Gallons.	R
1869-70 to 1873-74	53,107	82,687
1874-75 to 1878-79	47,701	1,17,296
1879-80 to 1883-84	39,298	1,35,813
1884-85 to 1888-89	44,948	1,41,764

3. As regards the general tendency of the excise administration of Coorg, the Chief Commissioner would invite a reference to paragraph 5 of his order * No. 1138-919 of the 29th July 1889, reviewing the last excise report.

* Forwarded with letter No. 1149-919, dated 31st July 1889, from the Secretary to the Chief Commissioner of Coorg, to the Secretary to the Government of India, Department of Finance and Commerce.

No. 375-216, dated 21st August 1889.

From—COLONEL T. G. CLARKE, Commissioner of Coorg,
To—The Secretary to the Chief Commissioner of Coorg.

I have the honour to acknowledge the receipt of your endorsement No. 1116-4056, of 26th July last, giving cover to copy of letter from the Government of India, Finance Department, No. 3506, dated 9th idem, and in compliance with the instructions therein conveyed, to append a statement showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers each year since 1860.

2. It may be desirable to offer a few remarks explanatory of the statement. Prior to 1860, which is the first year for which statistics are available, the right of both manufacture and sale of country spirits was farmed out to contractors. In 1860, the Government assumed the management and undertook through its own agency to manufacture and supply liquor to licensed vendors. This continued until 1866, when the central distillery system, which is still in force, was introduced. From that year up to the present time, with the exception of a period of nearly five years between 1877 and 1882, when the rights of manufacture and sale were jointly leased, the contractor for the manufacture of the liquor has had no concern with its sale, or with the distribution or determination of the number of retail shops.

3. In 1877-78 the rate of still-head duty was raised from R1-10 per gallon of five bottles (equal to 5 annas and 2 pies per bottle) to R2-10 per gallon (equal to 8 annas and 5 pies nearly per bottle), but the strength at which the liquor was issued was also raised from 30° under proof to 19° under proof. In 1882, the imperial gallon of 6 bottles was introduced, and a corresponding increase was made to the still-head duty, which was raised to R3-2-5 per gallon, the strength of liquor being fixed at 20° under proof.

NOTE.—It was again reduced to 30° under proof in 1880 on a representation made by the contractors.

4. The number of shops licensed for sale of country spirits was 146 in 1874-75; five years later (1879-80) the number was 136. During the next five years it was reduced to 92, and in the present year the number is only 64. Outside the two principal towns of Mercara and Viradrapet, where the fees on retail vend shops are appropriated to municipal revenue, the present number of retail arrack shops is 46.

5. From the subjoined statement showing the quantity of liquor in gallons distilled and issued, and the amount levied in the form of still-head duty, it will be observed that while the revenue from country spirits has risen from R61,938 in 1869-70 to R1,67,206 in 1888-89, *i.e.*, more than doubled in twenty years, the quantity of liquor issued for consumption has, on the average, decreased rather than increased. The quantity issued in 1870-71 amounted to 54 gallons as compared with 53,063 gallons in 1888-89. The equivalent of 53,063 gallons, of 6 bottles per gallon, which was the measure in use prior to 1st June 1882, is 63,675¾, and on a comparison of the figures for the two years above mentioned, there cannot be said to have been any increase in consumption of liquor during the last twenty years or so. Between 1870-71 and 1878-79 the consumption was high, but during the last ten years it has not exceeded 55,000 gallons, and has ordinarily been much less.

6. With regard to opium and ganja shops, the number of these has fluctuated. The

number was 4 throughout the province from 1870 to 1872. It was then raised for a few years to 6, and in 1877 reverted to 4 for several years. In one year it was raised to 11. Since 1884 the number has been 9,—namely, 3 opium and 6 ganja shops. It would be very desirable if the number could be reduced, and it may be practicable to do so at the leasing of the new contracts next March. Enquiry will be made with the object of ascertaining if a reduction can be effected without giving rise to smuggling.

Statement showing the rates of duty on Arrack and the selling prices of Opium.

Years.	Rates of duty levied per gallon.	Selling price of opium per lb to the contractor by Government.	Remarks.
	R a. p.	R a. p.	
1860	1 10 8	10 0 0	Up to 1881 the gallon was computed at five or quart bottles; since 1882 it has been computed quarts.
1861	1 10 8	10 0 0	
1862	1 10 8	10 0 0	
1863	1 10 8	10 0 0	
1864	1 10 8	10 0 0	
1865	1 10 8	10 0 0	
1866	1 4 0	10 0 0	
1867	1 4 0	10 0 0	
1868	1 4 0	10 0 0	
1869	1 4 0	10 0 0	
1870	1 4 0	10 0 0	
1871	1 4 0	10 0 0	
1872	1 4 0	10 0 0	
1873	1 10 0	10 0 0	
1874	1 10 0	10 0 0	
1875	1 10 0	10 0 0	
1876	1 10 0	10 0 0	
1877	2 10 0	10 0 0	
1878	2 10 0	10 0 0	
1879	2 10 0	10 0 0	
1880	2 10 0	10 0 0	
1881	2 10 0	7 1 9	
1882	3 2 5	11 0 0	
1883	3 2 5	11 0 0	
1884	3 2 5	11 0 0	
1885	3 2 5	11 0 0	
1886	3 2 5	11 0 0	
1887	3 2 5	11 0 0	
1888	3 2 5	11 0 0	
1889	3 2 5	11 0 0	

COORG COMMISSIONER'S OFFICE;
The 21st August 1889.

T. G. CLARKE, *Col.*,
Commissioner.

Statement showing particulars of the issues of Arrack from Sudder Distillery.

Years.	Rate of still-head duty.	Quantity distilled, in gallons.	...	Amount of still-head duty.	
	R a. p.			R a. p.	
1866-67	1 4 0	No data.	No data.	No data.	
1867-68	1 4 0	55,521	$2\frac{6}{10}$ Bottles.	69,401 13 6	
1868-69	1 4 0	55,553	$\frac{11}{16}$	69,428 14 9	
1869-70	1 4 0	49,550	$2\frac{9}{16}$	61,938 6 3	
1870-71	1 4 0	71,354	$1\frac{1}{2}$	89,192 14 3	
1871-72	1 4 0	69,309	$\frac{1}{3}$	86,636 7 6	
1872-73	1 4 0	70,056	$4\frac{1}{4}$	87,571 1 6	
1873-74	1 4 0* / 1 10 0†	58,375	4	88,097 7 0	* Up to 30th June 1873. † From 1st July 1873.
1874-75	1 10 0	54,867	$\frac{1}{2}$	89,159 1 3	
1875-76	1 10 0	58,345	$2\frac{2}{4}$‡	94,568 6 0	‡ Includes 647 gallons and $4\frac{3}{4}$ bottles of arrack distilled from paddy from October 1875 to January 1876, with a duty of R1-4 per gallon.
1876-77	1 10 0	62,001	...	1,00,751 10 0	
1877-78	2 10 0	55,560	$2\frac{1}{3}$	1,41,000 0 0	The sums represent the guaranteed minimum revenue, and not the actual collections, which were of less amount.
1878-79	2 10 0	55,434	$2\frac{1}{8}$	1,61,000 0 0	
1879-80	2 10 0	52,194	1	1,50,400 0 0	
1880-81	2 10 0	54,685	...	1,45,000 0 0	
1881-82	2 10 0	39,937	$3\frac{1}{4}$	1,50,000 0 0	
1882-83	2 10 0§ / 3 2 5‖	...	...	1,06,702 5 7	§ Up to 31st May 1882. ‖ From 1st June 1882.
1883-84	3 2 5	40,283	$5\frac{1}{3}$ Drams.	1,26,962 7 8	
1884-85	3 2 5	41,139	40	1,29,633 4 5	
1885-86	3 2 5	35,788	46	1,13,422 11 2¶	¶ The guaranteed minimum from 1st October 1885 to 31st March 1888 was R1,18,550 per annum.
1886-87	3 2 5	40,684	27	1,28,198 12 0	
1887-88	3 2 5	54,067	1	1,70,361 2 9	
1888-89	3 2 5	53,063	40	1,67,206 3 3**	** The guaranteed minimum for 1888-89 was R1,57,000.

COORG COMMISSIONER'S OFFICE;
The 21st August 1889.

T. G. CLARKE, *Col.*,
Commissioner.

No. 1195—720, dated 28th October 1889.

From—COLONEL C. K. M. WALTER, Chief Commissioner, Ajmere-Merwara,
To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

With reference to your office letter No. 3506, dated the 9th July 1889, forwarding, for remarks, copies of the Report of the Debate in the House of Commons on the subject of the Excise administration in India, &c., I have the honour to submit, for the information of the Government of India, copy of a letter No. 2688 R., dated the 22nd instant, received from the Commissioner of Ajmere-Merwara, and to state that I have nothing to add to what Colonel Trevor has written.

No. 2688 R., dated 22nd October 1889.

From—COLONEL G. H. TREVOR, Commissioner, Ajmere-Merwara,
To—The Chief Commissioner, Ajmere-Merwara.

With reference to your endorsement No. 804—720, dated 22nd July 1889, forwarding copy of the Government of India Circular No. 3506, dated 9th idem (Department of Finance and Commerce), I have the honour to state that the table required by paragraph 2 of that Circular cannot be supplied for Ajmere-Merwara. No Government opium is sold here. Licensed vendors simply pay duty and buy and sell in the open market. The duty levied on country liquor is—

15° under proof R1-8-0 per gallon.
25° under proof R1-4-0 per gallon.
50° under proof R1-0-0 per gallon.

This duty has, however, only been levied since 1885, when the present sadr distillery system was introduced. Before that time no special duty was levied—the farm was merely sold for a lump sum.

2. In respect to the statements made in the House of Commons Debate, on which I am invited to offer remarks, I deduce from the figures available from the last census report, and our published Administration Reports, the following general conclusions as to the drinking habits of the population and the extent to which they have been fostered or discouraged by our Excise Administration since 1885. In these I take note of country spirits only, as the consumption of European liquor and *tari* is too small to be worth noticing.

(1) The classes to whom liquor is not forbidden by religion and custom number about 66 per cent. of the whole population in the district; the proportion of women in these classes being over 65 per cent.

(2) Supposing that every one in these classes drank liquor, the average annual consumption of country liquor per head would be 9⅓ drams and the average annual cost per head for the past four years (of which alone we have statistics for comparison) would be R2-4-10 per head, or a fraction over 3 annas per mensem.

As, however, the adult population alone can fairly be included in the comparison, and as these number 66 per cent. compared with the non-adult, these figures would stand as below :—

Annual consumption per head	13·96 drams.
„ cost „	R3-7-3

Calculated on the whole adult population of the two districts, the annual consumption and cost per head would be 9·30 drams and R2-4-9. As the population has increased since the last census, these figures are really above the mark.

3. It may be said, and with truth, that every adult to whom liquor is not forbidden does not drink, and that some to whom it is forbidden are not total abstainers. It is impossible to guess what deduction should be made on account of these two supposed facts. Taking both together, I don't think it would be unfair to surmise that two-thirds of the total adult drinking population (*i.e.*, those who are not forbidden to drink by religion and custom) consume country liquor. According to this surmise, the annual consumption per head comes to 20·94 drams, and the annual cost to R5-2-10. Thus those who drink at all take less than half a gallon of spirit each in a year. Seeing that hard drinking was common in Rajputana long before India became a part of the Empire of Great Britain, and the ancient rule is not generally thought to have fallen into desuetude, this result may seem to point either to some error in the computation arrived at, or else to a large quantity of illicit spirit. The former is the more likely of the two. I do not believe that there is much liquor consumed which does not pay duty.

4. The total quantity of country liquor consumed is represented by the following figures :—

	1885-86.	1886-87.	1887-88.	1888-89.
Gallons	57,678	64,167	59,009	57,021

The number of liquor shops was 155 in 1888-89. It reached its highest figure, 171, in 1885-86.

Conversely the number of shops for sale of *bhang*, *ganja*, and *charas* has risen from 16 in 1884 to 23 in 1888, but the receipts derived from them have decreased from R5,931 to R5,375.

There were fourteen shops for sale of opium and preparations of opium in 1884, the income of which was R13,635, against fifteen shops in 1888-89, with an income of R10,430.

5. It is the aim of the administration to keep down drinking as far as possible, and what I have said betokens more success than failure in the accomplishment of this aim, and when, as is contemplated on the expiry of the present abkari contract, the rates of duty on all liquor issued from the distillery at Ajmere have been enhanced, and minimum prices for the sale of liquors have been fixed, so that the contractor cannot sell them too cheaply (he has already agreed not to sell below certain fixed rates without the permission of the Commissioner), I do not know that administrative effort can go further in discouraging intemperance. It must be remembered that already liquor costs more in this district than in surrounding Native States, which teem with out-stills on our borders, and unless prices in those States are raised to the same level as ours, we cannot altogether control consumption in Ajmere and Merwara. This subject, *viz.*, the equalization, as far as possible, of selling prices throughout Rajputana is receiving attention I believe, and some day I hope the several Durbars will see their way to putting down the out-still system that prevails in their territories and substituting for it that known as the Sadr Distillery system.

No. 420 G., dated 12th November 1889.

From—J. A. Crawford, Esq., Secretary for Berar to the Resident at Hyderabad,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of your letter No. 3506, dated the 9th July 1889, forwarding copies of the report of the Debate in the House of Commons on the subject of the excise administration of the Government of India.

2. In reply I am to observe that, as the statements made and the figures quoted in the Debate do not refer to the Hyderabad Assigned Districts, the Resident has no remarks to offer on them.

3. With reference to paragraph 2 of your letter, I am to explain that in the Hyderabad Assigned Districts no fixed duty is levied on country liquor; but the right to manufacture and sell it is farmed out annually by auction, and no statistics of sale are available. As regards European liquors, the right to sell them is subject to the payment of an annual license fee, which is R16 in the case of wholesale licenses, and R100 in the case of licenses for retail sale. The right to keep and sell opium is also sold annually by auction to contractors, who make their own arrangements for purchasing opium and paying the Government duty levied at Indore. Thus the table asked for in your letter cannot be furnished.

No. 3841, dated 8th November 1889.

From—F. C. Daukes, Esq., Officiating Secretary to the Chief Commissioner of Assam,

To—The Secretary to the Government of India, Department of Finance and Commerce.

In continuation of this office letter No. 2984, dated the 31st August 1889, forwarding a note by Mr. Westland on the subject of excise administration in Assam, I am directed to submit, for the information of the Government of India, a statement showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in Assam in each year since 1860.

2. I am to request that in the marginal note to paragraph 39 of Mr. Westland's note above referred to, regarding the Nagagoolie case, "R25 a month, about fifty times the letting value," may be read for "R50 a month, about a hundred times the letting value."

Statement showing the rates of duty on liquor and the selling prices of opium sold to licensed dealers for consumption in Assam in each year since 1860.

Year.	Rate of duty on liquor per gallon, L. P.	Selling price of opium per seer.	Remarks.
1860-61	.....	R14.	
1861-62	.....	R14 and R18.	
1862-63	.....	R14 and R20.	
1863-64	.....	R14 and R22.	
1864-65	.....	R14 and R20 and R22.	
1865-66	.....	R20 and R22.	
1866-67	R2 in Assam Valley and R2-4 in Surma Valley.	R22.	
1867-68			
1868-69			
1869-70			
1870-71		R22 and R23.	
1871-72			
1872-73	.....		
1873-74		R23 and R24.	
1874-75	R2-8 in Surma Valley		
1875-76		R24.	
1876-77	.....		
1877-78		R24 and R26.	
1878-79	.....		
1879-80		R26.	
1880-81	R2 Assam Valley		
1881-82		R26 and R32.	
1882-83	.....		
1883-84	R2 and R4 Assam Valley.		
1884-85			
1885-86	R4 Assam Valley	R32.	
1886-87			
1887-88			
1888-89			
1889-90			

No. 2984, dated 31st August 1889.

From—F. C. DAUKES, Esq., Officiating Secretary to the Chief Commissioner of Assam,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge receipt of your letter No. 3506, dated the 9th July 1889, in which the Chief Commissioner is asked for any remarks he may desire to make on the statements made in the debate in the House of Commons on the subject of Excise Administration in India.

2. In reply thereto, I am to say that it is the intention of the Chief Commissioner, following the instructions communicated in your letter No. 1248, dated the 9th March 1889, to appoint an officer to make systematic enquiry during the cold weather into the various matters to which recent discussions have attracted more prominent attention.

3. Until this enquiry is completed the Chief Commissioner will not be in a position to give a complete answer to the demand of the Government of India, but I am in the meantime to submit a note by Mr. Westland drawn up in anticipation of the intended inquiry, which will put the Government of India in possession of the state of the case as it at present stands.

4. The details called for in the second paragraph of your letter first above quoted, and in your letter No. 3800, dated the 24th July 1889, are being collected, and will be submitted as soon as they are ready.

The Excise Problem in Assam.

We have before us several enquiries* on matters relating to excise, which have emanated either from the Home authorities or from the Government of India. As the investigation necessary for a complete report upon these matters will occupy some considerable time, I think it desirable to draw up a preliminary Note, which will show exactly what the excise problem is in the Province of Assam, and what the policy hitherto adopted has been.

* F. D. No. 1248, dated 9th March 1889.
" No. 2105, " 30th April "
" No. 3686, " 18th July "
" No. 3506, " 9th " "

2. It is necessary first of all to state the exact circumstances in which we find ourselves.

3. Assam Proper consists of the valley of the Brahmaputra which is about 400 miles long and about 50 broad. Of this 50 miles of breadth, the northern portion, say, ten miles of breadth, may be described as a submontane tract, sparsely populated and full of jungle; it is inhabited for the western half of its length by the Kachari tribe, who also hold a number of villages scattered through the country as far south as the river. In the eastern half of the valley the Miri tribe dwell in considerable numbers all along the northern side of the river. Both these races have been addicted from time immemorial to the most liberal indulgence in rice-beer (*pachwai*). The preparation of rice-beer presents no more difficulty then the infusion of a pot of tea, and has this additional facility that, whereas tea, under the circumstances in which we most know it, is an imported product, which has to be purchased, rice is the staple food of this country, and being cultivated and stored in large quantities, every Kachari and every Miri has it always at hand. The mode of preparation is to steep rice in water for two or three days, then boil it with certain herbs,† which act as a yeast, and the result is beer. It is rarely sold, each person manufacturing his own supply, and borrowing from his neighbour if he falls short.

† A mixture of *bhitila* and jack-tree leaves, prepared in the form of a cake.

4. In 1884 the Chief Commissioner attempted to put a restriction upon this consumption by laying down a rule that limited to four quarts the amount of which possession at one time was permitted. Nothing, however, could be done towards enforcing this restriction. The custom of brewing in larger quantities was too universal and too ingrained in the habits of the people, and it was plainly impossible to carry out any system of domiciliary visits among a people scattered over a jungly tract of country 400 miles in length. In 1888 some enquiries were made on this subject, and in the reports that were submitted we get the following evidence of the extent to which the custom of drinking prevails.

(1) Mr. Luttman-Johnson, Commissioner,—

"They have been to me, and have shown me that to restrict home manufacture to 4 seers is practically to rob them, poor men as they are, of their beer. And, like our forefathers in the middle ages and a large portion of the Teutonic peoples of Europe and America to this day, they are, as is well known, largely dependent on their beer. Their robust habits and appearance may, I think, be partly attributed to their consumption of beer. An ordinary family of twelve persons of whom four are male adults, brews and consumes about 12 seers‡ a day, 4 seers in the morning, 4 seers in the middle of the day, and 4 seers in the evening. The families run large. For a man, his wife, and two or three children, 4 seers a day would suffice. But there are few families living thus separate from relations."

‡ 12 seers = 2 gallons.

* * * * * *

"But I fear that in the case of fermented liquors we have come far short of perfection. The Bodo portion of our population, consisting of Rajbanshis, Koches, Rabhas, Meches, Kacharis, Madahis, Saranias, and many other classes, consumes fermented liquor to an enormous extent. Among the non-Hindu Bodo it is brewed

almost in every house; it is brewed often very strong, much stronger than our beer, and the consumption of it is enormous. The amount of drunkenness among these classes is terrible to contemplate. But, as has often been observed, the drunkenness entailed by fermented drinks is not so injurious as that following excessive consumption of distilled liquors. The Germans habitually drink too much beer, Prince Bismarck especially. They are a very fine race, and it is difficult to say that their potations have injured them. Similarly, our Kacharis and Rajbanshis are a very fine race. They are the backbone of Assam. They are quite extraordinarily superior to malarial influence. It would be difficult to say that their deep potations of rice-beer have injured them as a race: still I cannot but think that it would be better for them if some control could be exercised over their consumption of beer. The subject has often been discussed."

(2) Mr. Driberg, Deputy Commissioner,—

"I find that *pachwai* is manufactured in all Miri and Kachari villages, and in all villages inhabited by Nagas or other hill people who have come down to the plains. For the present I omit garden population. I calculate that each adult male consumes in a month 12 quarts of *pachwai*."

(3) Mr. Knox Wight, Deputy Commissioner,—

"Among the people of this district the consumption of *laopani*§ is said to be confined to the Kacharis, Sandangs, Turungs, and Miris. The use of the liquor is necessary on all great occasions, such as village assemblies marriages, funerals, &c. There can be little doubt that on such occasions the liquor is manufactured in greater quantities than four quarts."

§ Laopani is another name for rice beer.

(4) Mr. Campbell, Deputy Commissioner,—

"*Pachwai* is manufactured so simply that the process is only a little less complicated than the preparation of rice for ordinary meals or the brewing of a pot of tea. Whatever rules might be framed could be evaded without much difficulty. Moreover, the Kachari community are much addicted to entertaining each other, and it is not unusual on social occasions for the inhabitants of a village to entertain those of another village, or even those of two or three other villages, including men, women, and children. Several hundred individuals, consisting of host and guest, feast together sometimes for days, and many hogsheads of the article are consumed. No inconvenience or bad results follow from such feasts, and as *pachwai* and pig are the main causes of bringing these people together, it would be most undesirable to interfere with their old established customs."

(5) Mr. McCabe, Deputy Commissioner,—

"An ordinary Kachari family consumes about two *kalsis*,* *i.e.*, twelve seers, of *pachwai* a day. It takes three days for fermentation to be complete, and it would be necessary to have six *kalsis* in stock, so that two *kalsis* would always be ready for consumption, and four *kalsis* be under the process of fermentation. Permits might be granted to possess this quantity at one rupee a year for each household, and I consider that this tax would be a light one, and easily levied.

* A *kalsi* measures about a gallon.

"On the occasion of *Bihu* festivities, marriages, or deaths, *pachwai* is largely consumed, and on the occurrence of these events I would grant special permits to brew *pachwai* in excess of the quantity sanctioned under the ordinary permit, say, at two pice per *kalsi*. This would check to a small extent the tendency of these gatherings to become drunken orgies. To enforce the limit of four seers would entail constant domiciliary visits on the part of the police, and our force is so small that this could not effectively be carried out. I cannot ascertain that any increase or decrease of drunkenness among the Kacharis has been noticed in the past few years, common report asserting that no special change has occurred.

"*Pachwai* I consider to be a good, strengthening beverage, and, unless taken in very large quantities, is never injurious to the human constitution."

(6) Mr. Gait, Officiating Deputy Commissioner,—

"*Madh*† is consumed in this district by Kacharis, Lalungs, and Mikirs. It is also drunk by Bengal coolies, who either make it themselves or purchase it from the aboriginal races mentioned above.

† *Madh* is another name for rice-beer.

"Five seers of *madh* suffice to make a man drunk, while the daily average consumption per head is from 2 to 2½ seers. The moderate drinker drinks during the day only. Heavy drinkers drink also at night, and get through 4 or 5 seers in the course of the 24 hours, thus remaining in a state of chronic fuddle, which renders them useless for work of any sort. Lalungs are said to drink more heavily in the cold weather than in the rains, as in the latter season their stock of rice begins to run short, while their *madh* easily goes bad.

"Extra deep potations are taken on the occasion of festivals, *pujas*, marriages, 10 days after the birth of a child, and a month after the death of a relative. Drinking is heaviest at a death festival, when a Lalung of average means provides 40 or 50 *kalsis*‡ of *madh* for the assembled friends and relations of the deceased. At a marriage 20 or 30 *kalsis* are considered enough and at a birth 5 or 6 usually suffice.

‡ A *kalsi* is about a gallon.

"Among festivals most drinking is done at the harvest-home and the *Bihu*.

"Pujahs are only performed when necessity arises, *e. g.*, in the case of illness, or when cholera or small-pox breaks out in the neighbourhood.

"On all these occasions the custom is for the men to eat and drink first, the women commencing when the men have finished.

"Women drink far less than men, and seldom get drunk, while with the latter sobriety after a feast is the exception rather than the rule."

5. The above officers were asked if the custom of drinking was increasing; they reported that they could find no evidence of its increase.

6. It should be noted that the rice-beer is sometimes made to undergo a further process of distillation, and the distillate is called *phatika*. It is almost as cheaply and simply made as the rice-beer itself:—Take two earthenware pots; in one of them put the rice-beer, and on the top of it stand the other pot, first knocking a hole in the bottom of it. Stand a saucer on the

bottom of the higher pot, and stop the mouth of this pot with a vessel made in the shape o an inverted cone and filled with cold water. Now set the whole thing on a fire. The fume rise, through the hole, into the upper jar, are condensed against the cold inverted cone, and dro into the saucer in the form of spirits. A native resident, describing the extent of the consumption, says—"In a Kachari village of 100 houses there would probably be a daily consumption of about ten bottles of *phatika*."

7. The question of subjecting to taxation all this home brewing and home distilling has been more than once raised; but it has always been dropped. I see that the Board of Revenue of Bengal attempt it by imposing a small house-tax, which appears to be reckoned only by annas per year. It may be a means of getting a small revenue, but it cannot be pretended that it imposes any restriction on drinking. To attempt a tax of the kind among the Kacharis § would cause a serious excitement, to say the least of it, and the district officers in Assam are opposed to it. I cannot see that it differs in any respect from a simple poll-tax. That we could impose it and collect it, if we chose, I dare say there is no doubt; but I do not see that its imposition or collection has anything to do with the question of spirit consumption.

§The Kacharis made strong remonstrances against it recently, when they heard that such a tax was contemplated. They argued that in paying land revenue, they paid all that was leviable in respect of rice, whether eaten as boiled rice or drunk as *pachwai*.

8. The tribes with which I have been dealing occupy the northern portion of the Brahmaputra Valley. This valley is limited on the south by a range of forest-clad hills, inhabited by the following tribes taking them in order from west to east,—Garos, Khasis, Jaintias, Mikirs,* Nagas, among whom again drinking has for immemorial ages been a national habit. Their drink is mostly rice-beer, but they do not brew it to such an extent as the Kacharis, apparently because they are not so rich in rice. The Khasis and Jaintias, however, distil their liquor, and drink it in a spirituous form to a much greater extent than the other tribes, and the Deputy Commissioner of the Khasi and Jaintia Hills writes in 1886—"The Jaintias are perhaps the most drunken race in the Province, if not in India."

* The Mikirs inhabit an outlying group of hills.

9. Very little either has been done or can be done to restrain these drinking habits. For one thing a great part of the country is practically inaccessible to any ordinary establishments of Government, and we do not and cannot attempt to exercise a police jurisdiction except in the mildest sense. The Nagas have only recently come under our administration, and must for the present be to a large extent ruled according to their own notions and not according to ours; and the question about interfering in the Khasi and Jaintia Hills has more than once been raised and negatived. Our relations with the Khasi chiefs practically acknowledge their independence; in matters of importance we can make them do what we want, simply exercising our authority as a paramount power, but we have no right to impose upon them any particular excise system or order them to levy excise taxes or to restrain their brewing and distilling. In 1876-77 the Chief Commissioner proposed to subject distillation to some restriction, but found it impossible to do anything more than compel the local chief to impose some restriction in a part of his territory (Bholaganj), which is geographically part of the Sylhet district. To this even the Seim † objected, on the ground of the British Government having no right to interfere in his administration, and though he was admitted to be technically right, he was told he could not be suffered to manage matters so as to embarrass a neighbouring British district (No. 578, dated 7th July 1877). But outside Bholaganj he certainly does so, for he maintains several shops exactly upon his border, knowing that they will mainly be used for the smuggling of liquor into Sylhet. I am inclined to think that the time has come when we should interfere.

† The proposal to establish a neutral tract on the frontier between the hills and Sylhet, that is, a breadth of country on which no shops should be allowed on either side, had to be withdrawn in deference to the Seim's objection. There was some mistake or misunderstanding about the revenue, which lent force to the Seim's objection. In any case, it was determined that we could not impose preventive measures on him, but, leaving him free within his territory, must protect ourselves as best we could upon our own side of the frontier. The land there being largely marsh land, in which the communication is by boat, it is very difficult to stop illicit importation.

10. In the Jaintia Hills the political difficulty is less, but the practical difficulty of enforcing any restriction we choose to enact is the same. Successive Chief Commissioners have decided that the matter had best be left alone. ‡ The hill populations are extremely impatient of any form of taxation and less than thirty years ago they rose in insurrection (which rising it took some fifteen months to put down) against the imposition of a house-tax, which among other hill tribes is a familiar and regular form of tax. Local officers consider that the imposition of a tax ...cted against their national habit of drinking would be attended with similar danger.

‡ The Revd. Mr. Jerman Jones, who has laboured for very many years in these hills as a missionary, writes as follows (June 28th, 1889):—

"I may safely say, as far as I know and as far as my experience goes, that drunkenness is not increasing among them. There may be isolated villages here and there where the people appear to drink more, and perhaps do drink more than formerly, but, ...king the hills altogether, I do not believe there is ...y increase in the quantity of drink consumed."

11. In dealing with the question of liquor drinking in the Assam Valley we have therefore first of all to remember that geographically the country consists of a long valley, bordered and partly dwelt in by tribes with whom the practice of drinking is hereditary, and who are accustomed in every house to brew and in some cases to distil liquor for their own consumption, and with whose habits in this respect we cannot interfere. Now, it may be said that hardly any point in the Assam Valley is more than twenty miles from either the liquor drinking races of the north or those of the south Moreover, it is not as if the Assamese and Bengalis who colonise the valley never came into contact with the other races; on the contrary, these other races have villages scattered through the plains, and the Kacharis, the Miris, the Mikirs, and in Sibsagar and Dibrugarh also the Nagas, come down to the tea-gardens to earn money by labour. They bring their habits with them, though our arrangements prevent their indulging them so freely as in their own lands, and they spread, among the residents of the plains, a familiarity with the habit of drinking and with the methods of brewing and distilling the liquor wherewith to gratify it. Nor do they find unwilling pupils. The population of the plains, at least the part of it which is mainly affected by liquor laws, are the tea-garden coolies, who are drawn from the liquor-drinking races of Bengal, and very largely from the Sonthals, to whom the habit of liquor manufacture and drinking is almost as familiar as to the hill races of Assam.

12. Now let us look for a moment at the means we have of controlling and restricting the manufacture and use of liquor among the population, that is, the means we have of enforcing any prohibition that we may choose to issue.

First of all, to what extent may the country itself be considered open or accessible? The following are the statistics (in thousands of acres):—

District.	Settled and cultivated.	Forest and uncultivated.
Goalpara (a)	72	938
Kamrup	688	1,635
Darrang	362	1,826
Nowgong	318	1,767
Sibsagar	609	1,217
Lakhimpur	279	2,104
TOTAL	2,328	9,487

(a) Excluding the permanently-settled portion.

In short, about four-fifths of the area is covered either with tree or with grass jungle. And this jungle is not confined to one part of the district, but is scattered all through it. The cultivation, in short, is in patches, reclaimed here and there from jungle (and often falling back into it), and, except in some parts of Kamrup, none of it is really far from jungle.

13. Moreover, the Assam village is not, like the village in Bengal or in northern India, an aggregation of houses in a single part of the village area, where every man lives within hail of his neighbour. The Assamese loves to bury himself in the privacy of his own domain, and his house is separated from his neighbours by a belt of trees or of bushes. It remains to note that, according to the Census of 1881, the average number of houses to the square mile is 18, and of persons 105.

14. These, therefore, are the circumstances with which we have to deal,—a sparse population scattered over a country of which four-fifths is jungle, in which every villager surrounds his house with high vegetation, and has nowhere very far to go if he wants to hide himself away altogether from human sight. The drinking classes among them, familiar with the methods of brewing and distilling, continually possessing the materials at hand, and nowhere more than twenty miles distant from places where every householder has for ages brewed or distilled his own liquor and consumed it as regularly as he eats his food. Where is the means under such circumstances of prohibiting or even restraining any man who wants to drink? It seems to me that the most efficient preventive service in the world would find it difficult to attain any success; and unfortunately we have hardly any expectation of finding any but a most inefficient service. We can under present circumstances use the police only, that is to say, looking to the number of policemen available for district duties, one man for every thirty or forty square miles: and as the higher officers of the police belong to a large extent to foreign races, the force is less efficient on this account.

15. It follows from all this that it is hopeless to establish in the Assam Valley districts any system of excise administration which in any degree depends upon our ability to prevent or detect illicit distillation. If people want to obtain spirits, they can do so either by getting smuggled spirit from the hills, or by brewing and distilling for themselves by methods with ...familiar, and which are very cheaply and easily available.

16. We had an illustration of this in Sibsagar in 1887. The Deputy Commissioner met combination among the vendors by refusing altogether to let any shops for country spirit, and in lieu of the ordinary arrangements gave two farmers a monopoly of sale, restricting them to imported rum. This did not suit the taste of the people, and they immediately began illicitly to manufacture and sell *pachwai*, and, through the instrumentality of the license-holders, several cases were brought forward, and punishments inflicted. Then, as we afterwards came to learn, the license-holders themselves began to illicitly distil and sell country spirits, under cover of their license for rum, and as the illicit distillation took place in remote and concealed places, it was not brought to light until the year was over for which the license had been given.

17. I have been dealing hitherto mainly with the districts of the Brahmaputra Valley, but the same description applies to some parts at least of the district of Cachar, which lies in the valley of the Surma, south of the last mentioned range of hills. Cachar is described in the *Imperial Gazetteer* as shut in on three sides by lofty ranges of hills, and as itself composed of lower hills, with fertile valleys between. There is, however, a considerable area in the centre of the district which may be regarded as completely opened out and brought under cultivation. This area is the principal area of tea-gardens, and in fact more than a fifth of the whole population of the district are coolies imported from Bengal for the tea-gardens.

18. The district of Sylhet is quite different in character from Cachar, and the difficulties it presents are of a different nature, being mostly difficulties of communication. During the rains a great part of the district is under water.

19. The result of all these considerations is that over nearly the whole of Assam only one method of taxing liquor is open to us, *viz.*, that of licensing individual shopkeepers to distil and sell country spirits at specified places. We cannot afford even to impose any restrictions upon their distillation, such as by limiting the size of stills or the hours when they may be used. The latter restriction we have no means of enforcing, and the former can be easily evaded by setting up a still in some adjacent jungle. It is the selling, and not the distillation, which must for the most part take place in public and can therefore be subjected to control; and our principal means of preventing illicit sale is to make it the licensee's interest that no sale shall take place besides that in respect of which he has paid a fee to us.

20. Personally, I hold most strongly to the view that the system of a still-head duty per gallon is the only satisfactory method of excise administration, and that no other system can give us a satisfactory control over spirit manufacture and spirit consumption. But the result of such information as I have been able to gather from officers who have dealt with the problem in Assam and from a perusal of past records, and especially of a recent discussion on this very point, which Mr. Fitzpatrick submitted to the Government of India with his letter of 13th November 1888, is to show that the circumstances of Assam are such that the first conditions of such a system, *viz.*, the possibility of preventing illicit distillation, does not exist. The only area where a central distillery system seems to have any chance of success seems to be the central portion of Cachar, and the success of the system there would largely depend upon the possibility of keeping outside the central distillery area the spirit distilled under the outstill system all around it.

21. On the other hand, the outstill system does not appear in Assam to be chargeable with some of the faults which are ordinarily expected to spring from it, such as the cheapening of liquor and the spreading of drinking habits, through its being made directly the interest of the licensee to sell as much liquor as he can. In a Note prepared for me by Mr. Lyall, of which copy is appended, he reviews the actual prices at which liquor is sold, and shows that in the Assam Valley, so far as retail price goes, we obtain even better results than are produced by the much more perfect systems of Madras and Bombay. For this there is probably more than one reason. In the first place, the upset price at which the licenses are fixed is sufficiently high to establish a considerable rate of taxation per gallon of consumption, and, the drinking classes being limited, the licensee has not much opportunity of making up for a reduction of price by an extension of sale. The drinking classes are mainly the imported labourers, as the natives of the country, apart from the special races already mentioned, take to opium and not to spirit as their method of self-indulgence. Again, the materials used for spirit (*gur* or *molasses*) are all imported from a distance, and are therefore dear, in fact it is largely to this cause that we may attribute the fact that illicit distillation is not rampant in the Province and that we get any revenue at all. The drinking classes, being mostly foreigners, prefer the molasses spirit (which they cannot themselves procure the means of manufacturing) to the rice spirit (which they can, if they choose, manufacture without much chance of detection); and for this reason they are obliged to have recourse to our licensed shops for the spirits they want, and to give us the means of imposing a fair taxation upon their liquor.

22. Mr. Lyall's statistics do not include the Surma Valley, where, according to the information collected in 1887 and 1888, the price of spirits ranges much lower, and where, in my opinion the same success in the regulation of spirit-vend cannot be claimed as in the Assam Valley. The Commissioner of Excise reported in September 1888 that in the Surma Valley the price of country-spirit is gradually becoming lower, and in Sylhet in the last year it has fallen as low as two annas, and he attributed this in part to rice-spirit being introduced in place of gur spirit. The spirit is certainly very weak; but still the lowness of the price indicates that some remedy is required. The average area per shop in Cachar is only about one-eighth of that which is usual in the Assam Valley. The ratio of shops to labour population does not differ much in the two valleys, being about one shop to every 1,200 or 1,500 labourers, but the labour population is much more closely packed in Cachar than in the Assam Valley, and, reckoning their drinking propensities at the same standard, they should not require the same number of shops.

23. It is no doubt one fault of the outstill system that it leaves us to a great extent without information relating to consumption, and that we are therefore the less able to regulate our revenue-demand in such a way as to control it. An attempt to overcome this difficulty was made in orders issued by the Chief Commissioner on 22nd February 1887 (Circular No. 8), directing the attention of officers, when inspecting distilling-shops, to certain points of information which it was considered would lead to trustworthy conclusions as to the amount of distillation and of sales. Shop-keepers are obliged to keep accounts, but there is too much reason to think that they are systematically fudged. A fair beginning has been made in the collection of information of the kind required, but it is only in some places that the results can be pronounced satisfactory, as some of the officers evidently have too little knowledge of the subject to apply any proper test to the information presented by the shop-keepers. *The amount of consumption, the burden of taxation, the statistics of the drinking classes and of their habits and customs,—all these are subjects on which it is extremely desirable that we should have more information.

* Hydrometers have only just been supplied in Assam, and all information gathered until recently was quite irrespective of the strength of the liquor.

24. The despatch of the Secretary of State of 19th April 1888 called the attention of the Chief Commissioner to the question of the outstill system generally, and was replied to in the letter, already quoted, of 13th November 1888. But the Chief Commissioner had already been considering whether it was possible to adopt in Assam those measures of restrictions which had been proposed by the Excise Commission in Bengal, and afterwards by Mr. Westmacott in his investigations in the districts near Calcutta. His general conclusion was that some of the restrictions (such as limiting the size of stills and fermenting vats, and the fixing of a minimum retail price) could not be carried out in Assam, and that, with a view to the important matter of fixing a high upset price, it was necessary to continue to collect information of the kind I have indicated in the last paragraph. By this means alone can we hope to subject the consumption to a restrictive rate of duty.

25. The subject of location of shops, which arises in connection with the enquiries made in Bengal, raises what in Assam is one of the most important questions of excise administration.

26. I have already said that the drinking population consists mostly of garden coolies. The managers of gardens are naturally anxious to prevent their coolies indulging in liquor, but so far as we have had to deal with them, they are divided into two classes. There are those who see in the liquor shop a means of indulgence which they rashly assume would not exist if the liquor shop was not there, and who therefore denounce the liquor shop as the *fons et origo mali*. And there are those who adopt the view, which guides the Government policy, that the custom and habit of liquor-drinking exists, and will exist, whether there are liquor shops or not, and, accepting the liquor shop as a necessary evil, would rather have it near their gardens, where it can be controlled, than far away.

27. Tea planters have for many years imported from 10,000 to 15,000 gallons of rum for issue to their coolies, but, as they issue it rather by way of reward than upon actual payment in cash, their issue of it is held not to be within the restrictions of the Excise Act. The Chief Commissioner, examining the matter in 1880, considered that the practice involved a direct loss of revenue, that is, the coolies were enabled to get drink which bore none of the tax paid by licensees of shops. Shops in fact were at that time extremely few, and the revenue very small, whereas it was considered that there was certainly a considerable amount of drinking.

28. The following extract from Chief Commissioner's letter No. 2096, of 3rd November 1880, shows the policy then adopted:—

"All coolies from the Sonthal and Chota Nagpur districts, from Behar, and the North-Western Provinces are of a class that habitually consume either spirits or fermented liquor; the Assamese, as a rule, consume

opium, and, as shown above, it was an object with Colonel Keatinge, if possible, to displace opium by count liquor. Cacharese and Mikirs, who form a considerable proportion of the population, consume both ferment and distilled liquor. The process of preparing either fermented or distilled liquor is very easily carried on on small scale in the people's own houses, and, though the preparation of fermented liquor for home consumpti has hitherto not been forbidden, the Chief Commissioner has learnt that the manufacture is largely carried o especially in coolie-lines of tea-gardens, for sale, which is forbidden, and that distillation, which is of course fo bidden, is also carried on. So long as coolies cannot get liquor from licensed shops, so long is it certain th they will obtain it illicitly, and, while the demand for further facilities in obtaining liquor was unmistakeabl the Chief Commissioner saw no reason why alone of all the classes of Her Majesty's subjects the tea-coolie an Assamese ryot should be exempted from paying the excise revenue on the liquor he consumes. Recognisin however, the justice of the planters' complaints as to the necessity of controlling the supply of liquor to thei coolies, Sir Steuart Bayley specially directed that planters should be given opportunities or purchasing th shops in their own neighbourhood.

"The objection which the planters have to their coolies leaving the garden and drinking at a neighbourin shop is most natural, and has the Chief Commissioner's sympathy. He would far prefer that the planter should take out selling licenses, and let the coolies fully supply their wants from their own rum stores; but the do not care to do this, nor would the price probably suit the coolies. But the Chief Commissioner does no think that, while over the whole of India an excise system is in force, which professes merely to arrange tha purchasers should be free to buy the liquor they want, provided only it pays the excise duty, the Assam ten coolie should be an exception to the rule. The supply has certainly not been forced in advance of the demand on the contrary, it has lagged greatly behind it, and, except by giving planters special facilities for controllin the vend of taxed country spirits, the Chief Commissioner does not see how, consistently with the ordinary principles of excise administration, the demands for the protection of the coolie from drunkenness can be met.

"It is, however, possible to give the planter a better opportunity of control than he has hitherto had, and it is certainly possible to place the shops where, without being entirely out of reach of the consuming class, they will not, as when placed at the entrance to a tea-garden, be a daily and hourly temptation to the coolie."

29. The directions given were that a strict control should be kept over the shops, that if drunkenness or violence occurred the shops should be closed, and the planter allowed an opportunity of taking over the lease without any enhancement of license-fee. Also that, to prevent the planter being ousted by being overbid at the yearly auctions, the Chief Commissioner was willing as an experiment to forego the expected increment of revenue, and settle the shops with the planters at the same rent as last year.

30. The planters did not come forward, as the Chief Commissioner hoped they would. The Deputy Commissioner of the district chiefly concerned reported as follows :—

"The planters have had the opportunity of purchasing the shops, and thereby obtaining entire control over them if they wished; they have not availed themselves of this,—neither from the replies received are they now willing to take advantage of the concession offered in the Secretary's letter under reply.

"I have now carefully gone through the list of liquor shops for the sale of country spirits in the district, and better sites than those now existing cannot be selected. The shops should of course be placed where there is a demand: if a different course was adopted, and a shop was at a distance, the result would be the shop would fetch nothing at auction, and coolies would distil for themselves."

The Deputy Commissioner of Nowgong made a reference to eight planters in his district Of these, two wanted the shops to be established near their gardens, and were willing to undertake the management of them. Three objected to shops being near their gardens, and the rest had no complaint to make regarding the liquor shops in their neighbourhood.

31. Another proposal was examined, namely, that of giving the managers license to issue rum to their coolies upon payment of a fee per head, but this came to nothing.

32. Finally, the matter was dropped upon receipt of the following report from the Commissioner (3rd June 1882) :—

"From enquiries made during my recent tour, it is quite certain that planters do not wish to have the control of the liquor shops. I find also that by far the greater number of them have no complaints to make against the existence of these shops, and the few who complain do not offer to assist Government in controlling them, but ask for their total abolition. Under the circumstances stated, I do not think the Government is called upon to accede to this request, and thereby sacrifice a legitimate source of revenue.

"In explanation of the delay which has occurred in replying to your letter, I should state that the subject was not one upon which I could venture to express an opinion until after the close of my recent tour, during which I had several opportunities of discussing the subject with planters and district officers."

33. Similar information came from some of the Deputy Commissioners. The matter therefore dropped, and it was assumed, apparently with reason, that the planters acquiesced in the decision of the Government to tax the liquor consumed by the coolies, and that, as they were unwilling to undertake any active part themselves, they had no objection to raise to the system of licensed shops for distilled liquors.

34. It seems, however, to be agreed that a large amount of illicit brewing still goes on on the tea estates, and the following letter by the Deputy Commissioner of Sibsagar, dated the 9th November 1888, shows the difference of opinion among managers on matters relating to it :—

"It is practically impossible to carry out any orders limiting the quantity of *pachwai* that may be manufactured. Whether the limit be 4 seers or 12 seers, is, I think, immaterial in the case of garden coolies. Discovery, except on the part of the manager, is next to impossible. The orders issued by Government reducing

the quantity from 12 seers to 4 quart bottles do not seem to have produced any difference. Thus, the Superintendent of the Assam Company writes—

"'The consumption of home-manufactured *laopani* has not been in any way affected, because a check on it cannot well be instituted without giving too free a license to the only executive machinery available for the duty and opening a door to corruption and other evil practices, which would cause more evil than that which it is intended to check.'

"It is reported by some managers that villagers, Assamese, but chiefly Noras (*i.e.*, Siamese * settlers) make *laopani* and sell it in gardens. No doubt a good deal of *laopani* is sold illicitly, but detection is most difficult so long as home consumption, limited or unlimited, is permitted. Most managers will agree that their coolies do not limit themselves to the Government maximum of four quarts. The temptation to brew an excess quantity for sale while making four quarts for one's self is irresistible.

* *Qy.* Shans?

"It seems to be generally admitted that the effect from *laopani* on the consumer is less disastrous than that of country spirits as now manufactured. Consequently, almost all managers would be strongly opposed to the reduction of the quantity now allowed, *viz.*, four quarts, and still more so, of course, to the total prohibition of all manufacture, many would prefer to see an increase of the maximum quantity allowed.

"The evil results of drinking country spirits are according to most managers very disastrous:—'They set the brain on fire.' They render a coolie unfit to work for some days, they produce a sort of madness and delirium, &c., &c., &c. But, on the other hand, I give a description of the results of *laopani* as furnished by the Superintendent of the Singlo Tea Company. He writes as follows :—

"'The consumption of *laopani* is very great indeed on the gardens of this Company, almost every coolie having a *kalsi* of it in his house, either in course of preparation or ready for consumption. I consider the present system of allowing coolies to manufacture and drink this vile compound pernicious in the extreme, being I firmly believe the cause and foundation of all bowel-complaints, and often cholera; as a proof of this, I may mention that I have found *laopani* in coolies' houses in a state of putrefaction, and I have known a fine strong healthy young coolie die of cholera in a few hours, after having indulged in *laopani* the night before.

"The reason this *laopani* is injurious to health is, I feel convinced, in the first instance, owing to the yeast which is used being at times simply rotten. This yeast, which is made up in small cakes, can only be procured in the Miri villages, where, in places, the water-supply is anything but good.

"'The use of this yeast, or '*dewai*,' as the natives call it, I consider the first cause of mischief, and, even admitting that the yeast is sound and free from the germs of other impurities, the next trouble arises from the coolie allowing the fermentation of the rice to go too far, either through ignorance or carelessness, when putrefaction sets in, and the poor creature is simply poisoned, which takes the form of diarrhœa and dysentery, or in severe cases, all the symptoms of cholera are produced with fatal results. I would strongly recommend that the manufacture of all *laopani* on tea-gardens be prohibited, and the sale of this yeast, or '*dewai*,' by the Miris be stopped at once, and that all gardens be allowed to open a sort of canteen at certain hours of the day for the sale of rum in small quantities to their coolies. By this means, the consumption of liquor would be under proper control, and the coolies would be sure of getting good sound liquor at cost price, instead of the frightful compound they are driven to drink at present.'"

35. The following are the orders in force in this Province regarding the location of shops :—

"You do not, however, propose any alternative scheme, and your views could apparently be met only by entirely withholding licenses; a measure which could, as has been constantly made manifest, only result in a great increase of illicit distillation.

'The primary object to be kept in view is not the increase of abkari revenue, but to avoid encouraging the illicit manufacture and consumption of liquor, by regulating the number of licensed shops in accordance with the demand, and by keeping these shops under vigilant control: to effect this is surely not beyond the power of an energetic district officer. There still remains the objection naturally made by the planters to having shops placed so close to their gardens as to be a source of daily and hourly temptation to their coolies, and from this point of view the Chief Commissioner thinks that the increase in the number of shops last year from eleven to twenty-six was unduly sudden, and that you were insufficiently instructed in regard to the selection of localities for the shops. It was no doubt necessary, in accordance with the Chief Commissioner's desire, to give planters an opportunity of obtaining entire control over these shops, to place them at such convenient distances from the tea-gardens as would permi- the planters to exercise this control; but you should have been warned at the same time against putting them in such immediate proximity to the gardens as to be an ever present temptation to the coolie.

"When, therefore, you have revised your list of shops and fixed on the localities where licenses are to be granted, you should, in the case of such shops as are mainly for the convenience of garden coolies, and are not situated in large bazars, place yourself in communication with the managers whose coolies are likely to supply themselves from those shops. You should explain what the objects of the Administration are, and that in order to give the planters full control over the shops, you will give to any one of them who may be willing to undertake the control of the shop, a license at the price received for it last year (this, however, can be altered by you in case of necessity), and that during the year no fresh shops will be licensed. It will then be fully within the power of the planter, through the shopkeeper he may nominate, to prevent his coolies getting more liquor than is good for them, or getting it at inconvenient hours or of deleterious quality."

36. These orders were circulated to all Deputy Commissioners in the Assam Valley* in 1880 and since then no complaints from the planting community have reached the Chief Commissioner, with the exception of one made in 1886. This was received from Finlay, Muir, and Company, who wished the Chief Commissioner to close two shops near their Jafflong garden in Sylhet. This garden lies close under the Khasi and Jaintia Hills, whence, as above explained, a liberal supply of illicit liquor is smuggled into Sylhet, and several of the Jafflong tea-garden coolies had been convicted of obtaining liquor illicity. The Chief Commissioner did not see

* They do not appear to have been sent to Sylhet and Cachar.

y to closing the shops, as it appeared clear that the closing of them would not stop the consumption of liquor.

37. Occasional complaints made to Deputy Commissioners have been referred to in the annual reports; but Mr. Fitzpatrick writes that "though he has twice travelled through the tea districts, constantly meeting large numbers of managers by special appointment or by accident, and discussing their affairs with them at great length, not one single representation has been made to him on the subject; indeed, the only complaint he has seen, regarding the location of a shop, from a garden manager was one of a gentleman who objected to the liquor shop being removed too great a distance from his garden.

38. Finlay, Muir, and Company, however, recently took steps to bring the matter before the Secretary of State directly, and caused to be laid before him five letters* (of which four were from Assam) complaining of the excise system. The subject was referred to the Government of India by the Secretary of State, and the Government of India has called for a report from the Chief Commissioner (Financial Department No. 1248, dated 9th March 1889).

39. Mr. Fitzpatrick's first step was to ask the gentlemen who had written these letters for particulars which would enable him to trace the facts to which they alluded. The replies which we have received show beyond a doubt that the statements about shops being forced on gardens against the protests of the planters,† and some of the other facts brought forward, are devoid of foundation. The planters nearly all admit that they have not protested, and have little or no knowledge of any protest being made. They attribute this to their belief, well or ill founded, that protest would be of no avail, but it is evident that most of those from whom replies were received dislike the existing excise system, and attribute to it a great deal of drunkenness among the coolies.‡

40. The opinion I gather from reading the past history of the matter is that, from the fact of the planters not coming forward with complaints, we have too easily assumed that the policy laid down in 1880 had been sufficiently carried out, and that no occasion for further restriction had arisen. On the other hand, the planters have too often accepted as inevitable a state of things which, if they had only brought it to notice, and would give some assistance in putting it right, they would have found the officers of Government quite willing to remedy. It is only by co-operation between the managers and the officers of Government that the evils they allege can be remedied, and it was upon this principle that the Chief Commissioner's orders of 1880 were based. The establishment of the shops was justified upon the ground that the coolies must have liquor and will get it illicitly if they do not obtain it by lawful means. Our hope was that the planters would undertake the control of the shops; but that hope was entirely disappointed, and they apparently would have nothing to do with the shops and, if their present complaints are correct, they will not even do anything to prevent their coolies indulging in excess in the licensed shops.

41. Even supposing the state of things is what the planters represent, I do not think we can accept for the Government the entire responsibility for it. It arises at least in part from the fact that the planters remain with their hands folded, and will do nothing either towards the prevention of illicit liquor or the regulation of the traffic in licit liquor. I am afraid that some of them knowingly permit illicit manufacture to go on in their gardens, from a belief that the liquor so prepared is not so harmful as that obtained from the shops. I think the solution of the difficulty must be in the establishment, in co-operation with the planter, of some *modus vivendi*, based on the fact that the coolies require, and will by some means or other obtain, a certain amount of liquor, and that the arrangements of the Government and of the planters should be combined to ensure that the liquor they get will pay its proper tax, and will not be excessive. Mere denunciations of the iniquity of grog-shops are no advance towards the solution of the practical difficulty.

* These letters were all sent in reply to a circular issued by Finlay, Muir, & Co. It would have been more useful for our purposes if Finlay, Muir, & Co. had sent all the information they collected instead of selecting out of all the replies they got the four only which served a particular purpose.

† One of the letters submitted to the Secretary of State was from Mr. G. Fitzgerald, who said; "Planters have protested over and over again against their erection, but without effect. In fact, I know of a case in which Government tried to force a shop on to land actually belonging to the garden, and it was only after a long fight that the manager won the day."

When asked for particulars by Mr. Fitzpatrick, Mr. Fitzgerald wrote—"The planter to whom I wrote for particulars has not supplied me with them, but I do not think I am violating any confidence by stating that it occurred on the Nagagoolie garden of the Upper Assam Company."

The particulars of the Nagagoolie case were really as follow:—As tea-garden lands abut immediately on the public road for a considerable length, a shop established in the district could not be set up anywhere except on garden land. The manager of the garden, taking advantage of this position, demanded from the shopkeeper a rent of R50 a month, about a hundred times the letting value of the land. As this was practically an appropriation of excise revenue, the Deputy Commissioner proposed to take up land under the Land Acquisition Act in order to get land for the shop. The manager raised strong objections to this, and the proposal had to be abandoned because it was found that a former Deputy Commissioner had given to the manager a promise that we would not give the shopkeeper any other site. The facts therefore are that the manager did not only not object to the shop being in his land, but actually interfered to prevent its being taken elsewhere.

‡ On the other hand I hear that at a planter's meeting held at Tezpur, the present system was declared to be the best available.

42. A circular has been issued by the Chief Commissioner (25th June 1889), based on this policy, calling on district officers for full information relating to the matters of which the planters have complained, and directing them to consider, in communication with the planters, what the best remedies are to be applied to any evils they bring to notice. The circular indicates the necessity of co-operation on the planters' part, if any success is to be obtained in the regulation of the sale of spirits.

43. The Government of India, in letter No. 1248, dated the 9th March 1889, forwarding copy of a despatch to the Secretary of State on the subject of the outstill system generally, directed the Chief Commissioner to arrange for a careful and exhaustive enquiry into the facts connected with the excise administration of Assam. Mr. Fitzpatrick has left on record his recommendation that Mr. Driberg should be placed on special duty during next cold weather for the purpose of taking up the enquiry. The enquiry will necessarily cover the whole ground which has been touched upon in this Note, both the ascertainment of the facts, and the solution of the difficulties. My object in this Note has been to explain in what state matters stand in this Province, and thus to indicate generally the matters to which the special enquiry which it is intended to initiate should mainly be directed. The principles of excise administration have been fully laid down in several recent letters and despatches, and may be described as generally accepted and recognized; and we also possess, both in the enclosures to these letters and despatches and in several recent reports, the experience of the several Local Governments, some of which at least bear upon the questions that have to be solved in Assam:—

Despatches by Secretary of State:—

Revenue, No. 28,	dated	19th	April	1888.
" " 13,	"	31st	January	1889.
" " 38,	"	28th	March	1889.
" " 52,	"	16th	May	1889,

(with F. D. No. 3392, dated 3rd July 1889).

Despatches of Government of India to Secretary of State:—

No. 166,	dated	25th	June	1887.
" 55,	"	19th	February	1889.
" 157,	"	25th	May	1889, (with F. D. No. 3686, dated 18th July 1889)

Mr. Westmacott's report to the Government of Bengal on the Excise Administration in the districts near Calcutta.

Mr. Buckland's report to the Government of Bengal on the Madras and Bombay systems of excise.

44. There is another point that should be taken up in connection with this enquiry, *viz.*, are we doing wisely in attempting to do entirely without any district establishment? I am doubtful of it. We have a good deal more to do than can be left to the operation of the principle that the licensed vendors' interests are the same as ours. They are so only in respect of the supervision of illicit traffic: where the question of the control of licit traffic arises, their interests are too often opposed to ours. The want of precise information on matters which bear upon that control has been much felt in the past, and the vagueness, and in some cases the manifest inaccuracy, of the information gathered under the orders contained in the Circular of February 1887, show that if such enquiries are to be useful, the officer who makes them must have a better knowledge of the subject than has been displayed in many of the inspection reports. In one or two cases the inspecting officer has gone behind the information which the shopkeeper placed before him, and has given an independent estimate of the liquor consumption; but in most cases the report is that the shopkeepers' accounts (which we *know* are systematically fudged) say so-and-so, and "there is no means of testing the information." A subordinate establishment employed mainly on land-revenue duties we cannot expect to be sufficiently expert in matters of excise to give us very valuable information, and besides this each Sub-Deputy Collector or Tahsildár has his own special area only, and is not in a position to gather comparative information. If we had two men of the Sub-Deputy Collector class for the Assam Valley and one for the Surma Valley employed on nothing else but continual inspection of shops and gathering of information about consumption and the consuming classes (both licit and illicit) and keeping themselves and the Deputy Commissioners informed about excise subjects generally, I feel sure that the Deputy Commissioners would feel much surer of their ground, and could manage the excise of their districts with greater confidence as to the social effects of it than at present.

45. In the outstill system one point of great importance is the settlement of a definite policy in the fixing of upset prices, and in my opinion no satisfactory policy can be adopted which is not based in some way on fairly good estimates of the actual consumption. The

Board of Revenue's letter, pages 24 and 25 of the enclosures to despatch of 19th February 1886 shows how this has been attempted in Bengal, and it should be attempted in the same way in Assam. The hitherto-adopted rule of taking the average of the three previous years assumes what may be quite untrue, and what is certainly untrue in Cachar and Sylhet, that the liquor sold already bears sufficient tax; our object should be to fix the prices so that each gallon consumed must pay a tax of at least R1 or R2, or whatever sum we choose to fix (an amount which, once being fixed, can be afterwards gradually increased). In a note of Mr. Lyall's which I append, he aims rather at basing the upset price on the principle of appropriating as much of the vendor's profits as possible. But this principle seems to me to be a subsidiary one only. We do not grudge the vendor a reasonable profit, but if he is selling at too low a price then, whether his profits be great or small, we are bound to interfere, and by raising the standard of fees, to make him also raise the standard of price. It is also a necessary condition that all shops in a district must be, as far as possible, subjected to the same standard of taxation, in order that each shopkeeper may be secured against undue competition by a cheaper liquor sold by his neighbour. We cannot expect a fair bid for one shop unless the bidder has some confidence that the adjacent shops will not be let at prices which may upset the calculations on which his own bid is based.

46. The question of fixing a minimum permissible sale price is one that has been discussed both in Assam and elsewhere (*see* paragraph 24). The argument against such a rule *viz.*, that no power on earth can really prevent its evasion, is valid so far as it goes, but I think that the rule nevertheless has its use. A shopkeeper who pays a tax equal to, say, R2 a gallon, has to fix his prices at a standard sufficient to cover this tax; and, having done so, a small reduction of price is probably an impossibility, as the increase in consumption which he can expect from it is too small to make up for the loss. But it is conceivable that a bolder policy, and a very considerable reduction in price, may so increase the consumption as to make the trade, on the whole, a more profitable one to him. The fixing of a minimum retail price would, it seems to me, go a long way towards preventing a vendor adopting a plan of this kind, not because it would be impossible for him to sell, now and again, below the fixed price, but because he dare not, in face of such a rule, adopt a policy which can bring success only if the rule is systematically defied.

47. The settling of the location of shops upon the principles laid down in the orders quoted in paragraph 28 above, and the fixing of their prices upon the principles here indicated, seem to me to be the chief means at our disposal of exercising a control over the outstill system in this Province. Even though planters refuse to take any active part in the control of the supply of liquor, they have special facilities for getting information which would be of use to the district authorities in exercising their control, and they might perhaps be induced more than at present seems to be the case to give the district authorities the benefit of their information, especially if we had, as I think we should have, more systematic and constant means of gathering such information.

August 1889. J. WESTLAND.

No. 3858, dated Shillong, the 21st October 1889.

From—F. C. DAUKES, Esq., C.S., Offg. Secretary to the Chief Commissioner of Assam,

To—The Secretary to the Government of India, DEPT. OF FINANCE AND COMMERCE.

YOUR letter No. 1248 of 9th March last forwarded for enquiry and report five letters written by tea-planters in reply to a circular issued by Finlay, Muir & Co., in which complaint was made of the way in which outstills and liquor shops have been opened, sometimes in spite of the planters' protests, close to or upon tea-gardens, and allegations were made that the facilities for drinking, the evil of drunkenness among tea-garden coolies, and the drink revenue, have all increased greatly during the last few years (paragraph 1 of Secretary of State's Despatch No. 13 of 31st January 1889). As the despatch just quoted immediately proceeds to point out, the last statement as to the drink revenue of Assam is contrary to fact; but on the other matters, and on the question of excise management generally, the Chief Commissioner was directed to make a careful and exhaustive enquiry, and to report the results. Arrangements have been made for this enquiry, and it will cover the whole ground of excise administration in Assam, but, as it cannot be entered upon till the cold weather, some delay must occur in reporting its results.

2. The Chief Commissioner, however, took immediate steps to make enquiries regarding the allegations contained in the letters of tea-planters above referred to. As attention was again drawn to the subject in your letter of 9th July [illegible] debate which took [illegible]

Chief Commissioner to submit any remarks he might desire to make on the statements therein made, the Chief Commissioner desires me to submit at once the result of the enquiries so far as they have gone.

The statements in question, so far as they affect the Province of Assam, are contained in extracts read by Mr. S. Smith, from two of the letters (*viz.*, those signed by Mr. Henderson and Mr. Fitzgerald) with regard to which the Chief Commissioner had been making enquiry. They amount to the assertion that Government is fostering drinking habits by opening liquor shops in the vicinity of tea-gardens; that the planters are opposed to this action, and protest against it; but that no heed is given to their remonstrances.

3. I am first of all to refer to paragraphs 25 to 33 of the Chief Commissioner's Note submitted with my letter of 31st August last, No. 2984. In these paragraphs Mr. Westland gives an account of an attempt which was made in 1879 and subsequent years to enlist the active aid of tea-planters in the control of spirit shops, and the manner in which that attempt broke down. Mr. Westland certainly would not attribute to the planters any lukewarmness in the matter; they may very reasonably have considered that the functions expected of them lay outside their business; but the action of the Administration and the instructions which it issued on the subject, and which are quoted in paragraph 3 of the Note referred to, will at least show that it was anxious to consult the planters' interests and convenience in the details of excise management.

4. It is hardly germane to the subject of this letter to reply to those who would argue that the business of the Government is to put down spirit shops altogether. Mr. Westland has in his Note above mentioned shown that such a policy would in Assam at least be quite ineffectual in stopping drinking, and he will in this letter produce ample evidence that most of the tea-planters also are of this way of thinking. Mr. Westland will, therefore, abstain from defending the conclusions of his predecessors that their duty was, not to abolish or shut up the shops, but to regulate them so as to make drinking as little of an evil as possible, and the instructions which have just been quoted show at least that it has not been the policy of the Administration to neglect the interests or the wishes of the planting community.

5. The first question, therefore, is what amount of truth there is in the statement that the actual management of the Excise Department has been carried on in such a way as to call forth remonstrances from the planters, which the Government has habitually neglected.

On this point, I am first of all to quote paragraphs 3 and 4 of the Chief Commissioner's Circular No. 54, dated the 25th June last:—

"3. During the years 1881-82, a considerable amount of correspondence took place regarding the second of the remedies above mentioned, from which it would appear that the planters availed themselves of that remedy only to a very limited extent, and on the 3rd of June 1882, the Commissioner, Assam Valley Districts, in his letter No. 165 E., to the Secretary to the Chief Commissioner, wrote that 'by far the greater number of them (the planters) have no complaint to make against the existence of these shops, and the few who complain do not offer to assist the Government in controlling them, but ask for their total abolition.'

"4. Since that time no complaints from the planting community on this subject have been submitted to the Local Administration with the exception of one in 1886, from Messrs. Finlay, Muir & Co. respecting the Jaflang garden, and the only references to it are to be found in the Annual Excise Reports and the Resolutions recorded thereon. In the Report for 1882-83, paragraph 14, it was stated that tea-planters in Cachar strongly opposed the erection of shops near their gardens, but would not avail themselves of the opportunity afforded them of taking the licenses, and in paragraph 11 of the Chief Commissioner's Resolution it was observed that it was impossible to abolish the shops, and that 'the only course which under the circumstances can be adopted is not to locate the shops so near to the garden coolie-lines as to offer a distinct temptation to the coolie to go to them when he would not go there if the shops were located a mile or two miles from the lines.'

"From paragraph 17 of the Report for 1883-84, it would appear that the complaints from Cachar continued, and were, in the Deputy Commissioner's opinion, not without foundation. After that, except for a statement in paragraph 24 of the Report for 1885-86, that complaints were 'general in Lakhimpur,' complaints of this sort would seem to have diminished. There are none referred to in the Report for 1886-87, and during the 18 months Mr. Fitzpatrick has been here, though he has twice travelled through the tea districts, constantly meeting large numbers of managers by special appointment or by accident, and discussing their affairs with them at great length, not one single representation has been made to him on the subject; indeed, the only complaint he has seen regarding the location of a shop from a garden manager was one of a gentleman who objected to the liquor shop being removed too great a distance from his garden."

Mr. Fitzpatrick, just before issuing the Circular from which the above extract is taken, had addressed Mr. Fitzgerald (one of the planters quoted in Mr. S. Smith's speech), asking him to give further particulars as to the alleged ineffectual protests against the licensing of liquor shops. Mr. Fitzgerald's reply and its enclosures are annexed (Appendix A), and the conclusion to be drawn from it is, in Mr. Westland's opinion, rather that the planter's attitude is one of willing or unwilling acquiescence than of ineffectual protest. With reference to the various facts alluded to in these letters, I am to quote paragraph 8 of the Deputy Commissioner of Lakhimpur's letter of 19th October 1889:— [illegible] letter No. 2187 of the 4th July, forwarding for report

"In May 1888 the Manager of Gabruparbut garden in the Jorhat subdivision complained through the
nperintendent, Assam Tea Company, that the grogshop close to Selenghat was a great source of trouble and
noyance; that rum was sold largely to coolies going to the *hát* on Sundays, and in consequence much drunken-
ss occurred. He further asked for the removal of the shop to the old site at Podumoni. The Superintendent,
ssam Tea Company, in forwarding the letter, wrote that the re-establishment of the liquor shops where the sale
d consumption of spirits appear to be quite without restraint has caused an increase of drunkenness on the
ads near our gardens, and asked to have the scandal put a stop to.

"The Deputy Commissioner wrote in reply on the 1st July 1888, as follows:—

"'I have the honour to express my regret that I am unable to accede to your request in the matter of re-
oving the liquor shop from Seleng. The right to sell liquor at Seleng was bought at auction, and I have no
uthority to interfere. The prices at auction vary according to the localities, and to change the locality of a
articular shop might be tantamount to reducing the profits by 50 or more per cent. The matter being a very
mportant one concerning the revenue of the district, I would recommend application being made to Govern-
ent.'

"The Superintendent replied that he had not asked the Deputy Commissioner to close the Seleng or
igripukri shops, as he was of opinion that 'the free sale of stimulants in a marshy country to people accustom-
d to their use is beneficial,' but to put a stop to the 'scenes of drunkenness which have become so scandalous
nce the re-opening of the liquor shops.'

"The Deputy Commissioner issued orders on the Seleng thana to see that no drunkenness was permitted on
e public roads. The *mahaldar* was also warned through the police that his license would be cancelled if he
mmitted any breach of the terms. He was cautioned against selling to any intoxicated person.

"Since these orders were issued there have been no complaints.

"On the 23rd June 1888, Mr. Phillips, the Superintendent of the Assam Tea Company, addressed the follow-
ng letter to the Deputy Commissioner:—

"'SIR,—I observe that in the license granted for the native liquor shop in Nazira permission is granted to
he holder to sell liquor at the Santak weekly market, if the manager of that factory does not object. I have to
ek your attention to this, as I think before such permission was given, I ought to have been asked if I objected
nd this is the first intimation that I have only casually obtained that the concession had been granted to the
nan. As the weekly market is held on our own land, I shall write to the manager of Santak, and ask him
whether he considers it desirable to allow of the sale of liquor there, and will address you again on having
his reply.

"'It is not the sale of this liquor that is objected to by most factory managers, but the apparently uncon-
rolled issue of liquor to all who go for it and consequent disgracefully drunken scenes that constantly occur on
he public roads near the liquor shops. I have frequently seen men, women, and even young children, helplessly
ntoxicated on the roads in the evening near the liquor shops, and at present the Manager of the Ligripukri
factory complains greatly of the annoyance he suffers on this account from the proximity of the liquor shop
to that factory. I would ask you to arrange, if possible, that the police should regularly patrol the roads near
these liquor shops in the evening between 6 and 8 P. M., with instructions to deal with such cases as I complain
of in such a manner as will remove the annoyance which is at present caused to the general public.

"'Our medical officers also complain of the apparently unrestricted sale of this liquor to coolies, as it
periodically causes much ill health and many deaths at festive times.

"'It was only two years ago that a man leaving the Ligripukri liquor shop at dark in a helpless state of
intoxication was drowned in the tank there. I shall be glad to hear that you can see your way to remedy this
evil in a practical way.'

"The Deputy Commissioner replied—

"'The order I passed was that the licensee might sell at Santak with the manager's permission. If the
manager is subordinate to you, he will of course obtain your sanction before he gives permission. The licensee
was ordered to obtain the manager's permission first, and it was the duty of the manager to at once inform
you and obtain your orders.

"'With regard to the control of the sale of liquor, the matter is in your own hands. You can of course
allow the licensee to sell at the *hát* in your land subject to your own conditions.

"'The question of police surveillance will be referred to the District Superintendent of Police.'

"Orders were issued to the police to patrol the shops.

"The last letter on the file is dated 20th October 1888. It is signed by the Managers of the Moran Tea
Company, Dum Dulang garden, and of the Rukang and Sepon divisions of the Assam Tea Company. The
undersigned state that they are greatly inconvenienced by the licensee of the Solaguri shop near Solaguri
garden, that since the opening of the shop there are continual rows among their coolies on *hát* days, and no
end of trouble, and they ask for the removal of the shop from 'amidst their gardens.'

"The Deputy Commissioner replied on 7th November 1888 that the reasons given were not sufficient of
justifying him in closing the spirit shop, and that as the locality was specially named at the auction sales, it
cannot be altered without good reason. The Deputy Commissioner concludes by observing that—

"'The facts that coolies drink the spirits, that they sometimes quarrel and that they buy on credit, are not
sufficient reasons. If the license holder commits any breach of the conditions of his license, he renders himself
liable to punishment. The Government have already decided that shops cannot be closed to suit the convenience
of neighbouring land-holders.'

"13. The above is the whole correspondence on the subject for the last ten years up to date. The Assist-
ant Commissioner, Golaghat, reports that he has been unable to find any complaints. When the subject was
chiefly attracting attention in 1881-82, the Golaghat planters had the shops in their own hands. Managers, how-
ever, have, in the course of conversation, complained regarding the matter, but the Assistant Commissioner says
that they have generally agreed when he pointed out that the shops rather prevent the excessive consumption of
spirits, inasmuch as the licensee has to pay a large license-fee, and so is compelled to sell liquor at comparatively

gh prices. The Assistant Commissioner only mentions four gardens as being within a mile of the spirit shops,
cluding the shop in Golaghat town. There are nine shops and 45 tea-gardens, so that it can scarcely be said
at at any rate in Golaghat the shops are so located as to tempt coolies to drink. A shop must be near some
arden. It is impossible to suit everyone. Take the case of a small subdivision like Jorhat, if the Majuli be
cluded. With close on 100 gardens in a small area, it is difficult to find sites which are not near some garden."

The Deputy Commissioner of Nowgong reports as follows:—

"3. In 1881, in reply to queries ordered by the Commissioner as to what planters would take charge of
country-spirit shops in the vicinity of their gardens, two gentlemen, the Managers of Siconi and Solal, came
forward to take over the management of a shop near their garden. For the convenience of these two gentle-
men, Colonel Lamb allowed one additional shop at Solal, and placed it under the management of Mr. Gibson, and
placed the existing shop at Bamon Pukhri in charge of Mr. Hathorn for the year 1881-82 (*vide* Colonel Lamb's
letter No. 55, dated 28th March 1881, to the Commissioner of the Assam Valley districts), but they gave them
up after a year. Messrs. T. Henderson and T. U. Cargill, in reply to the same queries, objected to having shops
near their gardens at all, but Colonel Lamb (the then Deputy Commissioner of Nowgong) reported in his
No. 55 of 28th March 1881, that if the vendors allow disorder and frequent cases of drunkenness, their licenses
could be cancelled. None of the other managers raised any objection since this. The only complaint that I have
been able to find among the office records came from Mr. Hathorn, the Manager of Siconi, on 3rd August 1885,
vide his letter dated 3rd August 1885, a copy of which is herewith enclosed, in which he asked that the country-
spirit shop at Siconi, which was near his lines, might be removed to Jokholabandha or elsewhere. On this,
however, appears an order of Mr. Driberg's, dated the 9th August 1885, 'File for the present, no orders.' No
complaints have reached me since coming to the district in April 1887."

The complaint alluded to in this letter was as follows:—

"Dated Siconi, Koliabor Post Office, the 3rd August 1889.

"From—C. H. V. HATHORN, ESQ.,

"To—The Deputy Commissioner of Nowgong.

"I have the honour to request that the licensed grogshop at present close to my coolie-lines may be remov-
ed to Jokholabandha or somewhere else.

"2. There are continual brawls and drunkenness, and it often happens that people are left on the roads all
night in a state of intoxication.

"3. It appears that people drink in the shop, and get drunk on the premises.

"4. All this has a very bad effect on the coolie population on this garden; money is spent on drink instead
of on food and other necessaries of life.

"5. Yesterday a man was found intoxicated lying on the side of the road near my lines, and actually
expired, death being caused, I presume, from drink.

"I wrote to the thanadar to come and inspect the body this morning. He has taken the body to the station
as he tells me he suspects foul play.

"6. The health of my coolies, I have before mentioned, has suffered in consequence of having a shop so
close and in the hands of the present owners.

"7. I therefore beg, considering the above occurrence, and for the benefit of my coolie population, to have
the shop removed and the license taken away from the present owner."

It should be mentioned that this particular shop was placed on the site which it occupies
at the request of the Manager of the Siconi garden made in 1881-82.

The districts of Kámrup and Goalpara contain very few gardens, and the Deputy Commis-
sioners report that no complaints had ever been received from them.

The Deputy Commissioner of Darrang writes as follows:—

"3. With the exception of four shops in the sadr subdivision and one shop in Mangaldai, all the licensed
country-spirit shops are located at or near *háts*, and no shop is unduly near any coolie-lines.

"From the year 1880 up to date I can find no record of any complaint filed by any manager in the sadr
subdivision regarding the location of any country-spirit shop. In the Mangaldai subdivision in 1882, Mr.
Gardon, Manager of the Singrimari Tea Estate, objected to the establishment of two shops only one mile apart,
viz., at Singrimari and Kalaigaon, and in immediate proximity to his coolie-lines. The complaint was considered
reasonable; one shop was closed, and the other was removed to its present site at the Kalaigaon *hát*."

7. It is a mistake to suppose that tea-planters as a rule object to the liquor shops
altogether. In several cases it will be seen that they prefer their being established in the
vicinity of their gardens so long as they are not too close. Their attitude may generally be
described in this way: They would gladly see the abolition of spirit shops and of spirit drink-
ing if the thing were possible; but, recognising that the coolies must and will have drink
somehow and that spirit shops must therefore exist, they often prefer that the shops should
be near their gardens rather than far away. In the first place they can often in this way
secure some sort of control over the shop and its doings; in the second place, they disapprove
of their coolies going away to a distance, both because it involves loss of time, and because it
sometimes gives opportunities for their being tempted away to other employers. The Chief Com-
missioner is aware that this statement on his part contradicts the testimony of the five letters
of which the Secretary of State has sent copies. But he must, in the first place, point out that
no general conclusion can be drawn from five letters, selected apparently out of a large number

of replies to a circular, of which no copy has been given. His own enquiries made through the district officers have been much more general, and he desires to set forth not merely a selection of the replies, but all those he has received. The number may be increased during the enquiries to be made in the cold weather, but he thinks he is justified in saying that while a few of the planters, confining their attention to the evil results of excess in drinking, merely complain that the existing state of things is wrong, the more thoughtful and more experienced ones realize that the problem is not that of the suppression but of the control and management of the liquor shops, and for the most part they have little complaint to make. It should be noted that the circular, in reply to which these letters are submitted, made enquiry especially as to whether drunkenness was increasing, and also embodied a suggestion that it might be possible to introduce a system by which liquor could be supplied to garden coolies only on their producing passes signed by their employers.

8. I am first to quote opinions from the district of Cachar. This is a district full of tea-gardens, and it should be noted with reference to it that both Mr. Westland and his predecessor, Mr. Fitzpatrick, were of opinion that there were more shops in this district than were necessary, and that a want of firmness in dealing with lessees had tended to reduce too low the tax levied on the liquor consumed. Orders have already been issued which it is hoped will remedy these defects, and thus remove the ground of complaint which will be seen in some of the planters' letters.

The report of the Deputy Commissioner is as follows:—

* * * * * * * *

"6. In pursuance of the instructions conveyed in paragraph 9 of the Circular under reply, I wrote to all managers in the sadr sub-division, and asked each of them (1) from what shop the coolies of his garden drew their supplies of liquor; at what distance the shop stood from his lines; if he had any objection to its situation; if he had any suggestion to make as to the system of leasing country-spirit shops; and finally, what he thought of the system of passes suggested by Mr. Fitzpatrick. I also ventured to inform managers that the Chief Commissioner was willing to accept any feasible scheme for the diminution of drunkenness, even at the cost of a loss to excise revenue. I have received replies from 22 gentlemen, most of them managers of large gardens. I now give a digest of these replies.

"Mr. Jackson, of Binnakandi, thinks the order system would not work. He does not object to the situation of the garden shop. He thinks that the quality of the liquor has deteriorated, and that it has become much cheaper since the introduction of the outstill system.

"Mr. Allen, of Bara Jalinga, reports that since the nearest shop has been removed to a distance of two miles from his lines instances of coolies absconding in consequence of debts to the vendor have become rare. He has no objection to the present situation of the shop. He approves of the proposed pass system.

"Mr. Jack, of Strathen, has no shop within ten miles of his garden, his coolies consequently get illicit liquor (*pachwai*, I presume) from the Kukis of surrounding *bastis*. He thinks the pass system would work well.

"The manager of Tikalpar (one of the leading planters of this district) has two shops close to his garden, one in Tikalpar Bazar. He thinks this one (which is mentioned in the enclosure to your letter No. 2739, dated the 8th August 1889) should be abolished. I am inclined to agree with him, but shall make a local enquiry before finally deciding on this point. Mr. Livermore thinks shops should not be settled at bazars or on public roads. He does not approve of the proposed pass system, but thinks that if the excise revenue is not to be regarded coolies might be encouraged to brew *pachwai* (he calls it 'distilling a wholesome, unadulterated spirit from fermented rice,' but I think he means *pachwai*). He would have a condition forbidding drunkenness on licensed premises.

"The manager of Doyapur thinks the suggestion that passes should be granted a capital one. He does not object to the situation of his shop, which is a mile and a half from his lines.

"The manager of Dudhpatli approves of the situation of his shop; thinks the pass system would not work well; and has no complaint to make except as to the quality of the liquor supplied under the outstill system.

"The manager of Cossipur (a gentleman who makes little use of Act I, and imports very few coolies) says that Arkatipur shop is too close to his lines. He would have no shop nearer than Silchar, which is five miles away.

"The manager of Dwarband, a garden largely worked by free labour, thinks that the shop in his garden bazar is rather too near his lines (300 yards). But he has 'no real objection to make.' He would be happy to give the pass system a trial, but thinks that no plan to lessen the consumption of liquor could be devised which would not be circumvented by the licensees, the trade in liquor being extremely profitable. He too thinks the outstill system has made liquor 'cheap and nasty.'

"The manager of Sildubi does not object to a shop being at a distance of half a mile from his lines. He approves of the proposed pass system, and thinks liquor should be and could safely be made dearer.

"The manager of Rosekandi (who had previously made several complaints) says that he has now no objection to the position of the garden shop at a distance of half a mile from his lines, inasmuch as the coolies cannot now get liquor on credit. He thinks the proposed pass system would lead to illicit distillation, and that there is less illicit distillation among coolies now that liquor is cheaper.

"The manager of the large Silkurie garden has no objection to the existence of a shop in his garden bazar. He finds that his influence as landlord is sufficient to keep the shopkeeper in check. He thinks that shops should not ordinarily be licensed outside grants and in the vicinity of lines. He, too, would forbid drinking on the premises, and thinks all cases of disturbance following the issue of a new license should be very strictly enquired into.

"Mr. Milne, of Dalu, reports that his grogshop-keeper has taken his shop across a river in order to escape an enhancement of rent. He thinks crossing coolies in a canoe a dangerous matter.

"The manager of Lakhipur would like to have the shop near his lines closed, as there is another shop across the river in the Lakhipur bazar. I will enquire into this mattter. Mr. Cragie thinks the pass system could not be worked.

"The Superintendent of the Cherra gardens has now no reason to complain of the existing system. The licensee of the Balacherra shop is an old coolie, and a tenant of his own. The Barkhola shop used to be a resort for abductors of labourers, but is now 'better managed.' Mr. Showers does not approve of the pass system.

"The manager of the Jatinga Valley Tea Company has no objection to the situation of the nearest shop (which is seven miles away). He complains that Kacharis and Kukis supply large quantities of illicit liquor to his coolies. I think he means rice-beer.

"Mr. Davidson, of the Scottpur Tea Estate, complains that there is a grogshop too near his Narainpur out-garden. He says that at one time he discovered that his garden Babus acted as agents for the sale of grog, and that the Sub-Inspector and head-constable of Police were *benami* proprietors of the grogshop from which the supplies were obtained. He does not, however, appear to have drawn the attention of my predecessors to this curious fact.

"The manager of Pathicherra thinks that there are too many grogshops, and that shops should only be allowed on the larger bazars. He thinks the pass system would work well.

"The manager of the Bikrampur Tea Estate objects to two shops, one inside and one outside his estate, being sold together. He thinks one shop would be quite sufficient He thinks each group of gardens should have a sadr distillery on garden land. He thinks Act XIII of 1859, and the bonuses paid in accordance with it, are responsible for much drunkenness. He advocates free labour and fair wages, and deprecates any attempt at prohibition of drunkenness, or even passes, as likely to lead to illicit practices.

"The other four gentlemen who have favoured me with answers do not object to the present position of shops, and have nothing to say that is not an echo of one or other of the opinions cited above. I think I may assume that those managers who have not replied to my letter regard the present system as, at worst, a necessary evil. Some of them have admitted as much to me in conversation. On the whole, I am inclined to think that Mr. Fitzpatrick's suggestion has not been received with much favour. I see no reason, however, why it should not be put to the test of experience in the case of one or two of the shops situated on gardens, if these be far enough from other shops to prevent coolies who want more drink than is good for them from going thither.

"7. That coolies do frequently drink to excess is unfortunately true. Only to-day I received a report that a coolie, who the day before was well enough to do a full hoeing *haziri*, had drunk himself to death. An enquiry is being held into this case.

"8. I have endeavoured to represent the views of managers fairly and fully. I do not find that any of them suggest any practicable modification of the existing system. For my own part, I am unwilling to make any suggestion not based upon local experience. I am at present inclined to think that in some parts of the district there are too many shops (*e.g.*, in the station itself). Again, in remote places like Dhubidhar and Mainadhar, it is possible that the absence of shops leads to illicit distillation. As I am precluded by the terms of this circular from discussing the outstill system generally, I must confess I see no way, without further enquiry, to improving matters. I hope to visit all or most of the shops during the cold weather.

"9. As to whether drunkenness is increasing among coolies, I can only say that our returns show an increased trade and increased consumption. Planters say they think there is more drunkenness. Planters like to have grogshops on their gardens. Such places outside garden limits are great hunting-grounds for abductors of labourers, who can be excluded from garden shops. Most planters admit that coolies must get grog. They admit that the absence of a grog-shop would afford an irresistible temptation to desert to a garden where a grog-shop offered the means of getting drunk at least once a week. I think I may say that from the planters' point of view there is no grievance. From the point of view of the coolie, it is more difficult to speak. I think country spirit is very cheap and very nasty, even if it be not worse. I should be glad to get the coolie something less cheap and nasty. But I do not see my way to this without falling into a discussion of the outstill system generally."

The managers of the gardens in the Hailakandi sub-division of this district were not asked for their opinions as regards the location of spirit-shops; but, as the Chief Commissioner finds; that out of sixteen shops, six are established on garden land and pay rent to the manager of the garden, it is pretty evident that the managers have no objections to them.

9. The references to rice-beer, variously called *pachwai* and *laopani* and *madh*, which are made in the above letter and in some of those which follow, will be understood from the Note submitted with my letter of August 31st, which has been already alluded to. The facilities for brewing it are so common and the practice of brewing it so rife throughout the Province of Assam, that it has been impossible to subject it to any system of prevention or taxation. It is very largely brewed by the coolies in the tea-gardens, and the managers, in some cases at any rate, represent that it is out of their power to prevent this being done. Evidence differs as to whether it is a wholesome or an unwholesome liquor, and the probability is that, like the stronger spirits, it is sometimes the one and sometimes the other.

10. The Deputy Commissioner of Sibsagar, which, like Cachar, is a large tea-producing district, has also reported pretty fully on the correspondence he has received. He continues his letter, from which an extract has been above quoted, as follows:—

* * * * * *

"14. The correspondence, which has been quoted at length, and which, with the exception of that referring to the Rangajan shop in Jorhat, is entirely with planters in the sadr sub-division, will show how far it is true or otherwise that the sites for country liquor-shops are so fixed with reference to gardens as to tempt the

coolies into excessive drinking, and further how far this has been done, as alleged, in the face of remonstrances and protests from the managers of the gardens. The Chief Superintendent of the Assam Tea Company, whose estates cover 51,000 acres, and represent the largest interests in tea in the district, does not ask for the removal or closure of the shops. On the contrary, he says that he has no objection to see them established near a garden, and has no cause of complaint if the police maintain order and the quantity of liquor sold is attended to. I find in every case when there have been complaints of drunkenness at the shops, as at Rangajan, Seleng and Ligripukri, that the police have been deputed to keep order and apprehend offenders. The Rajmai shop was removed to Dimu, where it is two or three miles from the nearest garden. Of course, it has not been possible to accede in all cases to requests for removal of a shop when they have been made. I would, however, make a rule, if the present shops are to be maintained, to allow no spirit shop within at least one mile of any tea-garden, in which case charges of offering distinct temptation to coolies could not be brought. I think the correspondence will show that the prevention of illicit consumption has been the main determining object in the case of opening a now shop. Take the case of the Sapakati shop opened in 1884. The shop was opened in a wild out-of-the-way portion of the sadr sub-division at foot of the hills, precisely the place where illicit distillation would be most likely to obtain. The Assistant Commissioner, Jorhat, reports that in his sub-division there is little illicit distillation of *laopani*, except in some outlying gardens at the foot of the hills where there are no shops.

"The correspondence quoted gives in full detail the objections made by planters to the location of shops in the vicinity of their gardens, and the manner in which they have been dealt with. I do not find that any of these gentlemen have referred to the possible impetus which might be given to enticement of Act-coolies by the removal of spirit shops to a distance of, say, five miles from their gardens. It cannot be contended that coolies would not continue to resort to the shops on Sundays, whereas there would be more facility for enticement than where the shops are within a short distance of the garden and the coolies under the manager's eye. I think that if this were represented to planters, they would not care to have the shops located more than a mile from the lines. Drunkenness among coolies at the shops can always be dealt with, as it has been invariably dealt with in this district, when complaints have been received, by the deputation of police officers to the shops on special duty. I have not sufficient experience of this district to be able to say whether it has of late been increasing. I do not believe that it has. The complaints in the file are few, if we consider that the correspondence covers a period of ten years.

"The Assistant Commissioner, Golaghat, is silent on the subject, nor does he say anything about the extent to which illicit liquor is manufactured. Mr. Eyre, the manager of the Rajabari Tea Company, writes as follows:—

"'Upon these estates, owing to the excessive drinking of *laopani* and *dhatura* on Sundays, one-third of my labour is utterly useless on the Monday following, and two-thirds more or less incapacitated, to my loss and detriment.

"'The nearest liquor shops to Rajabari are at Demu or Sibsagar, six miles either way. Mr. Eyre is of opinion that—

"'It is useless to place restrictions upon coolies getting distilled liquor from shops, while permitting them to make in their houses *laopani* (not an article of excise) with the roots of *dhatura* added to increase its intoxicating effect.'

and that as regards drunkenness he writes as follows:—

"'The existence of shops in one's vicinity does not entirely account for the excessive and habitual drunkenness among coolies, nor does the impunity they enjoy in connection with the making of *laopani* account entirely for it. Such habitual excess is not observable in the Bengali villages of time-expired coolies even in the vicinity of shops, and the reason is that the villager is not so well off in regard to ready money, and has some occupation daily to which he must attend or sink into want. The coolie, on the other hand, has ready money or can easily obtain it from those who have; knows he will not be suffered to want, and has one free day on full pay in every seven. That day, with nothing to occupy him, he systematically devotes to getting drunk, either on liquor purchased at shops or on *laopani*.

"'The Assistant Commissioner, Golaghat, states that planters have admitted that a country-spirit shop is not an altogether unmitigated evil, because it stops the making of *laopani* in the lines, and that after all a country-spirit shop is under some sort of supervision, whereas the making of *laopani* in the lines is not.'

"15. Now, I think this and Mr. Eyre's remarks have an important bearing on the proposals made in paragraph 9 with regard to the issue of passes. If a planter cannot or does not care to control the making of *laopani* in his lines, it is obvious that the proposed issue of passes for the consumption of liquor outside his lines in shops which are not under his control will be futile. The managers whom I have consulted are almost unanimously of opinion that the system will not work. Mr. Buckingham, of Amguri, writes—'Unless the liquor shops were entirely under the control of managers, I do not see how one could restrict the liberty of coolies in this particular. Passes are obviously out of the question. A coolie that did not drink would get one for another that did.' Mr. Phillips, formerly Chief Superintendent of the Assam Tea Company, and now Superintendent of the Singlo Tea Company, says—'I do not think it will be found that any planter resident many miles from a station (nearly all are in Sibsagar sadr) would willingly agree to anything in connection with this question, which would make it possible for him and the members of his establishment to be forced to attend prosecution for breach of such rules as may be laid down. The inconvenience and loss of time would be too great. Expediency would compel him to withhold from initiation of any proceedings in the matter.' Mr. Eyre writes—'The interest of the coolie and of the seller of liquor are distinctly opposed to those of the planter. One of three things will happen. The cooly will buy what he requires under another name, or he will employ and pay outsiders to procure it, or he will give up the distilled liquor and get drunk on *laopani* made by himself. The results in each case, demoralisation and loss to the planter, are the same. The restrictions proposed in the 7th paragraph of the circular appear to me to be unworkable.' Mr. Eyre thinks that Government should empower the manager to report coolies who abuse the weekly holiday by getting drunk and unfitting themselves for the next day's work, and that they should be deprived of the free day and gratuitous wages for such time as may be proper, and that in case of refusal a penalty should be incurred by law. In this connection I may remark that section 187 of

ct I provides a penalty for habitual drunkenness of fine or imprisonment, but that the section is practically a dead letter, probably for the reason given by Mr. Phillips, that it is too much trouble to prosecute. Mr. Luttmann, the Superintendent of the Jorhat Tea Company, thinks that the suggestion to prevent coolies from buying liquor at the shops without a written order or pass from the manager is feasible and worthy of trial He is almost alone in his opinion. The following suggestions among others have been made by managers:—

"To close liquor shops in the vicinity of tea-gardens and only to allow them in towns or large bazars, such as Nazira in the sadr. To allow planters to sell rum, taking out a license for the estate on levying a tax on the amount imported, the amount to be ascertained from the estate books or from the forwarding agents.

"That no liquor shop be licensed for the sale of country spirits within two miles of a tea-garden; that the tax on selling spirits should be as high as possible, compatible with the impetus which it might give to illicit distillation.

"That all garden managers should be allowed to sell imported or country-made rum to their own coolies only without a license, the alternative being the abolition of spirit shops altogether, and a tax on planters for selling their own liquor to coolies; such tax to be calculated on the amount of liquor sold, and not to incur any loss to Government on the revenue accruing under the present system. I have already alluded to Mr. Eyre's proposal.

"Mr. Phillips writes as follows:—

"'I have always held the opinion that the planter's best remedy is to supply his factory with good wholesome spirit, and to issue it to his people at his discretion. Sir S. Bayley, on being applied to, granted (us) permission to do this, and last year, on it being pointed out that under the recent excise law this concession had lapsed, Mr. Fitzpatrick readily confirmed and repeated it. I have this year established with success a bar at this factory where any coolie can buy from 2 annas to 8 annas worth of good rum between the hours of 5 and 7 every evening, and I think this has checked very greatly the evil of excessive drinking in the coolie-lines, in close proximity to which is a typical liquor shop.'

"16. I think that there are two courses open to the Government to obviate the present complaints: to retain the existing shops, but to insist on the location of the shop at a distance of at least one mile from the garden or coolie-lines, in which case I think no one could fairly complain that the sites were so fixed with reference to gardens as to tempt the coolies into excessive drinking. If the shops are retained, I would allow the planter to sell rum to his coolies untaxed.

"On the other hand, Government might close the existing shops, except in the towns of Sibsagar, Jorhat, and Golaghat, and at such places as the Nazira bazar, where there are two licensed vendors of imported liquors, who, if the shops were closed, would profit by the vend of cheap brandy. Shops in towns are on a different footing entirely from those located in the vicinity of gardens in the mufassal.

"This has always been recognized. In such places garden coolies are by no means the only consumers, and to close such shops would only force the liquor-drinking classes into obtaining illicit liquor, or drinking the vilest compounds sold under the names of brandy and whiskey by unscrupulous vendors of so-called imported liquor. Such people, as it is, make most of their profits by selling what is called coolie brandy. Should the abolition of the mufassal country-spirit shops be determined on, it would be necessary to levy a tax on spirits, including rum sold by planters to their coolies. This could be levied either according to the number of adult coolies employed on the garden or calculated on the acreage of the estate. A reduction on the capitation fees on Act I coolies of 8 annas was conceded to planters by Sir C. Elliott some years ago, reserving the right of again raising the amount to 1 rupee. I think that planters could scarcely complain if the sum of 8 annas per head were levied on each adult employed on their estates, as a tax on the spirits which they would be allowed to sell to their coolies, all shops in the neighbourhood of gardens being closed. I would not recommend the levying of a tax on the quantity of liquor imported and supplied by planters to their coolies. Many managers would not take the trouble to import rum, or supply their coolies with liquor of any description.

"The result, of course, would be that the coolies would brew their own liquor, as there is no doubt they do to a considerable extent at present. I have even known managers encourage the manufacture of *laopani*, saying that they like to see coolies make it, and drink it in lieu of what they were pleased to designate the poison sold at the country-spirit shops. I cannot recollect more than one or two instances in which planters have asked for police to enquire into and stop the making of *laopani* in the lines.

"At the *Fagua* in February, March, or the *Bihu* in April, there is unlimited license for days, and there is little doubt that much of the liquor consumed is home-made. Unless the evil is very bad, the planter does not care to interfere in such matters with his coolies.

"17. I do not think that any other measures than those indicated above could be taken to obviate complaints. The pass system is unanimously condemned as unworkable. As regards co-operation, the Assistant Commissioner, Golaghat, writes—

"'As to planters heartily co-operating with us in this matter, I am perfectly certain they would not. On the contrary they would be the first persons to say that they would not interfere with the liberty of the coolie.'

"I concur. The average planter does not like, and resents the interference of any outsiders on his garden—be they police, excise officers, or who they may. I am afraid, too, that any planter who made it a condition of his service that no coolie should drink more than such quantity of liquor on any one day as might be fixed by the manager would entail on himself a great deal of trouble, with the result of losing his labour."

11. The Deputy Commissioner of Nowgong reports as follows:—

"4. I now give *précis* of replies received from managers as to prevalence of drunkenness, its cause, and how far the measures suggested in paragraph 9 of your circular under reply would operate in checking it.

"Mr. Atkins, of Palkhai, finds drunkenness almost unknown on his garden; is unaware of the manufacture of illicit liquor; thinks the system of managers giving coolies who want liquor signed passes an excellent one.

"Mr. Sisson, of Udmari and Samaguri, thinks drunkenness very much on the increase, believes the coolies make the liquor (*laopani*) themselves. A number of Bengalis are settled near his lines who brew or smuggle liquor. Thinks the system of passes would be ineffectual, as coolies wanting distilled liquor could buy indirectly *i. e.*, through persons not coolies.

"Mr. Symington, of Nonai, finds drunkenness on the increase, and attributes it to illicit liquor (chiefly *laopani*) being so easily obtainable in villages. Much is also manufactured by the coolies themselves; think that this *laopani*, which is cheaply and easily made, is much more resorted to th an licensed distilled liquor thinks it is towards restriction of the manufacture of *laopani* that the direction of any efforts for suppression should be turned. He suggests that certain small round cakes, of the composition of which he is ignorant, but which enter into the manufacture of *laopani*, and which are sold at *hâts*, should be controlled.

"Mr. Harward, of Koliabar, also finds drunkenness increasing. *Laopani* is largely manufactured in his neighbourhood, but thinks the results of its consumption are rather diarrhœa and indigestion than drunkenness. Thinks that a drunkard set on getting his liquor would find means of evading any pass system; considers the only possible check would be to restrict sale to good liquor only, for which a high price should be charged, while adequate rewards should be given to the police and others for obtaining convictions for the manufacture of llicit liquor.

"Mr. Hathorn, of Siconi, says he does not find drunkenness on the increase, does not think illicit distilled liquor procurable. *Laopani* is mostly used. Complains that the Siconi shop is a pigsty, from which wholesome liquor could not possibly issue, and thinks the police not sufficiently vigilant in inspecting it. Approves of the suggestion that managers should have some power of preventing drunkards getting liquor (I shall take steps to move the shop).

"Mr. T. Henderson, of Salona, does not find drunkenness on the increase, though it prevails a good deal among old and well-to-do coolies, who brew *laopani* for themselves and do not get it in village. Thinks moreover, that they brew for sale to others, which is contrary to law. He adds—'We are happy in having no grog-shop near our lines to tempt our coolies.' He does not believe in the possibility of enforcing any condition imposed on coolies to regulate the amount they should drink.

"Mr. Osborne, of Nellie, has not been long enough on the garden to say whether drunkenness is on the increase. A fair 'proportion' of coolies get drunk regularly on holidays, but rarely on work days. There are three shops within four miles of this garden. There is a Bengali *basti* near his garden, where he thinks liquor is manufactured, but it is very hard to discover. Thinks that Government should insist on a better class of liquor at a higher price being sold by vendors, and that they should not be allowed to give credit. The better the liquor the less pernicious its after effects. Home-made liquor (*laopani*) often causes sharp attacks of diarrhæa.

"Mr. Pereira, of Ouguri, finds drunkenness on the increase, owing to two unlicensed shops being opened close to his lines, but just across the river which divides this district from that of the Khási Hills. Believes also that illicit liquor is sold in the Nellie *basti* mentioned by Mr. Osborne. I am writing to the Deputy Commissioner, Khási Hills, concerning the shops alluded to as being in his district, and have warned the police to keep an eye on the Nellie *basti*.

"Mr. Hunter, of Amlukhi, does not find drunkenness on the increase with his coolies. Thinks very little liquor is bought by them, that consumed being mostly *laopani* made by themselves. Does not believe in the practicability of making conditions with coolies as to how much they should consume, and thinks that managers should not interfere so long as the coolies did not incapacitate themselves for work. Thinks reliable officers should often be sent to try and seize illicit liquor (*laopani*), which would check its manufacture for sale. Has no complaint against the licensed shops in his vicinity at present, but thinks, if the brewing of *loapani* was checked, coolies might resort more to the use of distilled liquor.

"Mr. Kerin, of Borpani, finds drunkenness decreasing. Thinks a pass system might do good.

"Mr. Chamney, of Haspani, suffers greatly from drunkenness among his coolies, but says that, as his garden is somewhat isolated, the excess is caused by the consumption of home-brewed *loapani*. Thinks that managers should have some powers to control this.

"Mr. Thompson, of Solâl, does not find drunkenness on the increase, though greatly prevalent. Thinks grog-shops should be done away with, as no permit system would be found to work. Thinks managers should have power to prevent private manufacure of liquor, whether for home consumption or not.

"It seems to me, therefore, that as far as the licensed shops are concerned, they do little harm as compared with the greatly increasing practice which Bengali coolies have acquired from the Assamese of brewing *laopani* or *madh* from rice by a process of fermentation. It would be well, however, if a certain standard of quality could be insisted on at a higher price. Selling on credit might also be forbidden.

"It is clear that the manufacture of *laopani* requires very strict surveillance, and I am issuing orders to the police to be specially on the *qui vive* for detection of cases of its being kept in larger quantities than is permitted by law, and specially of its being sold. I am also requesting managers to bring all such cases as they come across to my notice. I have my doubts as to whether a pass system would be found an actual check. A coolie could always get what he wanted through some friends in the *bastis*."

12. The question of Sunday drunkenness was specially alluded to in one of the letters enclosed in the Secretary of State's despatch. The following paragraphs from the letter of the Deputy Commissioner of Lakhimpur refer to the subject:—

"6. In regard to clause 4, in which I am asked to report on any objections made by planters to the location of shops and the manner in which such objections have been dealt with, I can state that since I have been in this district no specific objections have been made and I can trace no correspondence to show that any planter has ever protested in writing about the situation of any particular shop. There have been complaints of a general character. In the event of a serious criminal case occurring in which garden coolies are concerned, the manager has invariably attributed it to the liquor obtained from the nearest shop. If the mortality in any garden is abnormal, the liquor shop has been blamed, and so on from time to time. The subject of liquor shops generally has been incidentally raised more often verbally than in writing. Mr. Fitzgerald has both spoken to me and written regarding the Chubwa *hât* near his garden, and stated that the drunkenness there on a Sunday is a scandal. I have on two Sundays sent Mr. Guise out to see for himself how matters stood, but I could get nothing to show that any drunkenness occurred, or that there was any mismanagement. I have been told by planters that the road opposite the Rangagora *hât* is impassable on Sundays owing to drunken people lying on the road.

I have been there three Sundays, and not seen a single drunken person. Similar reports have been made of Dum-Duma, and I have gone there on a Sunday without notice, and seen no drunkenness. Of course the reply made by the planters is, 'Oh! they knew you were coming, and so both the license-holder and consumers were afraid. and were on their good behaviour.' The result then of my enquiries is that the complaints are much exaggerated Of course, there is a considerable amount of Sunday drinking and, I have no doubt, some drunkenness; but I have seen more cases in the station of Dibrugarh amongst shopkeepers, carters, municipal coolies, and others than in any of the *hâts* near gardens. I do not think that coolies drink more now than they did formerly, or that there is more drunkenness now than there was previously; at the same time if there is more drinking, the blame must not be attributed to the licensed liquor shops alone. Coolies now manufacture largely in the garden. On this point I have been making special enquiries, with the result that many cases of illicit manufacture and sale of *pachwai* have been detected, and the offenders punished, and I must say that the planters have helped me much in detecting these cases. In August I had six cases against coolies of the Blackburn Tea Estate In September seven of Mr. Fitzgerald's men were run in with his aid, and fined in sums of Rs. 25 and Rs. 50 each, and this week 13 cases from gardens resulted in conviction. In my opinion, these convictions will do more to lessen drinking than any action in regard to our liquor shops.

"7. I now come to the last question, namely, the measures that should be adopted to obviate the present complaints. I am informed that this matter will be specially enquired into this cold season, so that at present I will confine myself to a few brief remarks. Tea-planters themselves, the leading ones, can suggest nothing; all they say is, 'Have no shops at all; but if you must have shops, then we would sooner they were near us than three or four miles away.' Take for instance the Rangagora shop: it is close to the lines of four large gardens, within a stone's throw of two of them. I offered to remove the shop four miles down the Rangagora road, but the managers objected. They urged, and with much reason, that if the shop was removed, their coolies would still go and drink, and that, owing to the distance from their lines and from control, the coolies would be liable to be enticed away to other districts. I made the same offer to the planters at Talup and Dum-Duma, and with the same result. We cannot entirely abolish drinking in Assam, any more than we could in any other country. All we can do, is to make it sufficiently costly, and to stop illicit manufacture, and these are the very steps we are taking.

* * * * * * * *

"9. With reference to paragraph 3 of the Chief Commissioner's letter last quoted, I have the honour to state that there is undoubtedly a smaller number of workers on a Monday in many gardens; but this is due not only to the Sunday's drink at the shops and also with their line-brewed liquor, but to the fact that many coolies go and visit friends on a Sunday, and do not return on Monday in time to work, though no doubt liquor and a bad head has something to say to the matter; but it must be recollected that it is not only shop liquor but home-brewed liquor also that is the cause of these 'Black Mondays.'"

The exemption from labour on one day of the week is a requirement of the labour law in Assam, and is foreign to the habits and customs of the people themselves. It seems doubtful if it has tended to the advantage of the coolie.

13. The opinions of tea-planters in the district of Darrang are usually regarded as possessing a special weight, because in that district more than in any other the planters are proprietors rather than managers, and are ordinarily in an independent position. Their opinions were collected by the Deputy Commissioner, who writes regarding them as follows:—

* * * * * * * * * *

"4. In order to ascertain the opinion of managers of tea-gardens, I held meetings at Daputa, Paneri and Partabgarh, at which the interests of all the gardens of this district were represented.

"5. The managers unanimously voted that in their opinion no fault whatever was to be found with the present outstill system in Assam. This opinion was based on the following arguments:—

"*1st.*—Coolies will drink, and, unless proper facilities are offered for supplying this want, illicit distilling in the lines will occur, and increased drunkenness ensue. If such illicit distilling were to take place, the constant perquisition by the police in the coolie-lines would disorganize and render discontented labour force on tea-gardens.

"*2nd.*—It is advantageous that the country-liquor shops should be located adjacent to gardens, as they are more under the control and supervision of the managers. The latter can always check the undue supply of liquor to their coolies—

1st, by threatening to report the licensee to the Magistrate;
2nd, by sending in bottles of spirit supplied for analysis;
3rd, by importing rum and underselling the country-spirit vendor:
4th, by the threat of bidding against the licensee at the next sale of the shop.

"Under the existing outstill system the licensees of the country-spirit shops act to a certain extent as preventive police, as it is their interest to report any illicit distilling that takes place in the villages situated in the area which their shop is supposed to serve. On the other hand, I would note that the licensee would be afraid to report offences of this class occurring in coolies-lines, as the coolies would at once boycott his shop and ruin him.

"As far as I have noted, by observing coolies returning from the various *hâts* on Sundays, drunkenness cannot be called common, and in my opinion is not on the increase.

"The spirit supplied is of fair quality, and the average strength about 60 per cent. underproof.

"The Kacharis brew *madh* (fermented rice-liquor) to a large extent, and I am confident sell considerable quantities to garden coolies. This liquor is of a very harmless nature, and pending the Chief Commissioner' orders on this point, which has been the subject of separate correspondence, I have not strictly enforced the limit of quantity of this liquor which can be legally possessed.

"I placed before the planters of this district the suggestions made in paragraph 9 of the Circular, *viz.*, that no coolie should be served with liquor except on a written or printed order from his manager, and have to report that this proposal was unanimously condemned.

"A manager of an estate with 1,200 coolies remarked that it would take up all his time writing and issuing the permits, while as neither the coolie nor, as a rule, the liquor-vendor can read, the permit would be useless.

"The licensees of country-spirit shops are as a rule illiterate, and employ a Babu or schoolboy to write up their books.

"I made special inquiries regarding the subject of Black Mondays, and found that is was laughed to scorn, and from an inspection of the *haziri* books of a considerable number of gardens, I can state that, as a general rule, as many tasks are performed on Mondays as on any of the other days of the week."

The Assistant Commissioner of Mangaldai, a sub-division of this district, writes in the same sense:—

"As regards the extent to which drunkenness prevails amongst coolies, I have no reason for supposing that it does so to any undue extent, or that it has of late been increasing. Illicit liquor is probably manufactured in the neighbourhood of tea-gardens, though there is no instance, as far as I know, in the criminal records of this sub-division since 1880 of any such liquor having been detected in the possession of any garden coolie, while there have been to my knowledge several convictions in the case of the outside public.

"As a matter of fact, the managers of tea-gardens here rather prefer a liquor shop close to their gardens, as they argue that Bengalis will get liquor, no matter how far they have to go; and if the garden is close to one of these shops, the coolie is more contented and certain of staying than on a garden where he finds a difficulty in getting his favourite beverage.

"As regards the suggestion that no coolie should be served with liquor except on a written or printed order from his manager, I have ascertained the opinions of the leading planters of this sub-division. No change whatever from the present system of open shops for coolies is desired. The plan, moreover, is one that would probably be found unworkable in practice, as no manager, even if he had the time, would have the inclination to sit down and write passes for a large body of coolies; scarcely one of whom would probably be able to read what was written, while the passess themselves would in nine cases out of ten be equally unintelligible to the liquor seller. There would be no check on the amount of liquor given to each coolie, as there would be nothing to prevent the passes being applied for by coolies who did not want liquor for themselves, and made over to others who had not been able to get from the manager an order for as much as they wished. The proposal is not one which has been regarded favourably by the planters here. As, moreover, they are satisfied with the present state of things, it is unnecessary to make any fresh suggestions."

14. The Chief Commissioner has in this letter confined himself to reporting upon the question of excise management as it affects the planters and their interests, and the statistics required in your letter will be submitted as soon as they can be put together. The Chief Commissioner's report is less complete than he would desire to make it, but the reason of this is for the most part that the Deputy Commissioners have, during the last two or three months, been obliged to give all the time they could spare from their regular duties to an elaborate and exhaustive enquiry ordered by the Government of India into the general working of the labour laws, and that it has been known that a more general enquiry into the excise system would be undertaken in the cold weather. On the general aspects of the excise question the Chief Commissioner has no more to say than he has already reported to the Government in my letter of August 31st, and has included in his Resolution on the Excise Report for 1888-89, except that the further information he has meantime collected makes him more hopeful than he was in August that the result of the cold-weather investigations may be to show that the establishment of a central distillery system in substitution for the existing outstill system may be found practicable in a considerable portion of the Province.

APPENDIX A.

Dated Dibrugarh, the 30th May 1889.

From—GERALD FITZGERALD, Esq., Chubwa Tea Company, Limited,
To—The Officiating Secretary to the Chief Commissioner of Assam.

I have the honour to acknowledge receipt of your favour of 8th instant, informing me that the Chief Commissioner had received a copy of a letter addressed by me to Messrs. Finlay, Muir & Co., at their request, in October last, on the subject of the working of the outstill system, and was desirous to obtain information on the subject, and more particularly proof that planters had protested ineffectually against the licensing of liquor shops in the vicinity of their gardens, and that in a particular case, where Government tried to force a shop on land actually belonging to the garden, the manager only won the day after a long fight.

I would have replied sooner, only I have been delayed somewhat in collecting information opinion from planters of this and other districts, copies of whose letters or extracts efrom I now have the pleasure to enclose. I think when they are read, it will be allowed I have fairly proved statements made in my letter to Messrs. Finlay, Muir & Co.

Regarding the case where Government tried to force a shop on land belonging to a len, I regret to say that the planter to whom I wrote for particulars has not supplied me

with them, but I do not think I am violating any confidence by stating that it occurred on the "Nagagoolie" garden of the Upper Assam Company, and no doubt full particulars could be obtained by referring to the Dibrugarh Court records. In Mr. Barry's letter it will be seen that reference is made to a similar case which occurred on the Rangagora garden (also of the Upper Assam Company). Mr. Barry writes:—"The Superintendent or Manager of the Rangagora garden only succeeded after about two years' hard fighting through the Dibrugarh Court in having one ousted" (page 15 of enclosures).

Regarding cases where managers protested ineffectually against shops being licensed in the vicinity of their gardens, I would refer to Mr. Goodfellow's letter (page 14 of enclosures) Mr. Jameson's (page 15), Mr. Hogarth's (page 16), extract from Mr. Gordon's letter (page 17), and from Mr. Middleton's letter (page 17).

Mr. Kirwan, of Doom Dooma, also had a long fight before he succeeded in getting the shop removed from off land to which he considered he had the prior claim for all purposes save road repairs.

I think the Chief Commissioner will be good enough to allow that, if I wrote strongly in my letter to Messrs. Finlay, Muir & Co., the copies of, and extracts from, the letters I enclose prove that I did not write causelessly.

I need hardly add that I was in no way actuated by any personal feelings towards individual Government officials, nor, I am very sure, were any of the gentlemen who have so promptly supplied me with information on the subject.

It is the *system* that planters universally condemn. There is one thing very certain, and it is this—If there were no tea gardens, there would be no grogshops in Assam. With only the indigenous population to sell to, it would be a case of "Othello's occupation gone," indeed, for the grog vendor. The tea industry unwillingly supplies the motive power that produces the revenue in the shops of the unfortuate imbiber of the poison sold at our gates.

Dated Hokongoori, Dibrugarh, the 16th May 1889.

From—W. N. GOODFELLOW, Esq.,
To—G. FITZGERALD, Esq., Chubwa.

Your letter of 14th instant to hand. I enclose copy of a letter which was printed in the *Englishman* in 1885.

Godfrey told me I had no redress but to buy the license, and admitted that it was a hardship.

Since 1885 the grogshop has flourished, and although I do not know what was paid for the license for this year, yet I am pretty sure that it will not be less than the amount paid in that year.

These grogshops are an unmitigated nuisance, and serve no good purpose whatever. The Assamese do not drink, and the few coolies settled in the district would not support a grog-seller for every twenty-five miles of country, or anything like it. Government seem to refuse to accept the fact that a coolie does not buy a glass of liquor because he feels that his system wants a fillip, but *only to get drunk*, and Government is directly pandering to this vice.

To—The Editor of the *Englishman*.

I was glad to see in your issue of the 10th instant "Britannicus's" letter on the evils caused by the sale of misnamed grog to the coolies in Cachar. Some two years ago you were kind enough to insert a letter of mine on this subject, under the *nom-de-plume* of "Tea-planter," which I hoped would raise a discussion, but it only drew forth one letter endorsing what I had said.

The case of this garden is a perfect example of how little Government really care for the welfare of the coolies they make such a fuss and pother about.

This garden is situated on the Sadiya road, and has a labour force of about 850 adults. Inside, *i.e.*, farther from the Sadiya road than this garden, is another larger one, with an adult abour force of about 1,700, the two gardens forming one block. On the Sadiya road, just facing my garden, a grog-shop has been established, wholly and solely for the sale of bad liquor to the coolies of these two gardens. The traffic up and down the road is mostly by train,

so that the grog-seller makes little or nothing by his sales to passengers, and the nearest other garden is four miles off, which has a grogshop much nearer to it than this one, and so is not likely to buy from the one in question.

The other day the license for this shop was sold for the enormous sum of R1,150 for one year. This means nearly one hundred rupees profit per mensem to pay for the license alone. Of the 2,550 adults on the two gardens, nearly half, comprised principally of women, do not drink, or only a little, so that the profit is made out of about 1,300 coolies, and at the expense of their health, and of the peace, order, and discipline of the factory.

I have complained verbally and in writing to Government officials, and although they admit the hardship, they can give no hope of redress, except I buy the license myself, that is to say, that, in order to protect the health of my coolies, I am to be taxed by Government to the extent of one hundred rupees a month, or possibly more, as there would be more competition for the license. Considering the wild propositions made by Government men for the welfare of the coolies, the cost of which would have to be borne by the planter, the collections of revenue from the sale of a deleterious compound that would not be drunk by any one but a coolie is disgraceful. In fact, disgraceful is hardly strong enough an adjective for such conduct.

The 17th April 1885.

W. N. GOODFELLOW.

Dated Sealkotee Tea Estate, Dibrugarh, the 16th May 1889.

From—JAS. JAMESON, Esq.,
To—G. FITZGERALD, Esq.

Yours of yesterday's date with enclosure.

The only case I know of where a rum-shop was kept against the protests of the garden managers was a shop on a piece of Falthoo land between the grants of Hugrijan and Balijan. This shop was kept by a man Carrie. I know Ramage and Strangways frequently protested against the shop being kept there, but the then Deputy Commissioner said he was powerless to help them.

As regards my own garden, I find a good few of my coolies get roaring drunk on Sunday, but very few are out at their work on Monday morning, and they do not seem to suffer from any ill-effects of their debauch of the previous day. Last year, however, I lost a boy, who died from having drunk *three bottles* of rum on a Sunday; he died on the following morning. I mentioned this in the half-yearly return; but of course no notice was taken of it, as by Government's own rules the shopman can sell, I think, five bottles to any one man.

N.B.—Mr. Jameson informs me that he was present at a meeting between Mr. Strangways and the then Deputy Commissioner, when the latter expressed himself powerless to interfere. Mr. Strangways is at present at home on leave. Mr. Ramage has left the country.—G. F.

Dated Dinjan Tea Estate, the 23rd May 1889.

From—PETER BARRY, Esq.,
To—G. FITZGERALD, Esq.

Apologising for the delay, I have now the pleasure of replying to your letter of the 14th instant, on the outstill system, which came duly to hand with enclosure (copy of a letter from the Chief Commissioner's office).

Your opinion that the outstill system, as at present conducted in Assam, is objected to by the majority, if not by the entire community, of tea-planters is certainly a well-founded one, and your action in having the matter brought to the notice of the Chief Commissioner is worthy of commendation. The only instance when a planter had difficulty in getting a still removed from the immediate vicinity of his coolie-lines and *off his own land*, that I am cognizant of, occurred in this, the Rangagora, district. The Superintendent or Manager of the Rangagora garden only succeeded, after about two years' hard fighting through the Dibrugarh court, in having one ousted, and at the last the owner of the still only left when compelled to do so by the police in person.

If the stills were placed at a considerable distance from gardens, where the coolies could not have easy access to them, if they were kept under strict police supervision and compelled to sell wholesome liquor in reasonable quantities, even then they would be an unmitigated evil; but, conducted as they are at present, almost invariably situated where a large "hát" is held, quite close to gardens, without restriction as to the quantity or quality of the stuff sold by them, they are a veritable curse to tea gardens and to the coolies themselves.

Though not in a position to prove it, I am satisfied in my own mind that many coolies get poisoned by an overdose of the vile stuff supplied by the outstills.

Trusting some good may result out of your correspondence with the Chief Commissioner.

Dated Talup, Dibrugarh, the 19th May 1889.

From—J. ALSTON, Esq.,
To—G. FITZGERALD, Esq., Chubwa.

Yours of 14th with enclosure to hand. As far as my knowledge goes, planters are almost unanimous in their condemnation of the outstill system. The misery of the thing is that revenue may stand in the way of getting rid of what is a source of great and increasing harm to the coolie population in this part of Assam. Drunkenness, so very rife now-a-days amongst our coolies, is to a great extent in consequence of the reckless selling of liquor of the vilest description from these shops, which drunkenness brings in its train rowdyism amongst the coolies unheared of in the days when most planters kept decent rum for the use of their own people. In any of the too-frequent rows between coolies, investigation generally shows that the liquor shop in the background is answerable for the affray. It is impossible to check the vendors, who supply liquor to all and sundry, quite irrespective of the condition they may be in, whether drunk or sober. All the vendor cares for is to make a sale. The general health of the coolie suffers terribly from these excesses, and cases are not unknown of fine, strong, healthy coolies actually poisoning themselves with liquor. Only last Sunday I found a wretched boy lying dead drunk on the roadside. I had him carried into hospital and seen to at once, and undoubtedly it was only the prompt attention that saved his life. This was an extreme case; but others as bad happen. I have always inveighed against this crying evil, but I cannot recollect officially protesting against the system, having been under the impression that on the score of revenue Government would not entertain the idea of doing away with what I can only call a veritable social evil as far as garden coolies are concerned.

P.S.—I have handed your letter and enclosure to O'Brien.

Dated Khobong, Dibrugarh, the 19th May 1889.

From—R. O'BRIEN, Esq.,
To—J. ALSTON, Esq.

Your letter and FitzGerald's enclosure to hand. What the Chief asks for is particulars of any case or cases within our knowledge in which planters have ineffectually protested against the licensing of grogshops in their close vicinity. I have a dim recollection of having heard several cases of the kind, but can't cite any particular instance; but I think Gordon, of Tingrai, when in charge of the Mangaldai Tea Company, had a case in which he or his medical officer traced the death of some of his coolies to the indiscriminate sale of vile grog by one of those outstill-*wallahs* within a stone's throw of his garden, and, as to redress on his appeal to the court, I think he was told that all they could do would be to sell him the grogshops, which, I believe, they eventually did. That planters are unanimous in condemning grogshops closeito their gardens I think FitzGerald ought to have no difficulty in proving. This one beside me here I know is a curse to me, and I had to get one of my coolies, by name Horrock Singh, carried home from the middle of the road close beside it the other day in a state of unconsciousness, and I was within an inch of driving over him in the dusk of the evening. Appeal! I would appeal till all is blue, if I thought my appeal would be listened to by a Government that is deaf to the appeal of all England against the nefarious opium traffic conducted here, and they are not likely to relinquish one tittle of their revenue to please us by

turbances. Last year I had two coolies laid up for weeks through a drunken spree at the Sessa grogshop. They nearly killed each other. On Sundays I have seen sometimes full a dozen men and women on the road in all positions."

MR. JACKSON, Superintendent of the Jokai Company, writes—

"I have never heard of any protests being made except in the papers, nor have I ever made any. I, however, quite agree with you as to the spread of drunkenness amongst coolies since this system came in vogue. When I first joined, tea coolies were comparatively sober. Now, the Sunday afternoon is spent regularly at the grogshops by many of the best coolies, and Sunday night rows and Black Monday are regular institutions. I believe the system is responsible entirely for this, and has done more harm to coolies than all the brutal planters put together."

The HON. SIDNEY PARKER, of Oaklands Estate, writes—

"There is no doubt in my opinion that rum shops are bad things. I fancy everyone acknowledges that. There was one when I came to the garden on my land, and I promptly turned it off."

MR. MACNISH, Manager of Greenwood Tea Company, writes of these shops, as—"Bringing a curse upon the tea industry in particular." "Planters are, I think, unanimous in condemning the system."

MR. WATTS, Manager of Mokalbari Tea Estate, writes that—"the coolie spends pretty well all he has earned in a month" (at the grogshop). He has also had cases when the man has been under the influence of grog from these shops, and has almost murdered his wife, rendering her "incapable of work for months."

Dated 16th July 1886.

From—The RIGHT REVEREND THE BISHOP of LONDON, President to the British and Colonial Temperance Congress, London,

To—The RIGHT HONOURABLE THE EARL OF DUFFERIN, K.P., G.C.B., G.C.M.G., Governor General and Viceroy of India.

In the name and on behalf of the British and Colonial Temperance Congress now sitting in London, I have the honour to address you on a subject of the greatest importance to the vast native population of Her Majesty's Indian Empire, over the government of which you so worthily preside.

It has been brought to the knowledge of the Congress that habits of intemperance are greatly on the increase in Bengal and other parts of India, and in Burma, and that this is largely due to the extension of spirit licenses granted for purposes of excise revenue. The Congress has been informed that the amount of excise revenue in India from spirits has more than doubled in the last ten years, and that this is largely due to the system by which the right to license "outstills" is farmed to the highest bidder, and directly leads to the establishment of shops for the sale of liquor in large numbers of places where till recently such things were unknown, in defiance of native opinion and unhappily spreading misery and ruin among many families of the industrial class.

The Temperance Congress is profoundly concerned at hearing that, notwithstanding the well-known fact that both the religious and the social customs of India during many centuries have frowned upon the use of intoxicating drinks, and that in the greater part of India their use has been practically unknown, a change fraught with so many evil consequences should have been introduced under British rule, and should be to any degree directly fostered by the fiscal system to which I have referred. And in their name I have to beg very earnestly that Your Lordship will cause full enquiry to be made, and will take such steps as will check the serious growth of intemperance now going on, and by such means as the wisdom of your Government may consider best, may effectually diminish and in many cases entirely remove the temptations to indulgence in this degrading and destructive vice.

No. 70 (Revenue), dated 12th August 1886.

From—The Secretary of State for India,

To—The Government of India.

I forward herewith, for the consideration of Your Excellency's Government, copy of the correspondence noted in the margin regarding the alleged increase of intemperance in India. As the report of the Commission on excise administration in Bengal is now before you, it would seem desirable that, in replying to the present despatch, you should intimate what action you propose to take in regard to the several proposals submitted to your Government by the Commission in question.

Memorial from British and Colonial Temperance Congress, dated 16th July 1886.
To President, British and Colonial Congress, dated 10th August 1886.

Dated 16th July 1886.

To—The RIGHT HONOURABLE THE EARL OF KIMBERLEY, Her Majesty's Principal Secretary of State for India.

Memorial of the British and Colonial Temperance Congress.

RESPECTFULLY SHEWETH,—That your memorialists have learned with profound regret that habits of intemperance among the natives of many parts of India and of Burma are greatly on the increase, and that this is largely due to the extension of spirit licenses, for the purpose of revenue, in districts and in places where the taste for alcoholic drinks did not previously exist, and where native opinion is entirely adverse to their use.

Your memorialists believe that the system by which the right to license "outstills" is farmed to the highest bidder has led to the introduction of drinking habits among an industrious population, in defiance of native opinion, has been the means of bringing many families to beggary and ruin, and, if persisted in, must produce widespread misery among large portions of the people under our rule in the East.

Your memorialists therefore entreat that Your Lordship will cause full enquiry to be made, and, if the evils which your memorialists have pointed out should be found to exist, that no time may be lost in applying an efficient remedy, the honour of England, no less than the welfare of the people of India, being seriously involved in the issue.

th August 1886.

From—J. A. Godley, Esq., Under-Secretary of State for India,

To—The President, British and Colonial Temperance Congress, London.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your memorial of the 16th ultimo, calling attention to the increase of intemperance in India and praying that some steps may be taken to remedy this state of affairs.

In reply, I am to inform Your Lordship that Sir Richard Cross will reserve any expression of opinion on the statements in the memorial until he is in possession of the views of the Government of India, to whom it has been referred.

No. 166, dated 25th June 1887.

From—The Government of India,

To—The Secretary of State for India.

We have the honour to acknowledge the receipt of the Despatch from Lord Cross, No. 70 (Revenue), dated 12th August 1886, containing papers received from the British and Colonial Temperance Congress. The Congress have been informed that the increase which recent years have shown in the Excise Revenue of India is due to a system which "directly leads to the establishment of shops for the sale of liquor in large numbers of places where till recently such things were unknown," and that the fiscal system adopted by the Government in this country by affording facilities for drinking, "in defiance of native opinion, is unhappily spreading misery and ruin amongst many families of the industrial class." They express their concern that the use of intoxicating drinks, which they believe to have been practically unknown in the greater part of India, should have been introduced under British Rule.

2. Desirous of obtaining for Your Lordship the fullest and most recent information on the subject, we referred these documents to the several Local Governments for report, and we have obtained in reply a mass of information bearing directly on the subject, of which we have caused an abstract to be prepared in the Note which forms the enclosure to this Despatch.

3. Your Lordship is aware that few subjects connected with Revenue Administration have of recent years obtained greater attention at the hands of the Government than questions relating to Excise Administration. In each of the three larger Governments, Bombay, Madras, and Bengal, the Excise system has, within the last six or seven years, been completely examined in its operation and in its effects. These examinations have been made under the instructions of the Local Governments, and in direct communication with us; and the principles on which they have been based, and which have been unanimously accepted by all the authorities concerned, have been these, that liquor should be taxed and consumption restricted, as far as it is possible to do so without imposing positive hardships upon the people and driving them to illicit manufacture. The facts now placed on record shew that in this policy the Local Governments have been completely successful, and that the great increase of Excise Revenue in recent years, which the Congress take as evidence of the spread of drinking habits, really represents a much smaller consumption of liquor, and an infinitely better regulated consumption than the smaller revenue of former years.

4. It should be noted, to begin with, that the Congress are in error in thinking that the position of the Government of India is that they are in the midst of a universally abstemious population, who, if left alone, would know nothing of intoxicating liquor, and who have been introduced to it only by measures adopted by the British authorities. It is true that both the Hindu and the Muhammadan religions denounce the use of spirits, but the classes whose habits of life are framed with a strict regard to religious or social restrictions form in India no larger a portion of the population than in other countries. In several parts of India Nature produces in great abundance the material for distillation of spirit, and there is not the slightest reason to imagine that in the days of Native Administration, when the signs of authority were few and far between, the Indian populations refrained from indulgence in a practice which it requires the constant watchfulness of the British Administration to prevent. The

prevalence of spirit-drinking in ancient Hindu times is the subject of a paper by Dr. Rajendralala Mitra, who is a well-known authority on all matters relating to Hindu antiquities. This paper is summarized in paragraph 11 of the enclosures, from which it will also be seen that under the 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 complained of. The reports by the Chief Commissioner of the Central Provinces and of Assam prove that it is precisely those tribes and races which have been least accessible to the influences of British Rule which are most addicated to intoxicating drinks and drugs.

5. We have at the present day ample evidence on this very point in the conflict between the British and Native Excise systems wherever British and Native territory meet. These are the only points where the British system breaks down, because the restrictions imposed upon manufacture and consumption on the British side of such frontiers are not met by equivalent restrictions on the other side. One of the main difficulties which the Excise authorities have to meet is that of excluding from British territory the more lightly taxed and more easily obtained spirit available in Native States, and the British Government have in many cases (mainly in Bombay) bought up the Excise rights of Native States in order that, by imposing on the people of Native States the same restrictions to which those dwelling in British territory are subject, they may maintain the restrictive system on which the British Excise Administration is founded.

6. The information, therefore, which has reached the Congress on this subject is entirely erroneous. The Governments in India are not set in the midst of an abstemious people from whom they can realize no Excise Revenue, unless they place in their way temptations to drinking which would not otherwise exist. On the contrary, it is only by strong preventive establishments that illicit distillation can be prevented. The great increase in the Revenue, to which the Congress allude, does not mark the extension of drinking habits, but is the result of a great and general increase in the rate of tax, which it would have been entirely impossible to realize but for the great improvement in preventive measures which has accompanied it. In fact, the ability of the Excise Department to prevent illicit distillation is the only limit which is imposed in practice to increase in the rate of taxation.

7. The Congress are also misinformed in connecting this increased revenue with "the system by which the right to license outstills is farmed to the highest bidder." In scantily-inhabited tracts, and in places which border upon Native States, a system of this kind is employed as providing the only means by which a tax of any kind can be levied upon the consumption of spirits; these are places where the Government has no choice between untaxed distillation and trade and the system of farm to which the Congress allude. But outside these very narrow limits the system may be described as obsolete. The object of the Excise Department is to tax every gallon of spirits, first, by a fixed still-head duty, which is regulated at the discretion of the Government; and secondly, by a license fee for retail sale, which is usually determined by competition for the privilege of sale.

8. The "outstill" system, as it is understood in India, is not a system by which, on payment of a lump sum, the distiller is free to brew as much spirit as he likes and sell it wherever he likes. The duty is levied upon a strict calculation of the number of gallons which the still can produce, and the conditions both of distillation and of sale are carefully regulated with reference to the existing local demand. Shops are established where the Administration and not where the licensees consider them necessary, the police and the municipal authorities being consulted regarding them.

9. Before passing on to give actual statistics of the consumption, it must be remembered with what large tracts of country and with what a large population we are dealing. Judged by a European standard, the people of India are a remarkably abstemious people. Drunkenness in the English sense of the term hardly exists in India. Writers whose comparisons are based on Oriental experience describe as drunkenness and as spread of misery and ruin a condition of things which, if it existed in England, would be regarded almost as a millennium of temperance. The average consumption in India is only a bottle or a bottle and a half of spirits a year for every adult male, and in some

provinces is even less than that. It may be conceded that, however small the rate of consumption, any increase of it is equally to be deprecated; but at the same time, in dealing with subjects such as the present, it should be borne in mind that such terms as "drunkenness," "drinking classes," and "spread of drinking," when used by natives of India or in connection with Indian Administration, bear a meaning wholly different from that which they convey to a mind familiar only with the English aspects of the temperance question.

10. The papers submitted by the Government of Bombay give very ample statistics of the Excise Administration. They shew that during the ten years ending 1883-84, the number of shops in the whole presidency was reduced from 3,440 to 2,945. Taking the town and island of Bombay, the still-head duty was raised from R1 to R2¼, and the consumption reduced from 900,000 gallons to 700,000. Similar statistics are given for other large cities and populous tracts, and it is shewn that, through the operations of Government, the rate of tax has been increased three-fold, and the selling price by 60 per cent.

11. In the Presidency of Madras, a Committee appointed in 1883 revised the whole system of excise, their principle being to levy as high a duty as possible without causing illicit distillation. The effect of the increase of duty has been to reduce the consumption from 1,200,000 gallons in 1883-84 to 1,000,000 gallons in 1885-86.

12. In Bengal, the number of shops for sale of liquor was allowed in 1882 to increase as high as 39,000, but the stricter measures recently adopted have brought the number down to 27,000. The number of shops for sale of drugs has decreased steadily from 1871, the number in that year being 16,600, and the present number being 6,000.

13. In the North-Western Provinces, a considerable increase of consumption is shewn, but part of it is due to the suppression of illicit manufacture. As regards the rest, it is attributed, in the opinion of the officers best fitted to judge, to the marked increase of material prosperity among the lower classes. In 1884, the Local Government discussed the subject at length in a published Resolution, insisting upon a policy of taxation and control of the consumption.

14. In the sparsely-cultivated region of Burma, there are special difficulties in suppressing illicit distillation which is found inevitably to follow restrictions on sale and high taxation. There has been a large decrease in the number of shops during the last five years, during which probably the Administration has felt itself more able to prevent the illicit traffic which such restriction in that country would naturally give rise to.

15. Similar detailed information is given in the enclosures with reference to the Punjab, Central Provinces, Assam, and the minor provinces directly administered by the Government of India. In all of them it will be seen that the leading object of the Administration is to impose restrictions, as far as possible, upon consumption.

16. In short, the Temperance Congress—starting from the erroneous assumption that liquor traffic and liquor consumption are unnatural in India and would not exist but for the state of things created by the British Administration—have formed the conclusion that the mere orders of the Government are sufficient to confine the consumption within any desired limit, and that the Government is responsible for not drawing that limit much closer. The real problem, it will be seen, is much more difficult. There is a point at which restrictions on consumption are inevitably followed by illicit distillation—a point which varies in every region, according to the habits of the people, the sparseness of population, and the nature of the country and its productions. The papers now forwarded to Your Lordship amply shew that the object which the various Governments have in view is the adaptation of the various methods of Excise Administration to the different conditions which present themselves, and the imposition of as great restriction as circumstances in each case permit. In our opinion the papers are a record of success in the solution of this difficult problem.

Alleged Increase of Intemperance in India.

In August 1886 we received a letter, dated the 16th July 1886, from the President of the British and Colonial Temperance Congress, London, stating that

Diary No. 6915, dated the 16th August 1886.

"it has been brought to the knowledge of the Congress that habits of intemperance are greatly on the increase in Bengal and other parts of India and in Burma, and that this is largely due to the

extension of spirit licenses granted for purposes of excise revenue. The Congress has been informed that the amount of excise revenue in India from spirits has more than doubled in the last ten years, and that this is largely due to the system by which the right to license 'outstills' is farmed to the highest bidder, and directly leads to the establishment of shops for the sale of liquor in large numbers of places where, till recently, such things were unknown, in defiance of native opinion, and unhappily spreading misery and ruin amongst many families of the industrial class.

"The Temperance Congress is profoundly concerned at hearing that notwithstanding the well-known fact both the religious and the social customs of India, during many centuries, have frowned upon the use of intoxicating drinks, and that in the greater part of India their use has been practically unknown, a change fraught with so many evil consequences should have been introduced under British rule and should be to any degree directly fostered by the fiscal system to which I have referred."

2. The President of the Congress (the Bishop of London) begs that full enquiry may be made into the matter, and that steps may be taken to check the serious growth of intemperance in India.

3. We also received a Despatch from the Secretary of State, No. 70 (Revenue), dated the 12th August 1886, forwarding a copy of correspondence with the British and Colonial Temperance Congress on the same subject, and asking to be informed as to what action the Government of India would propose to take in regard to the several proposals submitted by the Excise Commission, Bengal.

Diary No. 7443—112S., dated 2nd September 1886.

4. We also received a copy of a letter, dated the 20th November 1886, addressed by the Reverend Thomas Evans to Mr. Samuel Smith, M.P., in which it is stated that the Board of Revenue have found out that one way to get money is

"to *encourage the drink trade*, and to put facilities before the people generally to take to the habit of drinking in order *to push on the trade* and to get in a *larger revenue*; so that really the Indian Government is guilty of the crime of pushing a trade for fiscal objects which is fast spreading the terrible evil of drinking and drunkenness throughout the country. In Bengal, when they found that the old 'central distillery' system did not increase the excise revenue as rapidly as they could wish, a Member of the Board, Mr. Buckland, proposed to the Government of Bengal to introduce the *private* stills, called the outstill system, by which native distillers were at liberty to open their own stills and manufacture as *much* as they liked, and *what* they pleased, by paying a monthly rent to the Government for permission to manufacture and sell. This brought the liquor down from 2 shillings or so per bottle to about 2 pence, and the stills multiplied a hundredfold. The consequence was there was a regular rush for the drink from all classes."

(Mr. Buckland, it should be remarked, left India finally in April 1881.)

5. The Reverend T. Evans also states that the Commission appointed to enquire into the excise of country spirit in Bengal

"resulted in a recommendation to abolish the outstills in all the chief towns and go back to the sudder or central distillery system, as drunkenness was spreading, and this *so far* was an improvement, but only a very partial one for the vice is spreading still."

6. He suggests the following remedy:—

First—the still-head tax should be raised as high as possible, as also the license on all the shops for selling; and

Secondly—local option should be introduced, for now the population have no voice, and liquor shops multiply as fast as the traders can make them pay and the Government get increased revenue.

7. The Congress do not state the source of their information. The statement that the population of British India pay nearly twice as much taxation upon the intoxicants they consume, as they did ten years ago, is not far from correct. The excise revenue was about £2,300,000 in 1871-72 till 1873-74: it gradually increased to £2,600,000 in 1878-79, and since that year the rate of increase has been much more rapid, the amount in 1886-87 being £4,265,600. But the information received by the Congress that this increase is "largely due to the system by which the right to license outstills is farmed to the highest bidder" is certainly incorrect.

8. The increase of revenue, it will be seen from this note, is in great measure due to the prevention of smuggling by better administration. It is due also in part to increase of population and to improved means of communication. But it is in very large measure due to the fact that the last eight years have been years of extraordinary agricultural prosperity.

9. The outstill system, referred to by the Congress, existed in past times, but the history of the period during which the increase of revenue has taken place is the history of a practically complete supersession of it by better methods of excise administration. The alleged system, in fact, belongs to ancient history, and is confined at present to a few wild outlying tracts where there is no option between allowing the distillation and consumption of spirits to go altogether untaxed, and giving the business in farm to some person who would at least take care to collect some revenue and would have a personal interest in preventing illicit consumption.

10. It was not from any inability to give an immediate and complete reply on the subjects dealt with by the Congress that the Government of India preferred to collect anew the statements and opinions of Local Governments upon the questions raised. It is well known, in India at least, that during the last ten years, and especially during the last five, all the principal Governments have been giving the greatest attention to the question of excise administration. There is hardly any department of the revenue administration in India in which the

Government in India can shew a record of greater success, whether the question is looked at from the purely fiscal point of view, or with regard to its social aspects. The result of the references to the Local Governments has been to shew, in very considerable detail, that the various Governments of India, in respect of their excise administration, have been extremely successful in combining a great improvement of the revenue with severe restrictions on the consumption of the liquor from which it is derived.

11. It may be of advantage, as a matter of some antiquarian interest, and with reference to the statement of the "well-known fact that both the religious and social customs of India, during many centuries, have frowned upon the use of intoxicating drinks, and that in the greater part of India their use has been practically unknown," to commence with a quotation from the Report of the Bengal Excise Commission :—

"7. *The use of spirits among the ancient Hindoos.*—Dr. Rajendralala Mitra in a very learned and interesting paper contributed by him to the Asiatic Society's Journal, Volume XLII, part 1, for 1873, shows conclusively by a profusion of instances taken from Sanscrit 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 lawgivers, 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 descriptions 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 Hindoos to over-indulgence in spirituous drinks. He also gives descriptions of the different kinds of spirits, of the materials from which they mere made, and of the manner of making them, which will be referred to in succeeding parts of this report. He does not, however, write on the question of their being made a source of revenue in Hindoo India, and it is understood that he is 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 Nonda there is 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, and it was stringently prohibited in Buddhist scripture. Reference to the subject will be found in Hodgson's Languages, Literature, and Religion of Nepal and Thibet; in Spence Hardy's Eastern Monachism; in Bishop Bigandet's Life or Legend of Gautama; and in the second volume of Bornouf's Lotus de la Bonne Loi.

"8. *Excise under the Moghul Emperors and up to the resumption of the sayer in excise in 1790.*—In Gladwin's translation of the Ayeen Akbary, 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 in the Ayeen Akbary, must have been subsequently re-imposed, for they are included in the sayer of later fiscal statements. It appears from Mr. Sheristadar 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 Jaffir Khan in 1722 A.D., and confirmed by his successor, Sujah Khan, seven years afterwards, the taxes on spirituous liquors were treated in two ways. In some parts of the country, they were realised by the zemindars 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 Chunakali mahal, one of the great divisions of the separately-managed miscellaneous revenue in Mir Jaffir's system, and partly shown under other headings. This distinction was clearly maintained up to the assumption of the Dewany by the East India Company in 1863, and it may be gathered from the section of Mr. Grant's Analysis relating to 'the sayer of the dewany territory' that it existed 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 Moorshedabad, Patna, and Dacca. It does not appear clearly what the system was, but in the tracts where the sayer was collected by the zemindars 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 R10 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 1790, as appears from a passage in a description of the mohwa tree in Behar, written in 1785, by a Lieutenant Hamilton. That officer states that the mohwa flowers being fermented, yielded by distillation a strong spirit, which the people sold so very cheap that for one pice (about a half-penny) might be purchased no less than a cutcha seer (about a quart bottle) with which any man might get completely drunk. Lieutenant Hamilton also stated that the mohwa flower was in his time exported from the jungly tracts, where it grew wild, to Patna and other places in considerable quantities. This statement regarding the cheapness of spirit is corroborated in a paper written about the same time by a Mr. Keir, from which an extract will be made in a subsequent chapter of this report; and it would appear that complaints were then rife about the spread of drunkenness among the lower classes of the people. These complaints apparent y decided the Government upon the resumption of the sayer on spirituous liquor."

12. The fact that the British administration is not chargeable with the introduction of drink and drinking habits in India will be seen also from the quotations given below with reference to the Central Provinces and Assam. Indeed, it is well known that the only real difficulty in British India excise administration arises at those points where the territories under British administration impinge upon wild or sparsely-inhabited tracts or upon Native States. The habits of the people in the first case, and the systems of native administration in the

second, are such as to render it extremely difficult to prevent the entrance of cheap spirit into the tracts subject to our authority. It is in these cases that, as above stated, we are obliged sometimes to defend ourselves by introducing the "farming" system to which the Congress refers. But even in these cases we have done our best to adhere to our principles, and (especially in the case of Bombay, where, more than in any other part of India, our territory is interlaced with native territory) we have induced many of the Native States to place their excise administration under our control, so that we may enforce upon them the same restrictions on consumption which we apply in our own territory.

13. It may be useful, before taking up the explanations given for each province, to give some idea of the relative value of the figures about to be quoted. We shall have to write of hundreds of thousands of gallons, and it is well therefore to give an exact idea of the value of these quantities in estimating the prevalence of drinking habits among the people; for persons who use these large figures are apt to forget the enormous population and the extensive area over which they are spread.

14. As regards the wilder tribes, we have naturally no precise information of the rate of consumption; their ancestral drinking habits must be ascribed, not to any new facilities placed at their disposal by the British Government, but to the fact that Nature has provided them with ample means of indulgence. For districts managed on the outstill system, the information is inexact, but the amount of duty, being more or less regulated by the capacity of production, gives us the means of making an estimate. Where the still-head duty system prevails, the figures of consumption are necessarily exact.

15. In the Excise Report of 1885-86 for Bombay, the satistics of consumption are given for Bombay itself and for several of the districts. The figures give a consumption of 1,656,510 gallons for 8,142,956 persons, which is less than a gallon a year of every adult male. If the City of Bombay were excluded from these figures, the average would be about half a gallon only.

The Commissioner for Madras, in his report for 1885-86, gives the statistics of consumption over a population of 22,331,954. The total is 1,085,477 gallons, or less than a quarter of a gallon for every adult male.

For Bengal, with a population of 66,589,859, the consumption, estimated on the assumption that each gallon pays one rupee of duty, which appears to be well within the truth, amounts to 4,510,228 gallons. This is about a quarter of a gallon for every adult male.

In the North-Western Provinces, as will be seen from the extract hereafter given, the Excise Commissioner estimates the consumption at one pint for every adult male.

The Punjab Report for 1885-86 gives the consumption for the Province at 135,236 gallons for a population of 18,818,220, which gives only a quarter of a pint for every adult made.

16. We proceed to review, in turn, the information given us in reply to our references to the various Governments.

BOMBAY.

17. The Government of Bombay states that the allegations made by the Congress to the effect that the use of intoxicating drinks has been introduced under British rule in India, contrary to the religious and social usages of the people, and that drunkenness is increasing, are incorrect, so far as that Presidency is concerned. Although, in consequence of the relaxation of religious and caste rule, it is probable that intoxicating liquor is now often used in secret by classes who formerly abstained from this as well as other practices of self-indulgence, it must be remembered that large sections of the population, including most of the indigenous tribes, have from time immemorial used intoxicating drink. Habitual drunkenness, in the English sense of the word, is very rare.

18. It is also stated that recent improvements in the excise system, whereby liquor is not only taxed at an immensely increased rate, but illicit distillation and sales are checked to the utmost, have had a very marked effect in decreasing consumption, and that the operation of the existing system has been deemed so stringent that whole classes have combined to abstain from liquor altogether with a view to compel Government to reduce its taxation.

19. Under the Bombay system of excise there is no sale of the right to license outstills, except in a few wild districts, where illicit distillation is very difficult to check. In places where outstills are permitted they are specifically licensed by the Revenue authorities and properly controlled. Nearly all intoxicating liquor sold in the Bombay Presidency is issued under license from central distilleries on payment of still-head duty and is under very strict and close supervision.

20. The increased revenue from excise is, it is stated, due to enhanced rates of duty, to a very great reduction in the consumption of illicit liquor through improved preventive arrangements, and to the growth of population and their increased means.

21. Among the papers furnished by the Government of Bombay, and bearing upon this subject, are two important ones, which are quoted at length :—

Dated 21st August 1883.

From—C. B. PRITCHARD, Esq., Commissioner of Customs, Salt, Opium, and Abkari, Bombay,

To—The Editor of the *Bombay Gazette*.

"In a leading article that appeared in your paper of the 14th instant it is stated that 'the increase of drink in all parts of this Presidency has been a standing complaint against the Government,' and the officers of the Bombay Abkari Department are charged with having, in their eagerness to make revenue, unduly pushed the sale of liquor to the encouragement of drunkenness and

the destruction of the morality and happiness of the native population. The progress of liquor-drinking among the native population of India is a subject of general interest, and it is very desirable that the public should be in possession of accurate information upon it. I trust, therefore, that you will kindly give me space to explain briefly what effect the recent changes in the system of Abkari management have had on the consumption of country spirit in this Presidency.

"I will first take the case of the city of Ahmedabad, the special instance in point brought forward in your article. You say that during the last few years the consumption of liquor in that locality has more than doubled. I give below a statement exhibiting the quantities of licit spirit sold in Ahmedabad and its neighbourhood during each of the last ten years, together with an account of the duty collected on the spirit sold there in each year of that period :—

Years.	Tracts supplied with liquor from the distillery at Ahmedabad.	Population of the tracts supplied.	Number of gallons of spirit issued from the distillery.	Rate of duty per gallon.	Duty collections.	Remarks.
			Gallons.	R a.	R	
1872-73 .	Ahmedabad city and cantonment and three miles round.	118,756	30,281	1 0	30,281	From 1872-73 to 1880-81 the city of Ahmedabad and its immediate neighbourhood was the only part of the district supplied with liquor from the sudder distillery. The privilege of making and selling liquor in the rest of the district was leased in a number of small farms. The farmers paid lump sums for their privileges. No restrictions were placed on the quantities of liquor they made and sold, nor was any record thereof kept. The petty farming system was abandoned and the whole district was first supplied from the Ahmedabad distillery in 1881-82.
1873-74 .	Ditto .		30,787	1 0	30,787	
1874-75 .	Ditto .		32,209	1 1	34,222	
1875-76 .	Ditto .		38,662	1 1	41,078	
1876-77 .	Ditto .		37,650	1 1	40,003	
1877-78 .	Ditto .		33,926	1 1	36,046	
1878-79 .	Ditto .		21,480	2 0	42,960	
1879-80 .	Ditto .		23,286	2 0	46,572	
1880-81 .	Ditto .		27,427	2 0	54,854	
1881-82	The whole of the district.	856,324	46,514	2 0	93,028	

"These figures show that the consumption of spirituous liquors in Ahmedabad, far from having doubled, has *decreased* considerably during the last four years, while the duty collections made during the same period have largely increased. The increase in the revenue realisations is due to the raising of the rate of duty from R1 to R2 per gallon from the 1st August 1878. The raising of the rate of duty of course compelled the liquor shopkeepers to raise their prices, and the prices now charged for country spirit in Ahmedabad are about 50 per cent. in excess of those that prevailed down to 1877-78, the year in which the system of abkari management, which you have condemned, was first introduced.

"Similar details regarding the consumption of country spirit and the duty levied thereon in the city of Bombay and in the towns of Surat and Balsar and their neighbourhoods for each of the last ten years will be found in the tables given below."

[These tables are reprinted at the end of this paper. The first shews the consumption in the island of Bombay, gradually reduced from 907,445 gallons, producing R7,20,160 of duty, to 630,521 gallons, producing R13,07,882 of duty. The second shews the consumption in Surat and neighbourhood, reduced from ¾ gallon per head to less than ½; the consumption in the immediate neighbourhood falling from 85,523 gallons in 1872-73 to 45,222 in 1878-79. The third gives similar statistics for a third tract showing consumption diminished from 56,853 gallons to 22,270.]

"It will be seen from the above that in Surat and Bombay, as in Ahmedabad, a large diminution has been effected in the quantities of *licit* country spirit passing into consumption. Similar results have been obtained in the rest of the Presidency, but the space to which this letter must necessarily be limited will not allow of my setting them forth in detail on the present occasion. Within the last five years the rates of duty levied on country spirit have been raised *everywhere*—in many districts they have been more than double—while the selling prices of country spirit have generally been increased by at least 50 per cent. The rates of duty are to be raised still higher and are gradually being approximated to the customs duties levied on spirits imported from Europe. I do not think, then, that it can justly be said that the abkari policy now being pursued has resulted in any increase in the consumption of licit liquor.

"In order to put down the consumption of *illicit* liquor, which formerly extensively prevailed, Government have increased their expenditure on preventive establishments since 1877-78 by about one and a half lakhs of rupees a year, and they have, besides, obtained leases of the abkari management in most of the Native States in the Presidency from which liquor-smuggling was formerly rife. There can be no doubt that these arrangements have sensibly diminished the consumption of *illicit* liquor throughout the Presidency.

"In regard to the licensing of shops for the sale of country spirit there has not been, as you suppose, any increase in the number of shops licensed of late years. In 1877-78 there were in the whole Presidency, exclusive of Sind, 2,976 shops at which country spirit was sold; now there are only 2,474 such shops, *i.e.*, but one shop to each 5,676 persons. In some few localities the number of liquor shops has been increased. It is an essential point in good abkari administration to place *licit* liquor within easy reach of all persons wanting drink; otherwise they may be tempted to use smuggled liquor.

"In Ahmedabad several new shops were opened last year and a petition objecting to some of them was made to the Collector, who, after enquiry, ordered four of them to be closed some time before your article under reference was published.

"I am somewhat surprised to find the *Bombay Gazette* now charging the Bombay Abkari Department with the encouragement of drunkenness and immorality among the people. That you have not always held this opinion will be seen from the following extract from an article that appeared in your paper only last year, since when no change whatever has been made in our abkari system :—

"'In so far as Bombay is concerned, we are happy to bear testimony to the growing sobriety of the urban population of India. We have not before us any later returns than for 1880; but from the police returns of that year we learn that the cases of drunkenness had decreased from the numbers of the preceding year by the substantial figure of 657. Under the head of disorderly and indecent behaviour in the public streets, a class of offences which has close relations with drunkenness, we have the enormous falling-off of 1,289 from a total in 1879 of 4,175. The number of persons charged with assaulting the police fell from 51 to 24, and petty thefts, also a variety of crime generally associated with drunkenness, decreased from 4,075 in 1879 to 2,558 in 1880, showing a decrease of no less than 1,517. In all classes of crime there was a decrease of no less than 5,274 persons charged. We cite these facts, which, if analysed, would corroborate our arguments in detail, to support the claim for increasing sobriety.'"

(2) *Extracts, paragraphs 81 to 91, from the Bombay Excise Report for 1883-84.*

Complaints against abkari policy.

"*Para. 81.*—It may not be out of place if I notice briefly, before leaving this part of my subject, certain articles and letters that have lately appeared in local newspapers denouncing the abkari administration of this Presidency as being conducted on mere trade principles with the sole object of raising revenue, with no regard for the well-being of the people, and with the result of a large access of dissipation and drunkenness. It has been alleged that the number of liquor shops has been multiplied in order to push the sale of intoxicating drinks, and that the increase and increasing collections of abkari revenue are due to a large and progressive increase in the consumption of spirituous liquors. The publication of these statements in newspapers, which to some extent reflect public opinion in Bombay, shows that considerable misapprehension exists as to the facts of the Government administration of this branch of the revenue, and that wrong impressions are prevalent concerning its aims and the results obtained which may be considered to require correction.

Refutation of charge of increasing liquor shops.

"82. The allegation that the Department is encouraging the people to drink by opening additional liquor shops is disproved by the figures given in the table below, which show the total number of shops licensed for the sale of spirituous liquors throughout the Presidency in each of the last ten years :—

Years.	Number of Shops licensed for the sale of: Imported spirit.	Number of Shops licensed for the sale of: Country spirit.	Years.	Number of Shops licensed for the sale of: Imported spirit.	Number of Shops licensed for the sale of: Country spirit.
1874-75	394	3,046	1879-80	415	2,398
1875-76	413	3,078	1880-81	399	2,351
1876-77	424	3,032	1881-82	411	2,452
1877-78	431	2,976	1882-83	378	2,558
1878-79	531	2,357	1883-84	392	2,553

Refutation of allegation of increased consumption.

"83. As regards the alleged increase in the quantities of spirituous liquors passed into consumption, evidence of the same comprehensive character is not available. Before the revision of the system of abkari management in this Presidency was taken in hand (in 1876-77 in the island of Bombay, 1877-78 in the mofussil), it was only in a very few places that any record was kept of the quantities of spirit made and issued from the distilleries. Throughout the Presidency, except in Bombay and a few other large towns, the exclusive right of making and selling country spirit was farmed out to contractors for lump-sum payments without restriction as to the quantities of spirit made and sold or the selling prices charged, and no account was kept of the quantities passed into consumption. But in a few places, public distilleries had been established, from which country spirit was issued on payment of still-head duty at fixed rates for the supply of shops situated within certain defined limits, and it will be seen from the statistics given below that the consumption of

Decreased liquor consumption in Bombay.

country spirit in each of those localities is certainly no larger at the present time than it was before the revision. For the town and island of Bombay in which the liquor-drinking population is larger

and the rate of consumption is higher than in any other part of the Presidency, complete figures for the last twelve years are available. These are set forth in the following table:—

Years.	Number of gallons of spirit of strength 25° U. P. passed into consumption.	Rate of still-head duty levied on mowra spirit.	Rate of tree tax levied on trees tapped for the manufacture of toddy spirit.	Number of trees tapped for the extraction of toddy to be used in the manufacture of toddy spirit.
		R a. p.		
1872-73	907,445	1 0 0	6	26,755
1873-74	884,096	1 0 0	6	25,467
1874-75	892,187	1 0 0	7	22,544
1875-76	979,295	1 0 0	7	24,815
1876-77	566,452	1 12 0	9	11,345
1877-78	653,557	1 12 0	9	22,407
1878-79	585,166	2 4 0	15	22,312
1879-80	534,980	2 4 0	18	16,505
1880-81	583,026	2 4 0	18	15,559
1881-82	630,521	2 4 0	18	17,699
1882-83	663,790	2 4 0	18	18,450
1883-84	698,396	2 4 0	18	18,757

Decreased liquor consumption in Ahmedabad.

The city and cantonment of Ahmedabad has for many years been supplied with country spirit from a distillery established in the neighbourhood. The quantities of spirit passed into consumption from that distillery in the six years preceding the revision averaged 33,919 gallons a year, and the rate of still-head duty levied was R1 per gallon. In the same tract the sales of country spirit amounted to 32,882 gallons in 1882-83 and to 32,272 gallons in 1883-84, and still-head duty was levied in those years at the rate of R2 per gallon.

Decreased liquor consumption in Surat.

The city of Surat also, as well as all shops within a radius of six miles round it, received its country spirit supplies from a similar distillery. The average quantity of spirit issued from the Surat distillery on payment of duty at the rate of R1-4 per gallon in each of the six years ending 1877-78 was 91,813 gallons, while the supply taken by the city of Surat and the whole of the Chorasi taluka (population 154,608) besides in each of the three last years, has averaged 83,036 gallons a year.

Decreased liquor consumption in Balsar.

In the town of Balsar a public distillery was established in the year 1873-74 which supplied that town and the shops within 6 miles of it. The average issues from that distillery for each of the five years ending 1877-78 amounted to 63,093 gallons a year, and the still-head duty rate was 8 annas per gallon; but for the last three years, with a still-head duty rate of R1-8 per gallon, the sales in the whole of the Balsar taluka have averaged but 47,474 gallons a year.

Reasons for belief that consumption has not generally increased.

"84. If any general increase in consumption had taken place, there can be little doubt that it would have shown itself in one or other of the large cities just mentioned, each of which contains a large and thriving population more or less accustomed to the use of ardent spirits. But nothing of the kind has occurred in any of those cities, and as the abkari administration has been conducted on precisely the same principles in all parts of the Presidency, the natural presumption is that the consumption of spirit has not generally increased elsewhere.

Increased taxation.

Other considerations tend to the same conclusion. The rate of taxation on country spirit and the prices at which it is sold have been increased in every district. In the Konkan, the highest rate of tree-tax levied before the revision anywhere outside the Island of Bombay was R2½ per tree, and that only in a single taluka of the Thana district. The rates levied now throughout the coast districts, except in the neighbourhood of the Portuguese Settlements, range between R12 and R16 per tree. Above the Ghats, the highest rate levied on mowra and molasses spirit before the revision was R1 per gallon; now the lowest rate levied in any district in the Deccan and Southern Maratha country is R2½ per gallon.

Increased selling-prices.

In Bombay country spirit used to be sold at from annas 5 to annas 7 per bottle; its price now is 10 and 11 annas per bottle. In the Deccan and Southern Maratha country the selling-price of spirit has risen from about 8 annas to 12 annas per bottle, and in Guzerat from 5 and 6 annas to 7 and 8 annas.

Suppression of illicit distillation and importation.

At the same time that the selling-prices of spirit have been raised, efficient measures have been taken to check illicit distillation in British districts and the illicit importation of spirit from foreign territory. New establishments, whose duty it is to prevent and detect illicit practices, are now maintained at a cost amounting to nearly R2,00,000 a year, and Government has leased from various chiefs, on payment of rents amounting to about R1,30,000 a year, the right of directing the abkari arrangements in most of the Native States from which spirit used to be obtained for illicit importation into British territory. Before the revision no expenditure whatever was incurred on these accounts. Besides this, the farmers are now obliged, by conditions inserted in their licenses, to maintain private establishments at their own cost to keep watch on the proceedings of their retailers and to obtain information about illicit distillation and kindred offences against the abkari laws: and many of them now do their duty in this matter very thoroughly and spend money freely in the employment of detectives. Moreover increased attention has been paid by the Collectors and by the revenue and police establishments generally to matters pertaining to the abkari revenue. It is difficult to believe that consumption, licit or illicit, can have increased generally, in spite of all these measures aimed at its diminution.

Effects of increased taxation on consumption.

"85. It may be noticed that the figures given in paragraph 83 above, illustrating the progress of consumption in the City of Bombay, indicate that the levy of increased taxation has had the greatest effect on the consumption of spirit in the first year of the incidence of the enhanced tax, and that in subsequent years the public demand for the more highly taxed liquor has gradually increased. The last few years' returns* of sales of country spirit in the Deccan districts and in Belgaum and in some of the Guzerat Collectorates, where the rates of duty levied on spirit have been raised at different times within the last six years, exhibit similar indications. But in no district and in no year has any large increase in the consumption of spirit been observable, except in the year under report, and then only in the City of Bombay and in the districts of Thana, Kolaba, and Ratnagiri, and measures have been taken, as already mentioned, which will have the effect of again checking consumption in all those places.

Diminished consumption as a necessary result of increased taxation.

I believe that the gradual increase in the sales of licit liquor above noticed is due in part to the check given to the consumption of illicit liquor by the improvements that have been made from year to year in our preventive arrangements, and in part to the gradual extension among the middle and under classes of native society of the habit of using strong liquors. There is no room for doubt that many natives now habitually drink spirit who a few years ago were total abstainers; and I do not think that the enhancement of the liquor tax, or any other measure that Government could introduce, is likely to have much effect in arresting the spread of that habit.

Evidence of experienced Government officers as to decreased consumption.

"86. I know of no reason for believing that the statements made in the newspapers regarding the increase of drunkenness among the people are well founded, except so far as they may relate to intemperance among classes that formerly did not drink. If the vice of drunkenness had spread as alleged, it would have been accompanied by an increase in crime of the classes ordinarily associated with drunkenness, such as petty assault, intimidation, indecent behaviour in the public streets, &c., and the Magistrates and Superintendents of Police would have noticed the circumstance in their annual reports as accounting for the increase of crime of that class that they found themselves called on to explain. But, so far as I am aware, no increase in the number of such crimes has been reported in recent years. Government have not called my attention to any such report, nor have I received information from other sources to lead me to believe that the people of any district have lived more intemperately of late than in former years. On the other hand, there is good evidence to show that the revised abkari arrangements adopted in two of the most notoriously drunken districts in the Presidency—Thana and Kolaba—have had a most salutary effect in checking drunkenness among classes that formerly were almost addicted to that vice. The following are extracts from official reports written by Mr. Mullock, C.S., when holding the office of Collector of Thana:—

"'The new abkari system, along with largely increasing the revenue of the State, has tended to raise the price of liquor and to prevent illicit distillation and tapping, thus largely discouraging the excessive drinking for which this Collectorate was so noted. We cannot of course expect those who acquired the taste for strong drinks under our demoralising former or cheap-liquor system to at once leave off the bad habit of overdrinking and indulge only moderately. Still, I believe that many who drank before to excess can no longer afford to do so, and those who would have acquired the taste if liquor had remained at its former low price will now eschew it as an expensive luxury, and thus never acquire the habit of over-indulgence.

"'I have the last few months been a good deal in the sea-coast district that I have known for over ten years, and I would not ask you to credit the difference I notice in the people, and more especially in those of the jungly part, since liquor has been raised in price and the toddy trees remained untapped. Those who formerly spent their last farthing in liquor have now, they tell me, all a little balance to spend in some little comfort or another, and although they grumble at the difficulty about buying liquor, they themselves are the first to admit how beneficial their more or less compulsory abstention has been to them and their families. Ask any large landholder or employer of labour in the Collectorate, and he will tell you that he now gets a fair day's labour for the day's wages where formerly he never could succeed in doing so. He will tell you that he now can count on the daily attendance of his labourers where formerly the second day they were absent drunk on the proceeds of the first day. All I ask is, let this continue and Thana will be no more noted for its hard drinking and crime than any other part of the Presidency.'

"In another letter Mr. Mullock writes:—

Evidence of experienced Government officers as to decreased consumption.

"'I must mention the benefits resulting to the people under the new system and from the enhancement of the price of liquor. My assistants, mamlatdars, patels, talatis, &c., are unanimous in their praises of it, and having been some time in the sea-coast talukas, I can corroborate their opinions in every respect. No one longer sees the general drunkenness of former days. Even the rayats themselves, while grumbling at its being hard on them that they cannot get the cheap liquor they formerly got, will admit that they are happier without it, and that the "zor," as they call the influence of the liquor-vendor, is now gone and no more land is mortgaged to him in liquidation of his bills.'

"The following extract is from a letter recently addressed by an experienced Revenue officer serving in the Kolaba district to the Editor of the *Bombay Gazette*, in reply to an article that appeared in that paper a few weeks ago, alleging that the present abkari policy has encouraged liquor drinking:—

"'There is one thing certain to me about the present management of the Abkari Department and that is, that it has diminished drunkenness in the North Konkan. I have had the honour to

* These will be found in the Annual Administration Reports.

serve in that Province off and on for nearly twelve years, and my service and personal tastes have been such as have brought me very much into friendly contact with the poorer classes, and especially with the hill and coast tribes—the Thakurs, Katkaris, and Kolis—men of the forest, of the wave. Within my memory these people were literally slaves to drink. The coast Kolis were rarely sober when ashore; and in the hill and forest villages, where the people take their liquor like gentlemen in the evening, it was a common thing for every male soul above twelve years old to be stupid drunk by 8 or 9 o'clock P.M. I had at one time to do a great deal of night patrolling and have often come into a village where not a soul could answer the simplest question.

"'Now all this is to a great extent a thing of the past. During the past three years I have had many of the coast Kolis serving under me as public and private servants, and have not once had occasion to punish them for drunkenness. I am now employing a good many of the forest tribes, and I find the same improvement. Of course I do not mean to say that they never get drunk, but they are not drunk so often, or at such times as to interfere with their earning their bread or to make them a common public nuisance. The reason they assign is that liquor is dear. One sarcastic old life-boatman added—'and the Sahebs of nowadays are stingy.'

"'There are occasional "temperance movements" among them and always have been in my memory. These are spasmodic, but no doubt the dearness of liquor assists them, and they seem to have more and longer life now than they had ten years ago. Whatever may be said against the Abkari Department, it has had such a success in putting down intemperance as no teetotal association ever had.

"'In conclusion, and merely to avoid remark, I may say that I have been a teetotaller (from inclination and without pledge), and am not, and further that I have never been, an Abkari officer properly so-called, nor suggested any part of the policy of the Abkari Department, nor had anything to say to it except in the very incidental way in which abkari matters come before a local revenue officer who simply carries out his orders in that matter, or a Magistrate who simply administers the law, and before whom in an excise prosecution the abkari officers are almost as much on their trial as the nominal accused.'

Explanation of apparent discrepancies.

"87. It has been stated above that under the present system—

"(1) the annual revenue has doubled itself;

"(2) there has been no increase in consumption;

"(3) the rate of taxation levied on spirit has been increased (roughly speaking) three-fold; and

"(4) the selling prices of spirit have been raised to the extent of about 60 per cent. only.

"There are apparent inconsistencies between these several propositions that need clearing up. The explanation lies in the fact that the whole increment of revenue obtained has not been drawn from consumers; part of it has been taken from the various agencies engaged in supplying the spirit consumed. Duty rates and selling-prices have been adjusted with reference to the cost of manufacturing spirit and bringing it to sale, so as to reduce the margin left to be divided as profit between the persons interested in the manufacture and vend of spirit. I will first show how this has been effected in the case of toddy spirit. Before the revision, no tree-tax was levied except in the Island of Bombay and in one taluka of Thana, and the rate of taxation imposed on toddy spirit was so low that owners of toddy-trees were in a position to charge high rents for the use of their trees, which the Bhandaris, who tapped them and made spirit from their produce, were able to pay and at the same time earn an easy livelihood, without troubling themselves much about working their trees thoroughly. The imposition of a fixed tax on each tree tapped, the prohibition of the indiscriminate distillation and sale of toddy spirit, and the concentration of the business in the hands of a few large farmers, who guaranteed the payment to Government of a certain minimum revenue, and, at the same time, were bound to sell within fixed limits of price, led to a great reduction in the number of trees tapped and in the rents enjoyed by tree-owners, as well as to a diminution in the number of persons who gained their living by drawing toddy and by the distillation and sale of toddy spirit. It was to the interest of the new farmers to reduce their expenditure on manufacture in every possible way, so they used improved stills and extracted the greatest possible quantity of toddy from each tree they had to pay for. At first these farmers made very large profits, but by degrees, as knowledge was gained of the real cost of manufacturing toddy spirit, it has been found possible to raise the rate of tree-tax without raising proportionately the selling-prices of toddy spirit, and thus to divert from the farmers' stills to the State treasury a larger portion of the price paid by the public for each gallon of spirit consumed. Similar results have attended the revision of arrangements with respect to the manufacture and sale of mowra spirit. The closing of the numerous small outstills and the concentration of distillation at large central distilleries fitted with plant and machinery of modern pattern has led to a reduction in the cost of manufacturing mowra spirit, and experience has been gained in many ways, the outcome of which is that it has lately been found practicable to raise the rate of still-head duty charged on mowra spirit without making a proportionate increase in the fixed selling-prices. In all the farms first leased under the revised system the selling-prices were fixed at rates exceeding the still-head duty rates by R2 per gallon, a margin of R2 per gallon being allowed to cover the costs of manufacture and sale and the profits of the farmers and their retailers; but experience showed that the margin first allowed was unnecessarily large, and in the case of all farms subsequently sold it has been reduced first to R1-12 and more recently to R1-8 per gallon. The result is that the Government share of the price paid by the public for each gallon of mowra spirit sold is greater now by the amount of 8 annas than it was five years ago, while the farmer's share has been reduced by a similar amount. That the trade is able to bear this reduction of its profits is shown by the eagerness with which the current farms have been competed for, and by the circumstance that the whole of the revenue demand has been paid punctually and without the issue of a single legal process.

Explanation of apparent discrepancies.

Conclusions from foregoing remarks and figures.

"88. The closing of the small stills worked by Bhandaris in the Konkan and by Kalals in other parts of the Presidency has caused hardships which are to be regretted, but this could not be

Classes aggrieved and agitating.

avoided under any system that aimed at bringing the manufacture of spirit under sufficient control for certain taxation. Some of the Bhandaris have found employment as cultivators and agricultural labourers and others in the spinning and weaving mills established in Bombay. Many of the Kalals are now employed as retailers by the large farmers.

Aggrieved tappers and liquor manufacturers.

"89. Another class also has suffered, besides the Bhandaris and the Kalals. The enhancement of the taxation of toddy spirit has resulted, as before mentioned, in a large reduction in the number of trees tapped for the extraction of toddy, and the owners of toddy-trees have consequently been deprived of part of the incomes that they used to enjoy in the shape of rents paid by Bhandaris for the use of their trees. The incomes of many rich and influential landholders of Bombay and its neighbourhood have been affected in this manner, and they, not unnaturally, are dissatisfied with the proceedings of the Abkari Department and agitate against it on account of the injury that its operations have caused to their vested interests. Their grievances are real, but they are such as can only be relieved at the expense of the tax-payers. They have been treated by Government with much consideration, as toddy spirit is now, and always has been, much more lightly taxed than mowra spirit. In Bombay duty is now levied on toddy spirit at the rate of R2-6 per gallon, while on mowra spirit the duty rate is R2-12 per gallon, and besides the Government duty, a municipal town duty at the rate of 4 annas a gallon is levied on mowra spirit, from which toddy spirit made in the Island of Bombay is exempt. In the districts of Thana and Kolaba the difference in the duty rates now levied on toddy spirit and mowra spirit amounts to at least 12 annas per gallon in favour of toddy spirit, and toddy spirit is allowed sale at rates varying from R1 to 8 annas per gallon below those charged for the mowra spirit sold in the same shops. But even under these favourable considerations the trade in toddy spirit is fast declining. The fact is that the great majority of consumers prefer mowra spirit to toddy spirit: so that toddy spirit is unable to compete with mowra spirit at anything like equal prices, especially when the prices of both are high, while at the same time the cost of manufacturing toddy spirit is greater than the cost of manufacturing mowra spirit. Toddy spirit is being driven out of the market by a cheaper and superior article. The case of the toddy-tree owners of the Konkan in some aspects is not unlike that of the Banjaras, whose carrying trade has been destroyed by the railways.

"90. This year the loss of income suffered by the Bombay tree-owner has been unusually heavy, as the Bhandaris have been on strike since the 1st August last, when the duty was raised on both mowra spirit and toddy spirit consumed in Bombay. The Bhandaris demand a reduction of the high rent*—R7 per tree—that the owners of cocoanut trees have been charging lately for the use of their tree, and as yet the tree-owners have refused to give way. The consequence is that only about 500 cocoanut trees are now being tapped, against 18,000 tapped last year, and some of the toddy distillers have removed their stills to the public distillery recently established at Girinj in the Bassein taluka of the Thana district, in the neighbourhood of which brab trees, nearly if not quite as prolific in toddy yield as the Bombay cocoanut trees, are available in thousands at a yearly rental of 4 and 8 annas per tree. It is probable that close connection exists between this strike and the recent agitation against the Abkari Department.

"91. Another charge that has been freely alleged against the Department is that it has forced the consumption of spirit by making toddy dear and scarce. There is no more foundation for this allegation than there is for that about the multiplication of liquor shops. The toddy that is commonly drunk in the raw state in all parts of the Konkan is the produce of date-palms and bastard sago-palms, while the sap of cocoanut and brab trees is almost exclusively used for distillation. Tree-tax is levied on cocoanut and brab trees at rates varying between R9 and R18 per tree, but the highest rate levied anywhere on date-palms and sago-palms is R6 per tree, and the ordinary rate is R3, although there is little difference between the average toddy yield of palms of all these kinds. Again, before the revision, toddy was generally sold in the same shops as spirit, and the shopkeepers were then in a position to force the sale of the kind of liquor that paid them best. But since the revision the sale of toddy has been separated from the sale of spirit throughout the whole Presidency, except in three talukas of the Thana district and in one taluka of the Kolaba district, and there is now competition between the sellers of toddy and the sellers of spirit. In all talukas of Thana and Kolaba the maximum price fixed for the sale of toddy in toddy-shops is 8 pies per bottle, and toddy is also allowed sale at the tree-foot in all those talukas, except the four just mentioned, at the rate of 6 pies and 4 pies per bottle."

22. A strike, similar to that referred to in paragraph 90 above, took place, in the cold weather of 1886-87, in the districts of Thana and Kolaba. It was quoted in the House of Commons as a movement among the population in favour of total abstinence from strong drink. As a matter of fact, it was a strike of the drinking classes made with the sole object of inducing the Government to reduce the tax on toddy-producing trees, and thus make liquor cheaper. The strikers, as was to be expected, were not able to maintain their resolution of abstinence.

MADRAS.

23. The excise system of the Madras Presidency has of recent years been completely changed. The old excise system is thus described in a letter of the Government of Madras dated 15th September 1884:—

"4. * * * Under that system the monopoly both of manufacture and of sale in each district was assigned to a single contractor who had to pay duty at a certain rate on each gallon issued from the distillery, and who further guaranteed to Government a certain revenue settled by competitive tenders. Maximum and minimum prices were fixed within which the contractor's licensees in the shops were bound to sell to consumers. The range of price permitted was 8 annas per gallon. There was a surcharge of duty at 8 annas a gallon payable on liquor

* See paragraphs 29 and 30 of the Abkari Administration Report for the year 1882-83.

sold in municipal towns, and for such liquor, maximum and minimum prices were allowed in excess of the ordinary rates by 8 annas a gallon. Higher prices being possible in the towns than in rural tracts, higher duty was thus obtained. The imposition of a maximum price was intended to prevent the contractors from seeking to obtain all their profits by enhancing prices in the towns, and to give them an interest in affording proper facilities of supply to, and preventing illicit supply in, outlying tracts. The work of prevention of illicit consumption was supposed to be provided for by the contractors. In adjusting the maximum and minimum prices which were fixed by Government, allowance was made for cost of liquor, excise duty, cost of distribution within the district, charge for administration and prevention, and profits of renter and retailers. The leases were for periods of three years. * * * * * *

"5. This, it will be observed, was a system of large monopolies artificially regulated. In its favour is to be said that it was superior to the farming system, pure and simple, which it superseded, and under which, knowledge of the consumption and regulation of the taxation were unattainable; that it led to concentration of manufacture and the use therein of improved appliances and cheaper methods; that the use of unwholesome materials in manufacture became impossible; and that the revenue was got in without risk or difficulty. In other respects it has failed to secure the advantages expected from it. The renters have not given adequate facilities for supply in outlying tracts and have closed large numbers of shops previously existing; they have almost invariably charged the highest price allowed under their contract; they have screwed down the profits of the retailers to such an extent that these men are forced to seek remuneration in illicit practices, which in such hands are specially dangerous to the revenue, and difficult to detect; they have done next to nothing for prevention; and they have looked entirely to their own profits and not at all to the interests of Government as hoped. The guarantee system has broken down. It was anticipated that the guarantees, which were to operate as a stimulus to the renters to work for revenue as well as for their own profit, would be settled by competition and ensure good management; but the large firms and capitalists who alone can embark in the business do not bid against each other * * * ."

24. The question was accordingly referred by the Government to a Committee. The object which the Government held in view was thus described by itself in the letter above quoted:—

"6. * * * The object in view is to raise the taxation on country spirits, which is now considerably below the import rate, up to that level. The extent to which this is possible at present varies in different parts of the country, with the habits of the people, the price which they can pay, and the facility with which illicit liquor can be made or sold with impunity. In some places, chiefly towns, it is possible at present, without inducing illicit manufacture, to obtain prices which admit of the import rate of duty being paid; and until this level is attained everywhere, there must be varying rates of price and of taxation. The problem is to devise a system which shall allow of sufficient range of rates, while affording reasonable security that the highest possible rates shall be reached in each locality * * * ."

25. The Committee describe their purpose somewhat more fully as follows:—

"3. The sale of intoxicating liquors is just as much a trade as that of any other kind of commodity, such, for instance, as bread, but there is this great difference between them, that while the sale of a necessary of life like bread need not be interfered with or regulated in any way, the sale of intoxicating liquors, if left to the unfettered operations of free trade, involves an enormous amount of drunkenness and crime, and therefore imperatively calls for regulation at the hands of any Government with any pretence to civilisation * * *.

"4. * * * * The policy that the Government have already announced of endeavouring to realize a 'maximum revenue from a minimum consumption,' though perhaps involving in its strict interpretation a verbal contradiction in terms, yet expresses with sufficient force and clearness what we consider the right course to pursue. It is, however, to be observed that while all taxation becomes revenue so soon as it reaches the public exchequer, yet it should be always borne in mind in connection with the taxation derived from the sale of intoxicating liquors that it is imposed primarily in order to restrain the consumption of such liquors and not for the purpose of making money out of their sale, and that the fact of the revenue so derived being large is merely an incident resulting from two causes—first, the determination of the Government to do all that lies in its power to repress a baneful trade in what is not a necessary of life; and second, the general prosperity of the people which enables them to spend on the indulgence of a vicious propensity money which might be better expended or invested. It follows, therefore, that every right-feeling Government will do all that it can to increase the taxation on intoxicating liquors up to that point (which may be called the limit of taxation) when the people, rather than pay for the high-price liquor which alone can be had in licensed shops, will take to illicit distillation and smuggling.

"6. To free trade in the manufacture of spirits and other intoxicating liquors the same objections do not apply. Here competition may do good by stimulating the production of better liquor, but its tendency will also certainly be in the direction of cheapening it.

"7. Acting on the above principles, the changes which we recommend for introduction into the existing system of making and selling country spirits in excise districts are—

"(1) The sale separately of the privileges of manufacture and of sale.

"(2) The breaking up of district farms of sale into taluk farms, or even smaller divisions in selected localities, in view to the eventual elimination of the middleman altogether.

"(3) The fixing a standard rate of excise duty on country liquor on issue, and differentiating the total taxation in respect thereof by license-fees, or other methods of payment, for the right of vend, varying according to the circumstances of different localities.

"(4) The abolition of the surcharge system in municipalities where it now exists and the substitution in its place of the sale of shop licenses by auction in all large towns.

"(5) The throwing open to competition, but subject to the payment of a moderate license-fee, only the manufacture or supply in certain selected areas, where a total taxation on spirits may be expected to be realized approximating to the tariff rate.

"(6) The eventual abolition of the Madras town abkari system and its assimilation to that proposed for excise districts generally."

26. The Government accepted in their entirety the proposals of the Committee and brought the new system into operation from 1st October 1884. The following figures shew its immediate effect both upon the consumption and upon the revenue:—

	Consumption in the excise tracts. Gallons.	Revenue from country spirits. R	
1883-84, first half	451,135	22,47,807	Old system.
1883-84, second half	494,109		" "
1884-85, first "	460,430	27,85,024	New "
1884-85, second "	447,759		

27. The review by the Madras Government of the Excise Report of 1885-86 summarises in the following paragraphs the result of the introduction of the new system:—

"8. *Consumption of country spirit.*—The issues of arrack from distilleries in exise districts and in Madras town reduced to 30° under proof were 1,002,571 gallons against 1,197,068 gallons in the preceding year (1884-85) and 1,214,200 gallons in the year prior to that (1883-84). The actual consumption (*i.e.*, sales by shopkeepers) showed a corresponding decrease.*

	Gallons.
* 1883-84	1,204,242
1884-85	1,185,678
1885-86	1,014,566

"The falling off in some cases, as, for instance, in the districts of Ganjam, South Arcot, Tanjore, and the Nilgiris, was due, partly, to an unfavourable season and agricultural depression and, in the case of Ganjam, to other special circumstances, but the more general cause of the reduced consumption was, without doubt, the enhancement of selling-prices as the unavoidable consequence of increased taxation. The operation of this factor was the most marked in the districts named in the margin.

	1883-84.		1885-86.	
	Issues.	Revenue.	Issues.	Revenue.
	Gals.	R	Gals.	R
Cuddapah	72,567	1,63,645	53,060	2,33,077
Bellary	106,967	2,63,610	76,937	2,81,142
Tanjore	43,699	1,00,000	33,804	1,18,748
Trichinopoly	52,481	1,14,996	37,538	1,25,900
Coimbatore	70,034	1,43,020	48,603	2,66,898
Nilgiris	58,460	1,62,660	39,615	1,97,632
Salem	78,817	1,74,278	51,871	2,37,664

"10. On the whole, Government see in the statistics of the year under review nothing to mar the satisfaction which the financial success of the new system affords. An increased revenue from reduced consumption is exactly what excise administration should aim at. No doubt if, with an apparent falling off, there had been an actual increase in the consumption of spirituous liquor, it would certainly be no matter for congratulation; but, excluding the single instance of the Ganjam district, of which the circumstances are exceptional, no proof is adduced that, during the year under review, illicit distillation prevailed to a larger extent than in those preceding it. However, with the moderation which, as was to be expected, the vend farmers for the current year have shown in their bids, and with distinct indications of prices adjusting themselves, there is no reason to fear that the consumer will be driven to resort to illicit practices; indeed, with the more efficient legislation and preventive organisation now introduced, there is much less reason than heretofore for such apprehension. It seems necessary only to add that Government do not consider, as Mr. Galton apparently does (paragraph 19 of the Report), that it is desirable to decrease the cost of liquor to the consumer; what, in their opinion, needs to be reduced, is the difference between the highest price the consumer will pay and the contribution the public exchequer receives."

BENGAL.

28. In Bengal, in 1883, the Government, having reason to think that the outstill system in force in that Province had been tending to increase the consumption of spirits, appointed a special Commission of enquiry to examine the whole subject. The Commission found that there had been such an increase, and that it was due to the absence of limitation on the production of spirit under the outstill system and to the opening of an excessive number of shops.

29. The orders of the Government are of only recent date, *viz.*, 10th March 1886, and it is too soon to state their precise effect. They were (1) the introduction, wherever opportunities for close supervision existed, of the central distillery and still-head duty system; (2) in other places the regulation of outstills, so that the minimum license price should be the amount of duty calculated upon their capacity of production; (3) reduction in the number of shops, and certain restrictions upon sales.

30. The Government have given the following statistics :—

Statement of Excise Revenue and Duty in Bengal.

Year.	Population.	Number of shops for sale of liquors of all kinds.	Number of shops for sale of intoxicating drugs.	Net revenue from liquors and drugs of all kinds.
1	2	3	4	5
				R
1871-72	66,856,859(a)	32,460	16,615	61,96,443
1872-73	66,856,859	31,479	17,119	66,42,620
1873-74	66,856,859	31,704	10,975	68,41,407
1874-75	62,724,840	27,453	9,240	53,29,284
1875-76	60,398,117(b)	26,234	7,424	57,88,804
1876-77	60,398,117	25,712	7,092	59,50,527
1877-78	60,415,224	26,072	7,248	65,74,356
1878-79	60,432,487	27,545	6,999	67,53,668
1879-80	60,486,398	30,532	6,877	69,44,572
1880-81	60,486,398	34,973	7,145	82,92,226
1881-82	66,589,859	39,281	6,796	91,02,672
1882-83	66,589,859	38,109	6,499	95,16,414
1883-84	66,589,859	28,139	6,513	1,01,67,600
1884 85	66,589,859	27,254	6,291	97,57,619
1885-86	66,589,859	27,017	6,008	92,73,635

(a) Census Report, 1872, including the population of the Province of Assam.
(b) Assam excluded.

31. It should be noted also regarding ganja that in 1883 the attention of the Government of Bengal was directed to the increase in the number of shops. The number had fallen from 4,934 in 1871-72 to 3,130 in 1876-77, but after that date had risen to 3,488 in 1881-82. Immediate measures were taken to reduce the number, which was only 3,126 in 1882-83. The duty paid by each maund of ganja, including both fixed duty and license fees, rose from R106 in 1871-72 to R266 in 1881-82, and was over R300 in 1882-83.

North-Western Provinces.

32. In the North-Western Provinces, the system in force is mainly the distillery system, as the outstill system is confined to wild and sparsely-populated tracts, to frontier localities and places bordering on Native States, where past experience shews that the introduction of the distillery system would be followed by large contraband trade. Under the outstill system, the number of outstills is fixed by the Revenue authorities according to the requirements of the tract, and each combined outstill and shop proposed to be licensed is put up separately for license to the highest bidder. Less than one-ninth of the total liquor revenue is realized by this means.

33. In a Resolution dated 6th September 1884, the Government discusses the question of increased consumption of spirits, and the following extracts are taken from this Resolution :—

"*Para. 11.*—The failure of the distillery system in some districts was very early discovered, and as far back as 1871-72 the farming system was restored in Banda and Hamirpur, with the very remarkable result of more than tenfold increase of revenue :—

	1870-71. *Distillery.*	1871-72. *Farming.*
	R	R
Banda (two tahsils)	174	6,617
Hamipur	2,296	20,400
Total	2,470	27,017

"As Mr. Cadell justly remarks, 'it is inconceivable that the receipts for 1870-71 in any degree indicated the consumption of spirits in the two districts, or that those for 1871-72 proved a rapid change in the habits of the people.'

"12. From 1873-74 improvements were yearly made in the administration; the still-head duty, which was R1-8 in the North-Western Provinces, was reduced to R1 in order to equalise it with that in Oudh and to reduce the temptations to illicit manufacture; the old system of differential duties according to the strength of the spirit was abandoned; and in districts where the distillery system was found to be unsuitable farming and outstills were introduced. The idea—sometimes entertained—that the excise administration of the Government tends to foster increased consumption of liquor, and consequently a spread of drunkenness among the people, has special reference to districts brought under the outstill or farming systems; and it is therefore very important to observe the enormous increase of gallonage in districts under the distillery system—a system devised to limit consumption, and of which it cannot be said now, any more than it could be said formerly, that it in any way encourages increased consumption. In paragraph 22 of the Commissioner's Report a table is given, showing for every division of the two Provinces the number of gallons issued from 1872-73 to 1882-83. The totals for the United Provinces, as shown in the margin, exhibit a progressive increase up to 1876-77, a sudden fall of 50 per cent. in 1877-78 (a year of drought), and a rapid recovery afterwards; until, in 1882-83, the issues are 56 per cent. in excess of those of 1872-73, and this notwithstanding the extension of the farming and outstill systems to an area of over 15,000 square miles, with a population of seven million persons. This increase of gallonage is very marked in every division of the Provinces except Agra and Sitapur.

Years.	Gallons.
1872-73	1,003,892
1873-74	1,034,449
1874-75	1,226,237
1875-76	1,367,575
1876-77	1,318,022
1877-78	675,418
1878-79	866,230
1879-80	1,160,956
1880-81	1,355,739
1881-82	1,469,022
1882-83	1,766,498

"13. And although the consumption of spirits has increased considerably in ten years, still the total consumption is not absolutely very large. It amounts to little more than one pint for each adult male in the North-Western Provinces, and about three pints in the year for every adult male of the acknowledged drinking castes; the amounts for Oudh being respectively something under half a quart and 2·15 quarts. The figures given in paragraphs 24 and 69—71 of Mr. Cadell's report on this subject are interesting, and a comparison between the consumption of country spirit in these Provinces and intoxicating liquor in England seems to controvert the idea of any general demoralisation. Although a great deal of the increased consumption is undoubtedly due to the substitution of duty-paying for illicit liquor, and is therefore more apparent than real, there seems to be no reason to doubt that a real increase of consumption has taken place in many districts; and in so far as this is due to increasing prosperity on the part of the people, it is no more than might have been expected. There is considerable difference of opinion among the officers who have written on the subject. Some consider that the habit of drinking has increased and that there is a real increase in drunkenness; but the more general opinion is that no marked and widespread change in the habits or tastes of the people has taken or is taking place as to the use or abuse of liquor."

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"15. As in previous years, the transition from the distillery system to outstills resulted in a large increase of revenue. The statement appended to paragraph 52 of the report shows the increase of revenue since outstills were first introduced in 1880-81. Under the old system the revenue for the years immediately preceding the introduction of outstills amounted to R1,36,274: for 1882-83, under outstills, the revenue was R4,48,951, or 3·3 times as much. As the outstill liquor is cheaper than the distillery liquor, the increase in consumption must be proportionately greater than the increase in revenue. Some of this increase undoubtedly is more apparent than real, being due to the repression of illicit distillation: for it is the unanimous opinion of all who have interested themselves in the subject that illicit distillation disappears completely and at once wherever and whenever outstills are introduced. And great as is the rise in revenue, it is noteworthy that it only brings up the outstill districts to a level with the more productive of the distillery districts in respect of the incidence of revenue per head of population. Thus in Ballia, the most remunerative outstill district, the incidence is 1 anna 9 pies, whereas in Jaunpur and Mirzapur, under the distillery system, the incidence is 1 anna 10 pies and 2 annas 10 pies respectively: in Benares (this is perhaps hardly a fair comparison) the incidence is 4 annas 7 pies. And again, if the outstill consumption, measured in gallons, is reduced to spirit of the same strength as in the distillery tracts, a good deal of the disproportion of gallonage disappears. When, however, full allowance is made for the substitution of licit for illicit liquor—and for the weaker spirit—there still remains a very large increase of consumption in the outstill districts to be accounted for. This increase, however, may not be greater in reality than that in the distillery tracts, and may be due to the same general causes and not to the mere change of system—that is to say, if in these districts the distillery system could have been worked as successfully as in some other districts, it is possible that the same increase of consumption would have taken place.

"16. On the whole, it may be concluded that there has been an increase of consumption of late years not in the outstill tracts only but throughout the Provinces, and that some increase of drunkenness has necessarily accompanied the increased consumption; but it does not follow that this could have been prevented by a different administration of the excise. Much must be attributed to the diminished price of liquor brought about by the greater cheapness of the materials used, and to the improved condition of the people, which enables them to spend more on drink. Regarding this latter point it may be observed that there is a consensus of opinion on the part of officers best fitted to judge as to the marked increase of material prosperity among the lower classes within the last few years.

"18. * * * For these reasons the right policy (*vide* paragraph 75 of Mr. Cadell's report) is undoubtedly to treat the outstill system mainly as a preventive measure, as a device to be brought into play when there is no other so effectual a method of defeating the contraband trade. From this point of view, the system may be legitimately used in districts where there is much jungle or outlying country facilitating illicit distillation, or in border tracts, where smuggling from beyond the provincial jurisdiction cannot be guarded against. But in the interior of the Provinces, in districts that present no abnormal difficulties, the proper course is gradually to withdraw the outstills and to re-introduce the sudder distillery system, accompanied with improved and strengthened administration. Better-built distilleries, better-paid and stronger establishments, the organisation of some detective agency, and especially the punishment of offences against the excise law in a manner to be effectively deterrent—all these measures should be adopted in order to give the sudder distillery system every chance and advantage over the contraband trade. At the same time, the distribution of the liquor must be so arranged that neither vendor nor purchaser shall have just cause of complaint.

"19. The Lieutenant-Governor and Chief Commissioner has determined to adopt the policy generally sketched out in the foregoing observations; and in pursuance of it he has agreed to a

considerable restriction of the outstill area in the interior of the Provinces, leaving the outstills so ranged along the outer tracts as to guard the frontier and the wilder districts. His Honour trusts that all district officers—whose active co-operation is so indispensable to the success of this policy—will spare no pains to support it. If it is true, as is so frequently affirmed, that the immediate rise of revenue that accompanies the introduction of outstills is the measure of illicit distillation 'stamped out,' then there must be other means of repressing such extensive illegalities in ordinary districts with the large police and revenue establishments at the disposal of the chief executive officer. If however special detective and preventive agency is found to be needed, the Government will be ready to consider the recommendations of the Board upon this point.

"20. The Lieutenant-Governor and Chief Commissioner is quite aware of the reasons which render an increase in the consumption of liquor, and consequent rise of revenue, not only natural but inevitable. And it is observed, with reason, in the Report that during the last twenty years the gross receipts have not increased to any remarkable or unaccountable degree, having regard to the growing prosperity of the country and to improved administration. It is also pointed out that in the best-managed sudder distillery districts the average consumption per head is often as high as in tracts under the outstills. Nevertheless, the excise revenue is in many ways so important that the details of its development require to be carefully watched in every district; and the Government will not be satisfied until by steady and continuous persistence in a systematic policy the proper conditions of good and effective management have been ascertained, and until fair progress has been made in bringing the consumption of spirituous liquors and drugs under regular taxation and uniform control."

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"37. The subject of chandu-smoking has engaged the attention of many officers, without eliciting any proposal of practical interest. The total prohibition of the practice has been tried and has failed. It is absurd to attempt to make the private use of chandu penal, but the public use of it should be discouraged in every way. New licenses should not be granted without careful enquiry as to the need for them, in order to prevent the opening of illicit shops; and it seems desirable to reduce the chandu and madak shops to the lowest possible scale. It is understood that considerable reduction has been made during the current year, and that more will be made next year."

Chandu.

Punjab.

34. The Government of the Punjab contend that the remarks contained in the letter from the President of the Congress have little or no application to that Province, where the outstill system has only been experimentally introduced into three tahsils of one district, and where liquor has been so highly taxed as to have led to illicit distillation and smuggling on a considerable scale in those parts of the Province where the population is addicted to drinking. The Financial Commissioner of the Punjab states that the excise system of that Province can have in no way encouraged drinking, for, while the population since 1867-68 has increased by about 7 per cent., the consumption of spirits during that period has been almost stationary; that during the same period the largest consumption in any one year was in 1867-68, when it reached 141,814 gallons, and that even this quantity falls at the rate of only one-sixteenth of a pint per head of the population per annum.

35. This refers to the absolute number of gallons consumed, as the consumption reduced to the standard of London proof shows a continual increase. A statement which is appended to the Finance Commissioner's memorandum upon the excise system shews that the consumption has gradually risen from 88,128 gallons (London proof) in 1865-66 to 121,154 gallons in 1884-85. The taxation at the same time, including both still-head duty and license fees, has risen from R4,84,796 to R6,95,513, having been, throughout the period, between R5 and R6 per gallon. The number of liquor shops at the same time has increased from 874 to 1,722, this last number giving one for every 10,000 or 11,000 of population.

Burma.

36. The Chief Commissioner of Burma gives the following account of the excise system in that Province:—

"3. Up to 1871-72 the Excise Department of the Province was worked under the farming system, which consisted in disposing of the monopoly to sell drugs or spirits in large tracts of country to one person or company under certain restrictions. Opium was sold from the Government treasuries at R24 a seer, except in one district of Arakan bordering on Chittagong, where the price was fixed at R20, afterwards raised in 1871-72 to R22, as that was the price at which it was sold in Chittagong. Licenses were issued for the sale of ganja up to the year 1872, since which the cultivation, sale, or possession of that drug has been absolutely prohibited.

"For the manufacture of so-called 'country spirit' after the European method of distillation there were three licensed distilleries—one at Akyab, one at Rangoon, and one at Moulmein. At Akyab the spirit-farmer was also the distiller, and he paid Government R2-4 a gallon on the quantity of spirit passed out from the distillery. At Rangoon and Moulmein the distillers each paid Government a lump sum of R10,000 a year for the privilege of working the distillery, and this sum covered all charges on the part of Government, no duty being levied on the produce of the stills. In 1869-70 a similar method was adopted at Akyab, the distiller paying R3,000 a year to Government.

"4. The distillery system was not found to be satisfactory in so far as regarded outlying stations at great distances from the distillery, to which, especially in the rainy season, people were not willing to come for their supplies. The difficulty of obtaining spirits from the central distilleries no doubt gave rise to much illicit distillation, and there was a gradual falling off in the rents paid for the spirit farms and in the quantities of spirit taken from the distilleries. It was decided,

when the new Excise Act (X of 1871) came into force, to make a change of system—to establish, in tracts where there was a considerable and compact population consuming spirits, central distilleries, in which distillers could place their own stills for the preparation of spirit; and in the large tracts of country from which the distilleries were too distant to be a convenience, to establish either the outstill or monthly-tax system, in order that the people in these parts might have no excuse for illicit distillation. Accordingly, on the 1st April 1872, when the new Excise Act came into force, new rules were introduced authorising the disposal of licenses in the following manner:—The three central distilleries already alluded to were continued, but the system of charging a high fixed rental for working them—a system which had been found to be too favourable to the distiller and bad in principle, as tending to encourage a large outturn of spirit—was abolished. In lieu of this the distiller was charged a nominal license fee, and on each gallon of spirits passed out for consumption a still-head duty of R2-8 a gallon was levied. In the interior, licenses were granted for the manufacture of spirit after the native method of distillation, a monthly sum being paid for the privilege of working a still of certain capacity. The mode of disposing of the right to sell the spirit by retail was also modified. Instead of the monopoly being farmed out to one person in each town, with the option of opening shops where he thought proper, licenses were granted for shops at specified places, selected by the Deputy Commissioner in communication with the Superintendent of Police, and these licenses were sold either at a fixed rate or to the highest bidder at the discretion of the Commissioner of the Division. In the case of tari or toddy (the sap of the palmyra and other palm trees), licenses for its sale in an unfermented state were issued at a nominal fee, while the fee for a license to sell fermented toddy was also moderate. It was the wish of the Government of India* that 'a heavy duty should not be imposed on toddy lest owing to over-taxation the people should be driven to have recourse to stronger spirits or even to injurious drugs.' It was, however, provided that farms for the retail vend of fermented toddy within given tracts of country might be granted by district officers with the previous sanction of the Commissioner of the Division.

"5. The general system above described has been maintained ever since, modifications in the rules and changes in the number of licenses disposed of being made from time to time as circumstances seemed to require. In 1876 the rate of duty on spirit made at distilleries was raised from R2-8 to R4 a gallon for spirit of London proof, so as to assimilate the rate to that levied on imported spirit. This rate of duty was maintained to the end of March 1886, when, as the outcome of representations that had been made to the Local Government time after time for many years by the Rangoon and Moulmein distillers that their high rate of duty served as an encouragement to illicit distillation, and that their business was being seriously injured by the importation from the Straits of large and increasing quantities of a liquor known as 'Penang rum,' the duty on distillery spirit was, as a temporary measure, reduced to R3 a proof gallon. In consequence of the raising of the duty on imported spirits the Rangoon distiller has been called upon to show cause why the duty on the locally-distilled liquor should not be raised to R3-12 or R4."

* * * * * * * *

"8. With regard to the last sentence of the letter under reply, it may be stated that 'the right to license outstills' has never been farmed to the highest bidder. A certain number of licenses to work outstills are granted every year in localities where they are believed to be necessary in order to meet a genuine demand for liquor, which would otherwise be supplied by illicit distillation. These licenses are put up one by one at public auction and sold to the highest bidder.

"9. There is some difference of opinion regarding the increase of drunkenness amongst the natives of the country. The main difficulty with which the Administration has to cope is illicit manufacture of spirit in a country where a sparse population and heavy jungles render illicit manufacture specially difficult to detect. Until this difficulty can be more effectually overcome it is useless to attempt to introduce greater stringency into the rules regarding the number and arrangement of licensed shops. In the large seaport towns of Rangoon, Moulmein, Bassein, and Akyab, as in every seaport throughout the world where sailors congregate, more or less evidence of the evils attending indulgence in strong drinks is certainly to be met with, but it is hoped that, taking the Province as a whole, the people are not to any great extent falling into habits of over-indulgence in intoxicating liquors."

37. The principles upon which the outstill system is to be worked are contained in the following extract from the Excise Commissioner's instructions:—

"*Form XII.—Outstill license.*—This license will be more used than it is at present. The attempt to induce people to drink distillery liquor has failed, probably because the price at which it can be sold is too high, and the liquor sold under these licenses has no doubt generally been illicitly-distilled liquor, which, though sold perhaps at the same price per bottle, is stronger and yields the vendor a far higher profit. Something has been done in certain districts to check this illicit manufacture. It is impossible, however, to do more than temporarily check it unless, where the demand for cheap liquor is considerable, a licit supply is made available. The foreign liquor licenses will not in all cases effect this, the price of these liquors being high. It is consequently necessary in most districts to establish outstills under the supervision and restrictions described in Rules 45 and 46. The outstill system is a fair one if the outturn of the still is controlled as much as is possible. In no case that I have yet seen, except perhaps at a district head-quarters, including Akyab, where the license fee is high, has a still of more than ten gallons been required, and even this is only worked as a rule four or five times a month, two boilings, or at most three, being done in the day. At certain seasons of the year distillation may be more frequent. In the rarest cases only should a still exceeding ten gallons be permitted, and the working should be most carefully watched. The number of working days per month should also be limited with care. If a licensee is allowed to have a still of a large size and is allowed to distil any quantity, irrespective of the fee he pays and of the demand of the locality for liquor, he may endeavour to force a demand. The possibility of this should be prevented so far as may be by limiting the number of

* Despatch No. 1533, dated 31st July 1872, from Financial Department.

days per month on which distillation is permitted, so that he may be obliged, allowing three brews to the day, the outturn of which will generally be at least five gallons of saleable spirits 30° to 50° U. P., to work his still nearly every permitted day to satisfy the legitimate demand. The amount of spirit which the still should be permitted to produce should bear some sort of relation to the license fee paid, it being borne in mind that the license fee is partly in lieu of duty. Careful supervision will gradually make it possible to determine with fair accuracy in each case the relation which should subsist between permitted outturn and license fee. The demand will no doubt grow—it is to be expected that it should. What is necessary is to endeavour to make the supply follow and not excite the demand. At the same time the licensed outstiller must not be overweighted with restrictions, or the outstill will fail in one of its chief objects—the repression of the illicit trade. Clause 3 of the license requires that notice of the intention to distil should be given to the officer in charge of the police station where the outstill is situated. It should be easy to see that the still is not worked more than the fixed number of days per mensem. It is perhaps needless to add that dates for distillation cannot be fixed in the license, as the time when the wash or wort will be ready for distillation is always more or less uncertain. An upset price should be fixed according to circumstances. Probably in the districts of the Pegu and Irrawaddy Divisions a sufficient upset price for an outstill would be R500. In smaller and poorer districts the upset price may be less than this."

38. The statistics given by the Chief Commissioner shew that the number of shops for liquor rose from 1,137 in 1876-77 to 2,465 in 1881-82, and since then has fallen to 1,346. For drugs the number of shops has recently been reduced to 17 only.

Central Provinces.

39. The Chief Commissioner, Central Provinces, says that the state of things described by the President of the British and Colonial Temperance Congress, London, does not exist in those Provinces; for, although a weak spirit distilled from the mohwa flower has always been consumed chiefly by the large aboriginal population in the Provinces, yet the excise system in force is not that described in the President's letter. The Chief Commissioner states that he has always been careful not to countenance any measures calculated to create or foster a taste for spirits. The system of farming the right to license outstills to the highest bidder was in force under native rule and down to the time when the Central Provinces were formed, and it was abolished upwards of twenty years ago. There are now three kinds of distilleries in those Provinces, *viz.*, sudder distilleries, contract stills, and outstills. No still, not even an outstill, can be worked in any place without a license from the Collector of the district; if the Collector proposes to increase the number of distilleries in his district he must obtain the sanction of the Local Government to that step; the precise number of shops to be opened in each district is fixed by the Collector, subject to the control of the Commissioner of Excise and the Local Government; a shop cannot be opened in any village without the Collector's permission, and, in short, a strict control is maintained over the establishment of both stills and shops.

40. The following paragraphs are quoted from his letter:—

"5. * * * * As to the habits of the people in the matter of drinking, it is of course true that, in accordance with their religious sentiments, Hindus of certain of the higher castes and Mahomedans do, as a body, abjure drink, but in these Provinces these classes form but a small portion of the total population. We have here, in a country much of which is wild and hilly and covered with long stretches of forest, a large aboriginal population, and in certain parts of the Province large numbers of persons of the lowest castes, who with their forefathers have always been accustomed to the use of liquor made from the flower of the mohwa tree. This tree occurs abundantly all over the Central Provinces, and the process by which spirit is distilled from the mowha flower in the wilder parts of the country is of the simplest character, a couple of earthen pots and a piece of hollow bamboo to form a tube constituting the distiller's apparatus. There is not a district in some portion of which spirit cannot under these circumstances be distilled illicitly without much fear of detection, and experience has proved most convincingly that unless the inherited taste of these people for this stimulant is satisfied by the establishment within their reach of shops where they can buy taxed spirit, they will resort to illicit distillation and render themselves liable to the penalties of the criminal law. It would be useless, even if it were expedient, to attempt to suppress consumption by refusing to license shops. Smuggling and its demoralising effects, prosecutions and criminal penalties, would, under the conditions of these Provinces, be the inevitable result. The wisest policy is to adopt such measures as will operate as a check on excessive drinking, and this is the policy which is followed here. It may be added that in the malarious tracts which abound in the Central Provinces, it is quite possible that the moderate consumption of a weak spirit, such as that ordinarily consumed in these Provinces, has its beneficial effects in protecting the people from chills and fevers. But, however that may be, there is the fact that the use of liquor in this part of the country has no connection with the advent of British rule, and that steps were first taken upwards of twenty years ago to restrict its consumption.

"6. Enough has been said to show that, as concerns the Central Provinces, the information on which the letter from the President of the Congress is based, is entirely misleading both in regard to the excise system in force and the habits of the great mass of the people in the matter of drinking. It only remains to deal with the enquiry made in your letter under acknowledgment, whether or not the rates of duty on liquor and drugs have been increased or decreased since the year 1860-61. The rates of duty on drugs have been materially increased, more especially of late years, and the consumption both of opium and ganja, the drugs in commonest use here, is very strictly controlled. It is less easy to give a definite reply to the enquiry in regard to liquor, because we have no complete statistics of consumption. The collection of such statistics in a country such as this, and under the excise system found to be best suited to its varying circumstances, is an impossibility, and also because a portion only of the total sum raised by the taxation

of spirit is taken in the shape of a direct duty. But there can be little doubt that the price to the consumer of taxed spirit of a given strength is considerably higher, especially in some of the larger towns where the monopolies of vend now fetch high prices owing to keener competitions than it was in 1860-61."

41. The statistics given by the Chief Commissioner shew that the number of shops, which stood at about 6,000 from 1865 to 1880, has in recent years been about 8,000. The revenue from liquor, which was six or seven lakhs up to 1875, has recently gradually increased up to 14½ lakhs.

Assam.

42. The Province of Assam contains tracts of country which widely differ from each other in respect of population and customs.

43. Regarding the aboriginal races, whose abstemiousness English administration is supposed to have corrupted, we quote the following extracts of letters submitted by the Chief Commissioner:—

From the Deputy Commissioner of Kamrup,—No. 3224, dated 18th March 1887.

"3. When the British occupied Assam, almost every cultivator of land grew a patch of poppy in the cold weather, and as the use of the drug is acquired in its most fascinating form by smoking, the householder, as well as his women and children, were confirmed opium-consumers, as the drug was collected by wiping off the juice of the poppy-heads on rags, which, on being dried, were quite prepared for smoking at the end of an ordinary pipe.

"4. Owing to the action of Government in stopping the cultivation of poppy in Assam in 1861 and introducing abkari opium in cakes, the use of the drug is now limited almost exclusively to adult men: very few women, and no children, are addicted to it. The few women who consume it now are ordinarily of the prostitute class, which is necessarily very limited, and, for statistical purposes, may be excluded altogether. The price of abkari opium has been gradually raised from R10 per seer to R32, so that additional discouragement has been given to its indiscriminate use.

"8. I am not aware that it is an historical fact that native dynasties frowned on the use of intoxicating liquors and drugs, and that they were practically unknown in former times. I have already stated that under the Assam kings no restrictions whatever were placed on the consumption of opium; and if the use of intoxicating liquors was not extensive, it was owing to the superior attraction of opium as an exciting medium, and its extreme cheapness. It is not on record that any measures were ever taken by native dynasties to restrict the use of intoxicating drugs and liquors.

"9. The inhabitants of Assam have increased enormously in wealth since they have been under British rule, and can now, if they like, indulge in more refined methods of intoxication. It is within my recollection when large masses of the population ate their food off plantain-leaves, not being able to afford brass dishes; when salt was a luxury, and its substitute in ordinary use was potash obtained from the ashes of dried plantain-leaves and other vegetation; when the only garments worn by the people were woven in their own houses, and Manchester goods were unknown or restricted to the rich. In such a condition of poverty, it was obviously impossible for the population to indulge in expensive stimulants, but opium was grown by all, and was used by nearly all, as the cost of cultivation was trifling and brought it within the reach of the poorest. Physically, the drug was most debilitating, and to its indiscriminate use in former times may be traced the puny appearance of the inhabitants in many parts of the Province at the present day. I think, if these facts were brought to the notice of the Congress, it would admit that the British system of excise, in Assam at least, has been productive of good, and not of evil."

From the Deputy Commissioner of the Khasi and Jaintia Hills,—No. 2519, dated 8th November 1886.

"2. With reference to the points raised by the President of the British and Foreign Temperance Congress I have the honour to remark as follows.

"As regards the district of the Khasi and Jaintia Hills, the remarks hardly apply, as outside of Shillong excise rules cannot properly be said to apply. On the broad question, my opinion is that were there no excise system in India drunkenness would vastly increase with the increase of prosperity which this country enjoys. The Jaintias are, perhaps, the most drunken race in the Province, if not in India, and they pay no excise taxes. Several times respectable Jaintias have implored me and my predecessors to introduce the excise system with the express view of lessening intemperance, but for various reasons this measure has not yet been adopted. Of course it would be idle to deny that the establishment of a shop at a place where one was not in existence before tends to increase the drunkenness of that particular locality. But this to my mind only shows that the desire to drink is omnipresent, and that if the demand now creates a supply in spite of the heavy taxes raised as excise duty, and in spite of all the vexatious rules and checks regulating the traffic, in the absence of these taxes, rules, and checks, for every one shop now in existence there would be a score if the Excise Department were abolished, unless, indeed, the manufacture of liquor was altogether prohibited throughout India. I should imagine that this is a measure which not even the Temperance Society would advocate; but, if they should do so, I would oppose it on the grounds that it would be an intolerable interference with the liberty of the subject; that India cannot afford to lose any revenue at all just now; that the excise tax is the least burdensome of all taxes, since no one need drink unless he likes; that all civilised nations drink, and apparently in exact proportion to the extent of their civilisation and general progress (England taking the lead)."

44. The general condition of the province may be stated in the words of the Chief Commissioner's letter:—

"3. It will be observed that all officers are unanimous in their opinion that the excise system of Assam has in no way tended to cause increase of intemperance amongst the people, and in this

opinion the Chief Commissioner entirely agrees. The figures furnished in the two statements appended to this report show very clearly that except in the case of country spirits, the policy of this Administration since the Chief Commissionership was formed has been to reduce the number of excise shops in the Province. Before 1874-75 the *mahal* auction system prevailed—that is to say, the right to license an unlimited number of shops (opium, country spirits, *ganja*, &c.) in each *mahal* or defined subdivision of a district was put up to auction. Subsequently, the system was modified somewhat by auctioning the right to open a limited number of shops only in the *mahal* sold, the auction-purchaser being allowed to locate his shops where he pleased. In the case of country spirits the auction price of these *mahals* was all the revenue that the Government realized. In the case of opium and *ganja*, the Government levied a duty on the drug that passed into consumption in addition to the auction price of *mahals*. This duty, as the reports of the Excise Commissioners show, has been considerably raised within the last twenty years.

"In 1882-83 the *mahal* auction system was abolished and the shop auction system introduced. Under this latter system the Commissioner of each excise division fixes the locality and limits the number of shops in each district, and each shop is separately put up to sale, duty on opium and *ganja* being realized in addition, as under the *mahal* system. Under this system a better control is exercised over the consumption of articles of excise, shops are better distributed, and their number has been, and is still being, reduced to the lowest number compatible with the legitimate requirements of the public.

"4. In regard to country spirits, it is impossible to ascertain what the actual consumption has been of recent years, as the shopkeepers cannot be made to keep accurate accounts. In the case of *ganja* and opium we know what the consumption is, because these articles of excise pay duty on what is actually passed out of the treasury or *ganja golahs* for consumption. It is, however, quite certain that the consumption of country spirits has largely increased within the last ten years, and will still go on increasing as the immigrant foreign population imported by our tea-gardens increases. In the six districts of the Assam Valley the native Hindu population do not as a rule consume country spirits. They prefer opium, while the semi-Hinduised aborigines brew their own liquor, which is not taxed so long as it is brewed for home consumption and not for sale. The number of liquor-shops in the Assam Valley Division was—

	Population.	No. of country spirit and rum shops.	No. of liquor-shops of all kinds.*
"In 1874-75	1,916,697	75	111
" 1879-80	...	126	185
" 1885-86	2,225,271	168	256

"In explanation of these figures, I am to refer you to paragraph 5 of the Report of the Commissioner of the Assam Valley Districts. The Commissioner has been taking steps to reduce the number of country spirit and rum shops as far as possible, but the legitimate wants of the immigrant tea-garden population must be supplied. If we closed the shops or reduced them materially they would brew for themselves.

"The whole principle of our excise system is to prevent this home or illicit brewing by the establishment of a sufficient number of licensed shops to satisfy the legitimate wants of the people. It is needless to say that this Administration does not recognise the desire to get drunk, where it exists, as a legitimate want, nor does Mr. Ward think that the number of country spirit and rum shops now existing in any district of the Province is such as to encourage such a desire where it does not exist."

"6. The President of the British and Colonial Congress does not notice intoxicating drugs. The following statement gives for each excise division the number of *ganja* and opium shops open at different periods during the past eleven years and the actual consumption :—

Division.	Number of shops.	Consumption in maunds.						Revenue derived from intoxicating drugs.
		Ganja.			Opium.			
		Mds.	Srs.	Ch.	Mds.	Srs.	Ch.	₹
Assam Valley Division—								
1874-75	3,782	184	19	4	1,729	34	0	11,50,372
1878-79	1,293	147	0	11	1,559	20	0	15,45,848
1885-86	1,273	139	12	8	1,355	22	15	16,48,406
Surma Valley and Hill Districts Division—								
1874-75	700	683	29	13	107	17	0	1,53,676
1878-79	377	440	1	2	95	39	0	2,03,953
1885-86	342	376	14	0½	90	33	2	2,56,067

"The large reduction of shops is explained by the abolition of the mahal system referred to above. The reduction in the consumption of intoxicating drugs in both divisions, accompanied by an increase in the revenue, is a fact which may, the Chief Commissioner thinks, be brought to the attention of the President of the British and Colonial Temperance Congress as illustrating the principles upon which the administration of the Excise Department is conducted in Assam."

* *i.e.*, country spirits, rum, imported wines, *tari*, *pachwai*. *Tari* and *pachwai* shops do not exceed six in the whole division. Imported wines are rarely consumed by the masses.

Other Provinces.

45. It remains to note the circumstances of three smaller provinces under British administration. The first of these, Berar, is in many of its features akin to the Central Provinces, and the Commissioner gives the following account of it. He states that the farming system, whereby the monopoly of vend within a given area is put up to auction and is disposed of to the highest bidder, has been in force since the assignment of the province to the British Government; that the number of retail shops is strictly limited to that clearly required by the wants of the people, and that the contractors are on no account allowed, without the special sanction of the Deputy Commissioner, to increase their number, the object of course being, it is stated, to obtain the highest possible amount of revenue distributed among the smallest number of places of vend, or, in other words, to heighten the price of liquor as far as possible. The Commissioner is of opinion that any greater restriction in the number of places of vend for liquor would probably force the people to distil surreptitiously for themselves, for the only spirit manufactured in the province is that distilled from mohwa, and mohwa trees abound in Berar. The Commissioner says that, apart from the rise of the revenue, which may sufficiently be accounted for by the growing numbers and more diffused wealth of the population, there are no indications that inebriation is at all a common or increasing vice among the people.

46. The number of liquor-shops has been about 2,400 ever since 1870, except for three years 1875 to 1878, when it fell to about 1,800. The revenue fell from 9¾ lakhs in 1870-71 to 8 lakhs during the period 1873 to 1878, but since then it has gradually increased to about 11 lakhs.

47. As regards Coorg, the Chief Commissioner states that the system of farming to the highest bidder the right of manufacture and sale of spirits is the old native system which prevailed in Coorg down to 1860-61 and is still in force in old-fashioned Native States, and that under this system there was no check at all on the amount of liquor the contractor could brew or the number of shops he might establish. The first result of the sudder distillery system was, in Coorg, a falling-off of revenue; but in 1870-71, under the influence of revenue prosperity from expansion of coffee enterprise and from better management, the revenue greatly increased. In 1873-74, and again in 1877-78, the still-head duty was raised, but though these measures must have made the liquor considerably dearer, they did not apparently check consumption, for the revenue went on increasing. The Chief Commissioner says that for the last four or five years the revenue has shewn some tendency to decrease, apparently on account of the depression of the coffee industry. The Chief Commissioner agrees with the Commissioner in thinking that Government in Coorg is not open to the reproach of having led the people into intemperance by its abkari system; that the Temperance Congress appears to him to be under a misapprehension as to facts, for in the Punjab and in Coorg, the two parts of India in which the Chief Commissioner (Mr. Lyall) has personal knowledge of the question, the result of the abkari system of the British Government has been to immensely raise the price of arrack above that at which it was sold under Native rule and in the earlier years of the British administration. It is stated that spirit which sold formerly at two annas per bottle or less now sells at one rupee. The Chief Commissioner observes that certain classes, or individuals of certain classes, may have taken to drinking under British rule, who, in former days, were prevented by tribal or family usage from drinking; but if this is so, it must be due to the greater license or liberty of the age and to the decay of respect for old usage.

48. The Chief Commissioner, Ajmere-Merwara, states that habits of intemperance are, no doubt, more common in those districts than they were twenty years ago, but he agrees with the Commissioner in thinking that this result may justly be attributed in great measure to the increase in wealth and the improved means of communication which have been introduced in that period, and the consequent extension of the market for intoxicating liquors. He is of opinion that ordinarily the real remedy for an increase in intemperance among the people would be the total prohibition of the manufacture of strong country liquor, but in these districts, surrounded as they are by Native States, where strong liquor is freely brewed, such a measure would in any case be necessarily of doubtful efficiency.

49. Up to the year 1883 the monopoly of the manufacture and sale of spirit was sold by auction to the highest bidder; but under this arrangement general complaints were made of the inferior quality of the country liquor, and accordingly the Bombay sudder distillery system was introduced in a modified form in the year 1884. Under this system, which is still in force, the manufacture of liquor is confined to the central distillery at Ajmere, and the Government receives a still-head duty fixed according to the alcoholic strength of the liquor sold. The exclusive right to manufacture and sell country spirit within certain maximum rates* is sold by auction to the highest bidder.

	Still-head duty.	Maximum selling-price.	
	₹ a.	₹ a.	
* 15° under proof .	1 8	4 8	per gallon.
25° " " .	1 4	3 12	"
50° " " .	1 0	3 0	"

50. The statistics given shew that the number of liquor-shops has ever since 1876-77 been a little over 180, and that during the ten years in question the liquor revenue has increased from ₹40,000 to ₹90,000.

Explanation.

The following vernacular terms are used in the above correspondence :—

Abkari: Excise.
Sayer: Inland imposts: included Excise Revenue under the ancient Native system.

Mal: Land Revenue.
Mahal: The area (geographical or otherwise) comprehended within a farm or other settlement of revenue.
Sudder distillery: An erection or enclosure appointed by the Excise authorities within which licensees are allowed to distil spirits.
Taluka: A subdivision of a district.

STATEMENTS REFERRED TO IN PARA. 21 OF THE ENCLOSURE OF THE PRECEDING DESPATCH.

Statement shewing the quantities of toddy spirit and mowra spirit of the strength 25° U. P. consumed in the Island of Bombay during each of the ten years from 1872-73 to 1881-82, and the rates and amounts of duty realized thereon, &c., &c.

Years.	MOWRA SPIRIT.			TODDY SPIRIT.						TOTAL.	
	Number of gallons spirit consumed.	Rate of duty charged per gallon.	Amount of duty realized.	Numbers of trees licensed to be tapped.			Rate of tax per tree per annum.	Estimated number of gallons spirit produced.	Amount of tree tax realizations.	Number of gallons of spirit mowra and toddy consumed.	Amount of duty realized.
				Cocoa-nut.	Brab.	Total.					
		R a. p.	R						R		R
1872-73 .	559,630	1 0 0	5,59,630	24,783	1,972	26,755	6	347,815	1,60,530	907,445	7,20,160
1873-74 .	553,025	1 0 0	5,56,912	23,649	1,818	25,467	6	331,071	1,52,802	884,096	7,09,714
1874-75 .	599,115	1 0 0	6,20,208	21,441	1,103	22,544	6 (a) & 7 (b)	293,072	1,56,453	892,187	7,76,661
1875-76 .	656,700	1 0 0	7,16,479	23,199	1,616	24,815	7	322,595	1,73,705	979,295	8,90,184
1876-77 .	418,997	1 12 0	8,24,899	10,162	1,183	11,345	9	147,484	1,02,105	566,482	9,27,004
1877-78 .	362,266	(a) 1 12 0 (b) 2 4 0	8,11,926	21,074	1,333	72,407	9 (a) & 12(b)	291,291	2,39,300	653,557	10,51,226
1878-79 .	295,110	2 4 0	7,28,167	21,376	936	22,312	15	290,056	3,34,680	585,166	10,62,847
1879-80 .	320,415	2 4 0	799,108	15,855	650	16,505	15 (a)& 18(b)	214,565	2,76,459	534,980	10,75,567
1880-81 .	380,759	2 4 0	948,837	15,290	269	15,559	18	202,267	2,80,062	583,026	12,28,899
1881-82 .	400,434	2 4 0	989,300	17,469	230	17,699	18	230,087	3,18,582	630,521	13,07,882

(a) For the first five months of the year.
(b) For the last seven months of the year.

Statement shewing the quantities of country spirits consumed in the Surat District during each of the ten years from 1872-73 to 1881-82, and the rates and amount of duty realized thereon, &c., &c.

Years.	Tracts supplied with liquor from the Surat Distillery.	Population of the tracts supplied.	Number of gallons of spirit issued from the Distillery.	Rate of duty levied per gallon.	Amount of duty collected.	Remarks.
				R a. p.	R	
1872-73 .	Surat City and six miles round	107,149	85,523	1 4 0	1,06,904	See remarks in the Ahmedabad statement above.
1873-74 .	Ditto ditto .		89,105	1 4 0	1,11,381	
1874-75 .	Ditto ditto .		99,053	1 4 0	1,23,816	
1875-76 .	Ditto ditto .		94,375	1 4 0	1,17,969	
1876-77 .	Ditto ditto .		95,861	1 4 0	1,19,826	
1877-78 .	Ditto ditto .		86,964	1 4 0	1,08,705	
1878-79 .	Ditto ditto .		45,222	2 0 0	90,444	
1879-80 .	Surat City, Chorasi, and Olpad talukas	221,840	75,312	2 0 0	1,50,624	
1880-81 .	Ditto ditto .	221,840	77,634	2 0 0	1,55,268	
1881-82 .	Surat City, Chorasi, Olpad, and Bardoli talukas . . .	292,767	94,542	2 0 0 1 8 0	1,77,767	

Statement shewing the quantities of country spirits consumed in the Balsar District during each of ten years from 1872-73 to 1881-82, and the rates and amount of duty realized thereon, &c., &c.

YEARS.	Tracts supplied with liquor from the Balsar Distillery.	Population of the tracts supplied.	Number of gallons of spirit issued from the Distillery.	Rate bond per gallon.	Amount of duty collected.	REMARKS.
				R a. p.	R	
1872-73 .	Town of Balsar and six miles round	11,313	The Balsar Distillery was not opened till 1873-74.			See remarks in the Ahmedabad statement above.
1873-74 .						
1874-75 .	Ditto ditto .		56,853	0 8 0	28,426	
1875-76 .	Ditto ditto .		62,676	0 8 0	31,388	
1876-77 .	Ditto ditto .		62,358	0 8 0	31,179	
1877-78 .	Ditto ditto .		65,880	0 8 0	32,940	
1878-79 .	Ditto ditto .		67,600	0 8 0	33,800	
1879-80 .	Ditto ditto .		22,270	1 0 0	22,270	
1880-81	Town of Balsar and the Balsar and Pardi talukas . .	129,956	75,362	1 0 0	75,362	
	Ditto ditto .	129,956	86,689	1 0 0	86,689	
1881-82 .	Town of Balsar and the Balsar, Pardi, Jalalpur, and Chikhli talukas	270,631	87,267	1 8 0	1,30,900	

No. 63, dated 18th August 1887.

From—The Secretary of State for India,
To—The Government of India.

Question by Mr. Bryce, dated 22nd July 1887.
Answer.
Question by Mr. Bryce, dated 2nd August 1887.
Answer.

With reference to recent correspondence terminating with your telegrams of the 30th ultimo, I forward herewith for Your Excelleney's information copy of the papers noted in the margin respecting the issue of licenses for the sale of intoxicating liquors and opium in Burma.

2. You state in one of your telegrams of the last-mentioned date that you do not understand why the question is now raised, as no orders have been passed by you since the Regulation of 19th March 1886, a matter in regard to which I am addressing you separately in the Legislative Department. I find, however, in the Proceedings of the Chief Commissioner, Burma, for December 1886, distinct proposals on the part of Mr. Crosthwaite in connection with this matter. The reply which I caused to be given to Mr. Bryce on the 22nd July last, was founded mainly upon this document, which was considered likely to form the basis of any measures which might be deemed expedient. As, however, you explain in your telegram of the 6th instant that some recent action has taken place in connection with the grant of spirit licenses in Burma, it is not necessary further to allude to this matter, especially as I now gather from you that the whole subject of the Burmese opium and liquor traffic is under consideration. I shall, therefore, await a full report of your proceedings, including a Return of Licenses for the Sale of Intoxicating Liquors and Opium issued in Upper Burma since the annexation of that country, showing the number of such licenses issued, the times at which, the districts for which, and the periods for which they have been issued, the prices paid for them respectively; the conditions or regulations subject to which they have been issued, and the estimated number (so far as is ascertainable) of Chinese, of Shans, and other non-Burman Buddhists and of non-Burmans who are not Buddhists, in each of the several districts aforesaid.

3. I do not desire to fetter your discretion in general matters of administration, and it does not seem necessary that you should receive my special sanction before making such arrangements for the Revenue administration of the Province as you may consider necessary. I desire, however, to impress upon you that the strongest precautions should be taken to prevent the sale of opium and spirits to Burmans, and the issue of licenses in places where the population is purely Burmese.

4. I am aware of your desire to be informed at once when the attention of Parliament is likely to be called to any subject of Indian administration, and I know that you are fully alive to the expediency in matters of importance of keeping me duly informed as to the progress of affairs. In the present instance, however, the only details procurable are contained in the volumes of proceedings where the narrative is disconnected and incomplete, nor is it possible in some cases to trace accurately the course of events seeing that isolated circumstances are frequently modified by subsequent transactions.

considerable restriction of the outstill area in the interior of the Provinces, leaving the outstills so ranged along the outer tracts as to guard the frontier and the wilder districts. His Honour trusts that all district officers—whose active co-operation is so indispensable to the success of this policy—will spare no pains to support it. If it is true, as is so frequently affirmed, that the immediate rise of revenue that accompanies the introduction of outstills is the measure of illicit distillation 'stamped out,' then there must be other means of repressing such extensive illegalities in ordinary districts with the large police and revenue establishments at the disposal of the chief executive officer. If however special detective and preventive agency is found to be needed, the Government will be ready to consider the recommendations of the Board upon this point.

"20. The Lieutenant-Governor and Chief Commissioner is quite aware of the reasons which render an increase in the consumption of liquor, and consequent rise of revenue, not only natural but inevitable. And it is observed, with reason, in the Report that during the tast twenty years the gross receipts have not increased to any remarkable or unaccountable degree, having regard to the growing prosperity of the country and to improved administration. It is also pointed out that in the best-managed sudder distillery districts the average consumption per head is often as high as in tracts under the outstills. Nevertheless, the excise revenue is in many ways so important that the details of its development require to be carefully watched in every district; and the Government will not be satisfied until by steady and continuous persistence in a systematic policy the proper conditions of good and effective management have been ascertained, and until fair progress has been made in bringing the consumption of spirituous liquors and drugs under regular taxation and uniform control."

* * * * * * * * *

Chandu.

"37. The subject of chandu-smoking has engaged the attention of many officers, without eliciting any proposal of practical interest. The total prohibition of the practice has been tried and has failed. It is absurd to attempt to make the private use of chandu penal, but the public use of it should be discouraged in every way. New licenses should not be granted without careful enquiry as to the need for them, in order to prevent the opening of illicit shops; and it seems desirable to reduce the chandu and madak shops to the lowest possible scale. It is understood that considerable reduction has been made during the current year, and that more will be made next year."

Punjab.

34. The Government of the Punjab contend that the remarks contained in the letter from the President of the Congress have little or no application to that Province, where the outstill system has only been experimentally introduced into three tahsils of one district, and where liquor has been so highly taxed as to have led to illicit distillation and smuggling on a considerable scale in those parts of the Province where the population is addicted to drinking. The Financial Commissioner of the Punjab states that the excise system of that Province can have in no way encouraged drinking, for, while the population since 1867-68 has increased by about 7 per cent., the consumption of spirits during that period has been almost stationary; that during the same period the largest consumption in any one year was in 1867-68, when it reached 141,814 gallons, and that even this quantity falls at the rate of only one-sixteenth of a pint per head of the population per annum.

35. This refers to the absolute number of gallons consumed, as the consumption reduced to the standard of London proof shows a continual increase. A statement which is appended to the Finance Commissioner's memorandum upon the excise system shews that the consumption has gradually risen from 88,128 gallons (London proof) in 1865-66 to 121,154 gallons in 1884-85. The taxation at the same time, including both still-head duty and license fees, has risen from R4,84,796 to R6,95,513, having been, throughout the period, between R5 and R6 per gallon. The number of liquor shops at the same time has increased from 874 to 1,722, this last number giving one for every 10,000 or 11,000 of population.

Burma.

36. The Chief Commissioner of Burma gives the following account of the excise system in that Province:—

"3. Up to 1871-72 the Excise Department of the Province was worked under the farming system, which consisted in disposing of the monopoly to sell drugs or spirits in large tracts of country to one person or company under certain restrictions. Opium was sold from the Government treasuries at R24 a seer, except in one district of Arakan bordering on Chittagong, where the price was fixed at R20, afterwards raised in 1871-72 to R22, as that was the price at which it was sold in Chittagong. Licenses were issued for the sale of ganja up to the year 1872, since which the cultivation, sale, or possession of that drug has been absolutely prohibited.

"For the manufacture of so-called 'country spirit' after the European method of distillation there were three licensed distilleries—one at Akyab, one at Rangoon, and one at Moulmein. At Akyab the spirit-farmer was also the distiller, and he paid Government R2-4 a gallon on the quantity of spirit passed out from the distillery. At Rangoon and Moulmein the distillers each paid Government a lump sum of R10,000 a year for the privilege of working the distillery, and this sum covered all charges on the part of Government, no duty being levied on the produce of the stills. In 1869-70 a similar method was adopted at Akyab, the distiller paying R3,000 a year to Government.

"4. The distillery system was not found to be satisfactory in so far as regarded outlying stations at great distances from the distillery, to which, especially in the rainy season, people were not willing to come for their supplies. The difficulty of obtaining spirits from the central distilleries no doubt gave rise to much illicit distillation, and there was a gradual falling off in the rents paid for the spirit farms and in the quantities of spirit taken from the distilleries. It was decided,

ıen the new Excise Act (X of 1871) came into force, to make a change of system—to establish, tracts where there was a considerable and compact population consuming spirits, central dis- leries, in which distillers could place their own stills for the preparation of spirit; and in the ·ge tracts of country from which the distilleries were too distant to be a convenience, to establish ·her the outstill or monthly-tax system, in order that the people in these parts might have no cuse for illicit distillation. Accordingly, on the 1st April 1872, when the new Excise Act came to force, new rules were introduced authorising the disposal of licenses in the following man- r:—The three central distilleries already alluded to were continued, but the system of charging high fixed rental for working them—a system which had been found to be too favourable to the stiller and bad in principle, as tending to encourage a large outturn of spirit—was abolished. ı lieu of this the distiller was charged a nominal license fee, and on each gallon of spirits passed ıt for consumption a still-head duty of R2-8 a gallon was levied. In the interior, licenses were ·anted for the manufacture of spirit after the native method of distillation, a monthly sum being ıid for the privilege of working a still of certain capacity. The mode of disposing of the right · sell the spirit by retail was also modified. Instead of the monopoly being farmed out to one ·rson in each town, with the option of opening shops where he thought proper, licenses were ·anted for shops at specified places, selected by the Deputy Commissioner in communication with ıe Superintendent of Police, and these licenses were sold either at a fixed rate or to the highest ıidder at the discretion of the Commissioner of the Division. In the case of tari or toddy (the ıp of the palmyra and other palm trees), licenses for its sale in an unfermented state were issued t a nominal fee, while the fee for a license to sell fermented toddy was also moderate. It was the ·ish of the Government of India* that 'a heavy duty should not be imposed on toddy lest owing) over-taxation the people should be driven to have recourse to stronger spirits or even to ıjurious drugs.' It was, however, provided that farms for the retail vend of fermented toddy ·ithin given tracts of country might be granted by district officers with the previous sanction of he Commissioner of the Division.

"5. The general system above described has been maintained ever since, modifications in the ules and changes in the number of licenses disposed of being made from time to time as circumtances seemed to require. In 1876 the rate of duty on spirit made at distilleries was raised from R2-8 to R4 a gallon for spirit of London proof, so as to assimilate the rate to that levied on imıorted spirit. This rate of duty was maintained to the end of March 1886, when, as the outcome ıf representations that had been made to the Local Government time after time for many years by he Rangoon and Moulmein distillers that their high rate of duty served as an encouragement to llicit distillation, and that their business was being seriously injured by the importation from he Straits of large and increasing quantities of a liquor known as 'Penang rum,' the duty on distilery spirit was, as a temporary measure, reduced to R3 a proof gallon. In consequence of the ·aising of the duty on imported spirits the Rangoon distiller has been called upon to show cause why he duty on the locally-distilled liquor should not be raised to R3-12 or R4."

* * * * * * * * *

"8. With regard to the last sentence of the letter under reply, it may be stated that 'the ight to license outstills' has never been farmed to the highest bidder. A certain number of licenses to work outstills are granted every year in localities where they are believed to be necesıary in order to meet a genuine demand for liquor, which would otherwise be supplied by illicit listillation. These licenses are put up one by one at public auction and sold to the highest ɔidder.

"9. There is some difference of opinion regarding the increase of drunkenness amongst the natives of the country. The main difficulty with which the Administration has to cope is illicit manufacture of spirit in a country where a sparse population and heavy jungles render illicit manufacture specially difficult to detect. Until this difficulty can be more effectually overcome it is useless to attempt to introduce greater stringency into the rules regarding the number and arrangement of licensed shops. In the large seaport towns of Rangoon, Moulmein, Bassein, and Akyab, as in every seaport throughout the world where sailors congregate, more or less evidence of the evils attending indulgence in strong drinks is certainly to be met with, but it is hoped that, taking the Province as a whole, the people are not to any great extent falling into habits of overindulgence in intoxicating liquors."

37. The principles upon which the outstill system is to be worked are contained in the following extract from the Excise Commissioner's instructions:—

"*Form XII.—Outstill license.*—This license will be more used than it is at present. The attempt to induce people to drink distillery liquor has failed, probably because the price at which it can be sold is too high, and the liquor sold under these licenses has no doubt generally been illicitly-distilled liquor, which, though sold perhaps at the same price per bottle, is stronger and yields the vendor a far higher profit. Something has been done in certain districts to check this illicit manufacture. It is impossible, however, to do more than temporarily check it unless, where the demand for cheap liquor is considerable, a licit supply is made available. The foreign liquor licenses will not in all cases effect this, the price of these liquors being high. It is consequently necessary in most districts to establish outstills under the supervision and restrictions described in Rules 45 and 46. The outstill system is a fair one if the outturn of the still is controlled as much as is possible. In no case that I have yet seen, except perhaps at a district head-quarters, including Akyab, where the license fee is high, has a still of more than ten gallons been required, and even this is only worked as a rule four or five times a month, two boilings, or at most three, being done in the day. At certain seasons of the year distillation may be more frequent. In the rarest cases only should a still exceeding ten gallons be permitted, and the working should be most carefully watched. The number of working days per month should also be limited with care. If a licensee is allowed to have a still of a large size and is allowed to distil any quantity, irrespective of the fee he pays and of the demand of the locality for liquor, he may endeavour to force a demand. The possibility of this should be prevented so far as may be by limiting the number of

* Despatch No. 1533, dated 31st July 1872, from Financial Department.

days per month on which distillation is permitted, so that he may be obliged, allowing three brews to the day, the outturn of which will generally be at least five gallons of saleable spirits 30° to 50° U. P., to work his still nearly every permitted day to satisfy the legitimate demand. The amount of spirit which the still should be permitted to produce should bear some sort of relation to the license fee paid, it being borne in mind that the license fee is partly in lieu of duty. Careful supervision will gradually make it possible to determine with fair accuracy in each case the relation which should subsist between permitted outturn and license fee. The demand will no doubt grow—it is to be expected that it should. What is necessary is to endeavour to make the supply follow and not excite the demand. At the same time the licensed outstiller must not be overweighted with restrictions, or the outstill will fail in one of its chief objects—the repression of the illicit trade. Clause 3 of the license requires that notice of the intention to distil should be given to the officer in charge of the police station where the outstill is situated. It should be easy to see that the still is not worked more than the fixed number of days per mensem. It is perhaps needless to add that dates for distillation cannot be fixed in the license, as the time when the wash or wort will be ready for distillation is always more or less uncertain. An upset price should be fixed according to circumstances. Probably in the districts of the Pegu and Irrawaddy Divisions a sufficient upset price for an outstill would be R500. In smaller and poorer districts the upset price may be less than this."

38. The statistics given by the Chief Commissioner shew that the number of shops for liquor rose from 1,137 in 1876-77 to 2,465 in 1881-82, and since then has fallen to 1,346. For drugs the number of shops has recently been reduced to 17 only.

Central Provinces.

39. The Chief Commissioner, Central Provinces, says that the state of things described by the President of the British and Colonial Temperance Congress, London, does not exist in those Provinces; for, although a weak spirit distilled from the mohwa flower has always been consumed chiefly by the large aboriginal population in the Provinces, yet the excise system in force is not that described in the President's letter. The Chief Commissioner states that he has always been careful not to countenance any measures calculated to create or foster a taste for spirits. The system of farming the right to license outstills to the highest bidder was in force under native rule and down to the time when the Central Provinces were formed, and it was abolished upwards of twenty years ago. There are now three kinds of distilleries in those Provinces, *viz.*, sudder distilleries, contract stills, and outstills. No still, not even an outstill, can be worked in any place without a license from the Collector of the district; if the Collector proposes to increase the number of distilleries in his district he must obtain the sanction of the Local Government to that step; the precise number of shops to be opened in each district is fixed by the Collector, subject to the control of the Commissioner of Excise and the Local Government; a shop cannot be opened in any village without the Collector's permission, and, in short, a strict control is maintained over the establishment of both stills and shops.

40. The following paragraphs are quoted from his letter:—

"5. * * * * As to the habits of the people in the matter of drinking, it is of course true that, in accordance with their religious sentiments, Hindus of certain of the higher castes and Mahomedans do, as a body, abjure drink, but in these Provinces these classes form but a small portion of the total population. We have here, in a country much of which is wild and hilly and covered with long stretches of forest, a large aboriginal population, and in certain parts of the Province large numbers of persons of the lowest castes, who with their forefathers have always been accustomed to the use of liquor made from the flower of the mohwa tree. This tree occurs abundantly all over the Central Provinces, and the process by which spirit is distilled from the mowha flower in the wilder parts of the country is of the simplest character, a couple of earthen pots and a piece of hollow bamboo to form a tube constituting the distiller's apparatus. There is not a district in some portion of which spirit cannot under these circumstances be distilled illicitly without much fear of detection, and experience has proved most convincingly that unless the inherited taste of these people for this stimulant is satisfied by the establishment within their reach of shops where they can buy taxed spirit, they will resort to illicit distillation and render themselves liable to the penalties of the criminal law. It would be useless, even if it were expedient, to attempt to suppress consumption by refusing to license shops. Smuggling and its demoralising effects, prosecutions and criminal penalties, would, under the conditions of these Provinces, be the inevitable result. The wisest policy is to adopt such measures as will operate as a check on excessive drinking, and this is the policy which is followed here. It may be added that in the malarious tracts which abound in the Central Provinces, it is quite possible that the moderate consumption of a weak spirit, such as that ordinarily consumed in these Provinces, has its beneficial effects in protecting the people from chills and fevers. But, however that may be, there is the fact that the use of liquor in this part of the country has no connection with the advent of British rule, and that steps were first taken upwards of twenty years ago to restrict its consumption.

"6. Enough has been said to show that, as concerns the Central Provinces, the information on which the letter from the President of the Congress is based, is entirely misleading both in regard to the excise system in force and the habits of the great mass of the people in the matter of drinking. It only remains to deal with the enquiry made in your letter under acknowledgment, whether or not the rates of duty on liquor and drugs have been increased or decreased since the year 1860-61. The rates of duty on drugs have been materially increased, more especially of late years, and the consumption both of opium and ganja, the drugs in commonest use here, is very strictly controlled. It is less easy to give a definite reply to the enquiry in regard to liquor, because we have no complete statistics of consumption. The collection of such statistics in a country such as this, and under the excise system found to be best suited to its varying circumstances, is an impossibility, and also because a portion only of the total sum raised by the taxation

of spirit is taken in the shape of a direct duty. But there can be little doubt that the price to the consumer of taxed spirit of a given strength is considerably higher, especially in some of the larger towns where the monopolies of vend now fetch high prices owing to keener competitions than it was in 1860-61."

41. The statistics given by the Chief Commissioner shew that the number of shops, which stood at about 6,000 from 1865 to 1880, has in recent years been about 8,000. The revenue from liquor, which was six or seven lakhs up to 1875, has recently gradually increased up to 14½ lakhs.

Assam.

42. The Province of Assam contains tracts of country which widely differ from each other in respect of population and customs.

43. Regarding the aboriginal races, whose abstemiousness English administration is supposed to have corrupted, we quote the following extracts of letters submitted by the Chief Commissioner:—

From the Deputy Commissioner of Kamrup,—No. 3224, dated 18th March 1887.

"3. When the British occupied Assam, almost every cultivator of land grew a patch of poppy in the cold weather, and as the use of the drug is acquired in its most fascinating form by smoking, the householder, as well as his women and children, were confirmed opium-consumers, as the drug was collected by wiping off the juice of the poppy-heads on rags, which, on being dried, were quite prepared for smoking at the end of an ordinary pipe.

"4. Owing to the action of Government in stopping the cultivation of poppy in Assam in 1861 and introducing abkari opium in cakes, the use of the drug is now limited almost exclusively to adult men: very few women, and no children, are addicted to it. The few women who consume it now are ordinarily of the prostitute class, which is necessarily very limited, and, for statistical purposes, may be excluded altogether. The price of abkari opium has been gradually raised from R10 per seer to R32, so that additional discouragement has been given to its indiscriminate use.

"8. I am not aware that it is an historical fact that native dynasties frowned on the use of intoxicating liquors and drugs, and that they were practically unknown in former times. I have already stated that under the Assam kings no restrictions whatever were placed on the consumption of opium; and if the use of intoxicating liquors was not extensive, it was owing to the superior attraction of opium as an exciting medium, and its extreme cheapness. It is not on record that any measures were ever taken by native dynasties to restrict the use of intoxicating drugs and liquors.

"9. The inhabitants of Assam have increased enormously in wealth since they have been under British rule, and can now, if they like, indulge in more refined methods of intoxication. It is within my recollection when large masses of the population ate their food off plantain-leaves, not being able to afford brass dishes; when salt was a luxury, and its substitute in ordinary use was potash obtained from the ashes of dried plantain-leaves and other vegetation; when the only garments worn by the people were woven in their own houses, and Manchester goods were unknown or restricted to the rich. In such a condition of poverty, it was obviously impossible for the population to indulge in expensive stimulants, but opium was grown by all, and was used by nearly all, as the cost of cultivation was trifling and brought it within the reach of the poorest. Physically, the drug was most debilitating, and to its indiscriminate use in former times may be traced the puny appearance of the inhabitants in many parts of the Province at the present day. I think, if these facts were brought to the notice of the Congress, it would admit that the British system of excise, in Assam at least, has been productive of good, and not of evil."

From the Deputy Commissioner of the Khasi and Jaintia Hills,—No. 2519, dated 8th November 1886.

"2. With reference to the points raised by the President of the British and Foreign Temperance Congress I have the honour to remark as follows.

"As regards the district of the Khasi and Jaintia Hills, the remarks hardly apply, as outside of Shillong excise rules cannot properly be said to apply. On the broad question, my opinion is that were there no excise system in India drunkenness would vastly increase with the increase of prosperity which this country enjoys. The Jaintias are, perhaps, the most drunken race in the Province, if not in India, and they pay no excise taxes. Several times respectable Jaintias have implored me and my predecessors to introduce the excise system with the express view of lessening intemperance, but for various reasons this measure has not yet been adopted. Of course it would be idle to deny that the establishment of a shop at a place where one was not in existence before tends to increase the drunkenness of that particular locality. But this to my mind only shows that the desire to drink is omnipresent, and that if the demand now creates a supply in spite of the heavy taxes raised as excise duty, and in spite of all the vexatious rules and checks regulating the traffic, in the absence of these taxes, rules, and checks, for every one shop now in existence there would be a score if the Excise Department were abolished, unless, indeed, the manufacture of liquor was altogether prohibited throughout India. I should imagine that this is a measure which not even the Temperance Society would advocate; but, if they should do so, I would oppose it on the grounds that it would be an intolerable interference with the liberty of the subject; that India cannot afford to lose any revenue at all just now; that the excise tax is the least burdensome of all taxes, since no one need drink unless he likes; that all civilised nations drink, and apparently in exact proportion to the extent of their civilisation and general progress (England taking the lead)."

44. The general condition of the province may be stated in the words of the Chief Commissioner's letter:—

"3. It will be observed that all officers are unanimous in their opinion that the excise system of Assam has in no way tended to cause increase of intemperance amongst the people, and in this

opinion the Chief Commissioner entirely agrees. The figures furnished in the two statements appended to this report show very clearly that except in the case of country spirits, the policy of this Administration since the Chief Commissionership was formed has been to reduce the number of excise shops in the Province. Before 1874-75 the *mahal* auction system prevailed—that is to say, the right to license an unlimited number of shops (opium, country spirits, *ganja*, &c.) in each *mahal* or defined subdivision of a district was put up to auction. Subsequently, the system was modified somewhat by auctioning the right to open a limited number of shops only in the *mahal* sold, the auction-purchaser being allowed to locate his shops where he pleased. In the case of country spirits the auction price of these *mahals* was all the revenue that the Government realized. In the case of opium and *ganja*, the Government levied a duty on the drug that passed into consumption in addition to the auction price of *mahals*. This duty, as the reports of the Excise Commissioners show, has been considerably raised within the last twenty years.

"In 1882-83 the *mahal* auction system was abolished and the shop auction system introduced. Under this latter system the Commissioner of each excise division fixes the locality and limits the number of shops in each district, and each shop is separately put up to sale, duty on opium and *ganja* being realized in addition, as under the *mahal* system. Under this system a better control is exercised over the consumption of articles of excise, shops are better distributed, and their number has been, and is still being, reduced to the lowest number compatible with the legitimate requirements of the public.

"4. In regard to country spirits, it is impossible to ascertain what the actual consumption has been of recent years, as the shopkeepers cannot be made to keep accurate accounts. In the case of *ganja* and opium we know what the consumption is, because these articles of excise pay duty on what is actually passed out of the treasury or *ganja golahs* for consumption. It is, however, quite certain that the consumption of country spirits has largely increased within the last ten years, and will still go on increasing as the immigrant foreign population imported by our tea-gardens increases. In the six districts of the Assam Valley the native Hindu population do not as a rule consume country spirits. They prefer opium, while the semi-Hinduised aborigines brew their own liquor, which is not taxed so long as it is brewed for home consumption and not for sale. The number of liquor-shops in the Assam Valley Division was—

	Population.	No. of country spirit and rum shops.	No. of liquor-shops of all kinds.*
"In 1874-75	1,916,697	75	111
" 1879-80	...	126	185
" 1885-86	2,225,271	168	256

"In explanation of these figures, I am to refer you to paragraph 5 of the Report of the Commissioner of the Assam Valley Districts. The Commissioner has been taking steps to reduce the number of country spirit and rum shops as far as possible, but the legitimate wants of the immigrant tea-garden population must be supplied. If we closed the shops or reduced them materially they would brew for themselves.

"The whole principle of our excise system is to prevent this home or illicit brewing by the establishment of a sufficient number of licensed shops to satisfy the legitimate wants of the people. It is needless to say that this Administration does not recognise the desire to get drunk, where it exists, as a legitimate want, nor does Mr. Ward think that the number of country spirit and rum shops now existing in any district of the Province is such as to encourage such a desire where it does not exist."

"6. The President of the British and Colonial Congress does not notice intoxicating drugs. The following statement gives for each excise division the number of *ganja* and opium shops open at different periods during the past eleven years and the actual consumption :—

Division.	Number of shops.	Consumption in maunds. Ganja.			Consumption in maunds. Opium.			Revenue derived from intoxicating drugs.
		Mds.	Srs.	Ch.	Mds.	Srs.	Ch.	₹
Assam Valley Division—								
1874-75	3,782	184	19	4	1,729	34	0	11,50,372
1878-79	1,293	147	0	11	1,559	20	0	15,45,848
1885-86	1,273	139	12	8	1,355	22	15	16,48,406
Surma Valley and Hill Districts Division—								
1874-75	700	683	29	13	107	17	0	1,53,676
1878-79	377	440	1	2	95	39	0	2,03,953
1885-86	342	376	14	0½	90	33	2	2,56,067

"The large reduction of shops is explained by the abolition of the mahal system referred to above. The reduction in the consumption of intoxicating drugs in both divisions, accompanied by an increase in the revenue, is a fact which may, the Chief Commissioner thinks, be brought to the attention of the President of the British and Colonial Temperance Congress as illustrating the principles upon which the administration of the Excise Department is conducted in Assam."

* *i.e.*, country spirits, rum, imported wines, *tari*, *pachwai*. *Tari* and *pachwai* shops do not exceed six in the whole division. Imported wines are rarely consumed by the masses.

Other Provinces.

45. It remains to note the circumstances of three smaller provinces under British administration. The first of these, Berar, is in many of its features akin to the Central Provinces, and the Commissioner gives the following account of it. He states that the farming system, whereby the monopoly of vend within a given area is put-up to auction and is disposed of to the highest bidder, has been in force since the assignment of the province to the British Government; that the number of retail shops is strictly limited to that clearly required by the wants of the people, and that the contractors are on no account allowed, without the special sanction of the Deputy Commissioner, to increase their number, the object of course being, it is stated, to obtain the highest possible amount of revenue distributed among the smallest number of places of vend, or, in other words, to heighten the price of liquor as far as possible. The Commissioner is of opinion that any greater restriction in the number of places of vend for liquor would probably force the people to distil surreptitiously for themselves, for the only spirit manufactured in the province is that distilled from mohwa, and mohwa trees abound in Berar. The Commissioner says that, apart from the rise of the revenue, which may sufficiently be accounted for by the growing numbers and more diffused wealth of the population, there are no indications that inebriation is at all a common or increasing vice among the people.

46. The number of liquor-shops has been about 2,400 ever since 1870, except for three years 1875 to 1878, when it fell to about 1,800. The revenue fell from 9¾ lakhs in 1870-71 to 8 lakhs during the period 1873 to 1878, but since then it has gradually increased to about 11 lakhs.

47. As regards Coorg, the Chief Commissioner states that the system of farming to the highest bidder the right of manufacture and sale of spirits is the old native system which prevailed in Coorg down to 1860-61 and is still in force in old-fashioned Native States, and that under this system there was no check at all on the amount of liquor the contractor could brew or the number of shops he might establish. The first result of the sudder distillery system was, in Coorg, a falling-off of revenue; but in 1870-71, under the influence of revenue prosperity from expansion of coffee enterprise and from better management, the revenue greatly increased. In 1873-74, and again in 1877-78, the still-head duty was raised, but though these measures must have made the liquor considerably dearer, they did not apparently check consumption, for the revenue went on increasing. The Chief Commissioner says that for the last four or five years the revenue has shewn some tendency to decrease, apparently on account of the depression of the coffee industry. The Chief Commissioner agrees with the Commissioner in thinking that Government in Coorg is not open to the reproach of having led the people into intemperance by its abkari system; that the Temperance Congress appears to him to be under a misapprehension as to facts, for in the Punjab and in Coorg, the two parts of India in which the Chief Commissioner (Mr. Lyall) has personal knowledge of the question, the result of the abkari system of the British Government has been to immensely raise the price of arrack above that at which it was sold under Native rule and in the earlier years of the British administration. It is stated that spirit which sold formerly at two annas per bottle or less now sells at one rupee. The Chief Commissioner observes that certain classes, or individuals of certain classes, may have taken to drinking under British rule, who, in former days, were prevented by tribal or family usage from drinking; but if this is so, it must be due to the greater license or liberty of the age and to the decay of respect for old usage.

48. The Chief Commissioner, Ajmere-Merwara, states that habits of intemperance are, no doubt, more common in those districts than they were twenty years ago, but he agrees with the Commissioner in thinking that this result may justly be attributed in great measure to the increase in wealth and the improved means of communication which have been introduced in that period, and the consequent extension of the market for intoxicating liquors. He is of opinion that ordinarily the real remedy for an increase in intemperance among the people would be the total prohibition of the manufacture of strong country liquor, but in these districts, surrounded as they are by Native States, where strong liquor is freely brewed, such a measure would in any case be necessarily of doubtful efficiency.

49. Up to the year 1883 the monopoly of the manufacture and sale of spirit was sold by auction to the highest bidder; but under this arrangement general complaints were made of the inferior quality of the country liquor, and accordingly the Bombay sudder distillery system was introduced in a modified form in the year 1884. Under this system, which is still in force, the manufacture of liquor is confined to the central distillery at Ajmere, and the Government receives a still-head duty fixed according to the alcoholic strength of the liquor sold. The exclusive right to manufacture and sell country spirit within certain maximum rates* is sold by auction to the highest bidder.

	Still-head duty. ₹ a.	Maximum selling-price. ₹ a.	
* 15° under proof .	1 8	4 8	per gallon.
25° " " .	1 4	3 12	"
50° " " .	1 0	3 0	"

50. The statistics given shew that the number of liquor-shops has ever since 1876-77 been a little over 180, and that during the ten years in question the liquor revenue has increased from ₹40,000 to ₹90,000.

Explanation.

The following vernacular terms are used in the above correspondence :—

Abkari: Excise.
Sayer: Inland imposts: included Excise Revenue under the ancient Native system.

Mal: Land Revenue.
Mahal: The area (geographical or otherwise) comprehended within a farm or other settlement of revenue.
Sudder distillery: An erection or enclosure appointed by the Excise authorities within which licensees are allowed to distil spirits.
Taluka: A subdivision of a district.

STATEMENTS REFERRED TO IN PARA. 21 OF THE ENCLOSURE OF THE PRECEDING DESPATCH.

Statement shewing the quantities of toddy spirit and mowra spirit of the strength 25° U. P. consumed in the Island of Bombay during each of the ten years from 1872-73 to 1881-82, and the rates and amounts of duty realized thereon, &c., &c.

Years.	MOWRA SPIRIT.			TODDY SPIRIT.							TOTAL.	
	Number of gallons spirit consumed.	Rate of duty charged per gallon.	Amount of duty realized.	NUMBERS OF TREES LICENSED TO BE TAPPED.			Rate of tax per tree per annum.	Estimated number of gallons spirit produced.	Amount of tree tax realizations.	Number of gallons of spirit mowra and toddy consumed.	Amount of duty realized.
				Cocoa-nut.	Brab.	Total.					
		R a. p.	R						R		R
1872-73 .	559,630	1 0 0	5,59,630	24,783	1,972	26,755	6	347,815	1,60,530	907,445	7,20,160
1873-74 .	553,025	1 0 0	5,56,912	23,649	1,818	25,467	6	331,071	1,52,802	884,096	7,09,714
1874-75 .	599,115	1 0 0	6,20,208	21,441	1,103	22,544	6 (a) & 7 (b)	293,072	1,56,453	892,187	7,76,661
1875-76 .	656,700	1 0 0	7,16,479	23,199	1,616	24,815	7	322,595	1,73,705	979,295	8,90,184
1876-77 .	418,997	1 12 0	8,24,899	10,162	1,183	11,345	9	147,484	1,02,105	566,482	9,27,004
1877-78 .	362,266	(a) 1 12 0 (b) 2 4 0	8,11,926	21,074	1,333	72,407	9 (a) & 12(b)	291,291	2,39,300	653,557	10,51,226
1878-79 .	295,110	2 4 0	7,28,167	21,376	936	22,312	15	290,056	3,34,680	585,166	10,62,847
1879-80 .	320,415	2 4 0	799,108	15,855	650	16,505	15 (a)& 18(b)	214,565	2,76,459	534,980	10,75,567
1880-81 .	380,759	2 4 0	948,837	15,290	269	15,559	18	202,267	2,80,062	583,026	12,28,899
1881-82 .	400,434	2 4 0	989,300	17,469	230	17,699	18	230,087	3,18,582	630,521	13,07,882

(a) For the first five months of the year.
(b) For the last seven months of the year.

Statement shewing the quantities of country spirits consumed in the Surat District during each of the ten years from 1872-73 to 1881-82, and the rates and amount of duty realized thereon, &c., &c.

Years.	Tracts supplied with liquor from the Surat Distillery.	Population of the tracts supplied.	Number of gallons of spirit issued from the Distillery.	Rate of duty levied per gallon.	Amount of duty collected.	Remarks.
				R a. p.	R	
1872-73 .	Surat City and six miles round	107,149	85,523	1 4 0	1,06,904	See remarks in the Ahmedabad statement above.
1873-74 .	Ditto ditto .		89,105	1 4 0	1,11,381	
1874-75 .	Ditto ditto .		99,053	1 4 0	1,23,816	
1875-76 .	Ditto ditto .		94,375	1 4 0	1,17,969	
1876-77 .	Ditto ditto .		95,861	1 4 0	1,19,826	
1877-78 .	Ditto ditto .		86,964	1 4 0	1,08,705	
1878-79 .	Ditto ditto .		45,222	2 0 0	90,444	
1879-80 .	Surat City, Chorasi, and Olpad talukas	221,840	75,312	2 0 0	1,50,624	
1880-81 .	Ditto ditto .	221,840	77,634	2 0 0	1,55,268	
1881-82 .	Surat City, Chorasi, Olpad, and Bardoli talukas . . .	292,767	94,542	2 0 0 1 8 0	1,77,767	

Statement shewing the quantities of country spirits consumed in the Balsar District during each of ten years from 1872-73 to 1881-82, and the rates and amount of duty realized thereon, &c., &c.

YEARS.	Tracts supplied with liquor from the Balsar Distillery.	Population of the tracts supplied.	Number of gallons of spirit issued from the Distillery.	Rate bond per gallon.	Amount of duty collected.	REMARKS.
				R a. p.	R	
1872-73 .	Town of Balsar and six miles round	11,313	The Balsar Distillery was not opened till 1873-74.			See remarks in the Ahmedabad statement above.
1873-74 .			56,853	0 8 0	28,426	
1874-75 .	Ditto ditto .		62,676	0 8 0	31,388	
1875-76 .	Ditto ditto .		62,358	0 8 0	31,179	
1876-77 .	Ditto ditto .		65,880	0 8 0	32,940	
1877-78 .	Ditto ditto .		67,600	0 8 0	33,800	
1878-79 .	Ditto ditto .		22,270	1 0 0	22,270	
1879-80 .	Ditto ditto .					
1880-81	Town of Balsar and the Balsar and Pardi talukas . .	129,956	75,362	1 0 0	75,362	
	Ditto ditto .	129,956	86,689	1 0 0	86,689	
1881-82 .	Town of Balsar and the Balsar, Pardi, Jalalpur, and Chikhli talukas	270,631	87,267	1 8 0	1,30,900	

No. 63, dated 18th August 1887.

From—The Secretary of State for India,
To—The Government of India.

With reference to recent correspondence terminating with your telegrams of the 30th ultimo, I forward herewith for Your Excelleney's information copy of the papers noted in the margin respecting the issue of licenses for the sale of intoxicating liquors and opium in Burma.

Question by Mr. Bryce, dated 22nd July 1887.
Answer.
Question by Mr. Bryce, dated 2nd August 1887.
Answer.

2. You state in one of your telegrams of the last-mentioned date that you do not understand why the question is now raised, as no orders have been passed by you since the Regulation of 19th March 1886, a matter in regard to which I am addressing you separately in the Legislative Department. I find, however, in the Proceedings of the Chief Commissioner, Burma, for December 1886, distinct proposals on the part of Mr. Crosthwaite in connection with this matter. The reply which I caused to be given to Mr. Bryce on the 22nd July last, was founded mainly upon this document, which was considered likely to form the basis of any measures which might be deemed expedient. As, however, you explain in your telegram of the 6th instant that some recent action has taken place in connection with the grant of spirit licenses in Burma, it is not necessary further to allude to this matter, especially as I now gather from you that the whole subject of the Burmese opium and liquor traffic is under consideration. I shall, therefore, await a full report of your proceedings, including a Return of Licenses for the Sale of Intoxicating Liquors and Opium issued in Upper Burma since the annexation of that country, showing the number of such licenses issued, the times at which, the districts for which, and the periods for which they have been issued, the prices paid for them respectively; the conditions or regulations subject to which they have been issued, and the estimated number (so far as is ascertainable) of Chinese, of Shans, and other non-Burman Buddhists and of non-Burmans who are not Buddhists, in each of the several districts aforesaid.

3. I do not desire to fetter your discretion in general matters of administration, and it does not seem necessary that you should receive my special sanction before making such arrangements for the Revenue administration of the Province as you may consider necessary. I desire, however, to impress upon you that the strongest precautions should be taken to prevent the sale of opium and spirits to Burmans, and the issue of licenses in places where the population is purely Burmese.

4. I am aware of your desire to be informed at once when the attention of Parliament is likely to be called to any subject of Indian administration, and I know that you are fully alive to the expediency in matters of importance of keeping me duly informed as to the progress of affairs. In the present instance, however, the only details procurable are contained in the volumes of proceedings where the narrative is disconnected and incomplete, nor is it possible in some cases to trace accurately the course of events seeing that isolated circumstances are frequently modified by subsequent transactions.

Friday, 22nd July 1887.

5. Mr. Bryce,—To ask the Under-Secretary of State for India,—

(1) Whether it is the fact that, under the Native Kings of Independent Burma, the sale and use of intoxicating spirits and of opium were strictly prohibited to natives.

(2) Whether the Government of India has lately enquired, from the officers in charge of districts in Upper Burma, their opinion as to the propriety of licensing the sale of intoxicating spirits and of opium.

(3) Whether the great majority of the officers so consulted have reported against the introduction of such a licensing system, and stated that it would prove highly injurious to the Native population.

(4) And whether, notwithstanding such reports, the Government of India have lately made an order for the issue of licenses for the sale of spirits, and intend to authorize the sale of opium.

(1) and (2). Yes.

(3) The reports have not yet reached the Secretary of State, but he understands that the introduction of a general licensing system for the sale of intoxicating liquor and opium is deprecated.

(4) No such order has been reported to the Secretary of State. But it may become expedient to grant licenses for the sale of spirits in such towns as Mandalay, Bhamo, and other places where Chinese and other non-Burmans chiefly congregate. The Chinese, Shans, Kachyens, and other non-Burman races have long been in the habit of consuming opium which is imported from Yunnan, and it may be expedient to regulate the sale of opium by restricting it to the larger towns, and forbidding its sale to Burmans or in country districts. Whatever regulations are made will be for the purpose of restricting the sale of spirits and opium in the interest of public order, and of preventing their sale to Burmans, and most certainly not with the view of raising revenue thereby.

Tuesday, 2nd August 1887.

22. Mr. Bryce,—To ask the Under-Secretary of State for India,—

(1) Whether any licenses for the sale of intoxicating spirits have already been issued in Upper Burma; and whether, if so, some such licenses have been issued in districts where there are no Chinese, and the population is purely Burmese.

(2) Whether Her Majesty's Government will now consent to present to the House the reports recently received by the Government of India from officers in charge of districts in Upper Burma, relating to the question of issuing licenses for the sale of intoxicants and of opium, together with other correspondence bearing on the subject which they can properly produce.

(3) And whether Her Majesty's Government will undertake that no licenses for the sale of intoxicants or of opium in Upper Burma shall be issued until those reports have been presented, and until the Regulations under which it is proposed to issue such licenses have been laid upon the table of the House.

(1) The Secretary of State is informed by the Viceroy that no orders relating to the sale of either opium or spirits in Upper Burma have been issued by the Government of India since the approval of the Regulation of 19th March 1886. Under this Regulation the sale of opium and spirits to Burmans was prohibited. All licenses issued and now subsisting have been issued under this Regulation.

(2) The reports referred to have not yet been received by the Secretary of State, and cannot, therefore, be now presented to the House. On their arrival the Secretary of State will consider them and all other correspondence on the subject, with the view of giving to Parliament all information bearing on the subject which can properly be produced.

(3) All licenses to sell opium or spirit are only issued under condition that these articles shall not be sold to Burmans. The issue of licenses cannot, in the opinion of the Government of India, be suspended, because then the importation of opium, the manufacture of spirit, and the sale of both would at once be unrestricted. The Secretary of State is informed that the whole subject of the Burman opium and liquor traffic is still under the consideration of the Chief Commissioner of Burma, and his proposals are not yet before the Government of India. But the Secretary of State will intimate his opinion to the Viceroy that the strongest precautions should be taken to prevent the sale of opium and spirits to Burmans and the issue of licenses in places where the population is purely Burmese.

No. 69 (Revenue), dated 31st August 1887.

From—The Secretary of State for India,

To—The Government of India.

With reference to the letter of Your Excellency's Government in the Department of nance and Commerce, No. 166, dated 25th June last, respecting the Abkari traffic in India, I forward herewith, for your information, copy of a letter * which I have caused to be addressed to e President of the British and Colonial Temperance Congress on the subject.

* Dated 25th August 1887.

No. 998 R. S. and C., dated 25th August 1887.

From—Sir John E. Gorst, Under-Secretary of State for India,

To—The President, British and Colonial Temperance Congress.

With reference to previous correspondence, terminating with my letter of the 10th August 86, regarding the liquor traffic in India, I am directed by the Secretary of State for India in Council to enclose, for your information, copy of a letter † from the Government of India on the subject.

† Finance and Commerce, No. 166, dated 25th ne 1887.

Your Lordship will observe from these papers that the problem to which the British and olonial Temperance Congress have directed attention is extremely complex, and that the obct which the various Governments have in view is the adaptation of the several methods of cise administration to the different conditions which present themselves in each locality. ut it is shown that there are no grounds for the imputation that the fiscal system adopted in dia affords undue facilities for drinking in defiance of Native opinion, or that misery and in are being spread amongst many families of the industrial classes; on the contrary, though e revenue is higher in consequence of the increase of taxation and the diminution of smugling, the consumption is smaller and much better regulated than was the case in former ears.

As regards the Province of Burma, to which particular reference is made, I am to point t that undue restrictions on the sale of liquor and high taxation are invariably followed y illicit distillation; at the same time there has been a considerable decrease in the number f shops during the last few years. I am to add that, as regards the indigenous population f Burma, instructions have already been given that the strongest precautions should be taken prevent the sale of opium and spirits.

No. 28 (Revenue), dated 19th April 1888.

From—The Secretary of State for India,

To—The Government of India.

In continuation of my Despatch No. 63, dated 18th August last, I forward a copy of the *Times** newspaper report of a debate in the House of Commons on "* * * the extension of the sale of intoxicating liquors for (Indian) revenue purposes with serious results to the moral and material welfare of the people." A copy of Your Excellency's Despatch No. 166, dated 25th June 1887, which reported fully upon the Indian excise administration, had been printed by order of the House of Commons, and was in the hands of the Honourable Members before the recent debate.

* (Deposited.)

2. I am satisfied that, in controlling and directing the Indian excise administration, the Supreme and Local Governments are following and have followed the principle that as high a tax as possible should be placed on spirits without giving rise to illicit distillation. In the interests of the Indian people, as well as in the interest of the Indian Treasury, the excise systems of India must always be based upon the considerations—

(1) that an extension of the habit of drinking among Indian populations is to be discouraged;

(2) that the tax on spirits and liquors should be as high as may be possible without giving rise to illicit methods of making and selling liquor.

Subject to the above considerations, as large a revenue as possible should be raised from a small consumption of intoxicating liquors.

3. Your Excellency's recent Despatch, and also the periodical excise reports, show that your Government and the Local Governments practically shape the Indian excise administration in conformity with these considerations. At the same time, I occasionally find in periodical reports passages which read as if the increase of the excise revenue was the paramount object of good excise administration, and as if additional facilities for liquor-drinking might be sometimes given more readily than the actual needs of the people demand. I think it desirable that Your Excellency's Government should take an early opportunity of drawing the

attention of Local Governments to the principles by which their excise administration ought to be guided.

4. The report of the Bengal Excise Commission points to the conclusion that some years ago the number of licensed outstills and liquor-shops was unduly increased in parts of Bengal. And I am glad to find that the action taken by the Government of Bengal on that report has resulted in a considerable reduction of liquor-shops and of the estimated quantity of spirits passed into consumption. I incline to the view—a view upon which the Local Governments appear generally to act—that the central distillery system is preferable to the outstill or the contract system for all places and tracts where the population is large and where adequate means exist for supervising and controlling the distillery arrangements. Under that system every gallon of spirit passed into consumption must pay the full duty; whereas under the contract system, and still more under the outstill system, it is the interest and in the power of the distiller to make as much spirit and to push the sale thereof by cheapening liquor as far as he possibly can.

5. I shall be glad to receive a copy of any instructions that Your Excellency may see fit to issue in accordance with the remarks contained in the foregoing paragraphs.

No. 159, dated 16th June 1888.

From—The Government of India,

To—The Secretary of State for India.

In Despatch No. 63, dated the 18th August 1887, Your Lordship desired to be furnished with "a full report of our proceedings, including a return of licenses for the sale of intoxicating liquors and opium issued in Upper Burma since the annexation of that country, shewing the number of such licenses issued, the times at which, the districts for which, and the periods for which they have been issued, the prices paid for them respectively; the conditions or regulations subject to which they have been issued, and the estimated number (so far as is ascertainable) of Chinese, of Shans, and other non-Burman Buddhists and of non-Burmans who are not Buddhists, in each of the several districts aforesaid." It was at the same time stated that, though it was not necessary that we should obtain sanction before making arrangements for the revenue administration of Burma, Your Lordship desired to impress upon us that the strongest precautions should be taken to prevent the sale of opium and spirits to Burmans. We have now the honour to forward copies of communications received from the Chief Commissioner of Burma, which are noted in the schedule annexed to this Despatch, and to report the orders which we have passed on the proposals submitted by him.

2. Before discussing the question how the traffic in opium and intoxicating liquors in Upper Burma should be dealt with, it is necessary first to consider what the present facts are regarding their use. The answers given by the district officers to the series of questions put to them by the Chief Commissioner shew not only what the present condition of Upper Burma is in this respect, but also what it was under the late Burmese Government. It may not be wise to assume that these answers in all cases shew correctly what proportion of the people are abstainers, and what proportion are non-abstainers; but the broad facts are such as can be readily ascertained, and these have been placed beyond doubt by the enquiries which have been made by the district officers. It is clear that drinking, whether of rice spirit, jaggery spirit, or of toddy, has always been and is a fairly common practice in Burma. It is practised somewhere commonly, somewhere rarely, but the fact is there, and the main features of the situation are shewn to be—

(1) The people of Burma in every district drink; in some places abstention is the rule, and in others the exception.

(2) The sympathies of the respectable classes, or at any rate of those among them who are of mature age, are decidedly against a policy of allowing unrestricted sale, though there has been no formal protest emanating from Burmans themselves.

(3) Drunkenness was an offence under the monarchy, but there was not even the pretence of a systematic repression of it, the administration of the prohibitory ordinance being altogether capricious.

3. In the case of opium also the facts are simple. No license for sale or import of opium has been given, and no revenue is derived from the traffic; but the traffic certainly exists; and the stringent rules against the sale of opium which were enacted, and it is said somewhat rigorously enforced, as soon as we took over the country, failed altogether to suppress the trade, although they caused it to disappear from public view; and at present opium is reported to be cheap and easily procurable. The prohibitions of the late Burmese Government against the possession of opium were equally ineffective and in conflict with its official actions. An import duty of R5 a *viss* (3·65lbs.) was in fact charged on opium imported into Mogaung, and it was so common as to be used as a medium of exchange at the jade mines. With respect to the inconsistency shewn by the late Burmese Government in this matter, it is pointed out that a similar prohibition was in force against killing animals, although there were classes who had no other means of livelihood than catching fish.

4. It is clear then that in both cases we have to deal with a large existing traffic, and the first question which arises is whether it is possible by legislation to suppress this traffic, and to wholly prevent the consumption of either opium or intoxicating liquor. If it is not possible to enforce a law of this nature, then the only alternative is to regulate and control the traffic; and any attempt to regulate it must commence with the establishment of a system of licenses. By this means, although the price of licit liquor may be higher than the previous price of smuggled liquor, a considerable part of the demand for illicit liquor will be removed; and as the methods of manufacture and the channels of the traffic become known, there will be a chance of the remaining trade in smuggling being successfully dealt with. In that case, however, it is important to observe that the only questions with which the Government of India has to deal are questions not of principle but of administration, and they are questions which have already become thoroughly familiar under the very varied conditions which exist in different parts of India.

5. As regards the question of fact whether Government is able to carry out a policy of absolute prohibition, we cannot hesitate to adopt the conclusion that the Local Administration is in the best position to judge of what it can do and of what it cannot do, and we agree with the Chief Commissioner in thinking that in Upper Burma a law for this purpose could not be practically enforced. On this point the Chief Commissioner in his first letter simply remarks that by any one who has seen the country and knows the character of the people to be dealt with, and the means at the disposal of Government, the task of preventing illicit importation of opium or illicit manufacture and consumption of liquor will be admitted to be hopeless. As, however, we consider it a matter of importance that there should be no misapprehension regarding this, we desire to draw attention to some of the difficulties which render an experiment of this kind less likely to be successful in Upper Burma than elsewhere.

6. In other parts of India, where the country is thickly populated, thoroughly known, and has long been opened out and settled; where we maintain costly preventive establishments; and where licit opium and liquor are offered for sale at prices which, if high compared with the incomes of the people, are not prohibitive—we nevertheless find from the records of our Criminal courts, and from other sources of information available to us, that smuggling is extensively carried on. In Upper Burma, however, the country is to a great extent sparsely populated, unknown, impassable, and covered with jungle, and the facilities for smuggling are immensely greater. In such a country it is practically impossible to prevent the importation of opium or the manufacture of illicit liquor. A proposal to establish a customs line along the frontier was, indeed, considered by the Chief Commissioner, but after consultation with the various local officers it was abandoned as hopeless, apart from the consideration that it was quite impracticable on account of the prohibitive cost; and, as regards liquor, it is stated that in the wild forest and jungle with which the country is covered, illicit distillation can be carried on without fear of detection. It is obvious too that the same causes render easy the illicit sale of opium and liquor when once they have been brought into or manufactured in the country.

7. In addition to this, the agencies which the Government might be able to utilise for purposes of detection are not such as have much chance of successful working. It is pointed out by the Chief Commissioner that, though the opinion of the priesthood and of the better classes is adverse to the use of intoxicating liquor, it is idle to expect any active support from these classes in

the enforcement of a restrictive law. In Lower Burma it is reported that little assistance is obtained from informers and from rival dealers, and there appears no reason to expect that such assistance will prove more useful for detective purposes in Upper Burma. There remains only the agency of the police. Of these the Burman recruits may be regarded as for this purpose untrustworthy. The force is, however, almost wholly composed of foreigners, and the foreign police officers can be at once identified; they have little sympathy with the people; and even if they were not already otherwise fully employed, and could always be relied on to resist the powerful and persistent inducement that will be offered to secure their passive assistance, they would constitute a most unpromising agency for employment on detective duties. Nor, apart from the evils of endeavouring to enforce a law which could be so easily evaded, and which must necessarily in its punishments be capricious and unpopular, is there any probability, even if the Government were prepare to sacrifice progress in all other directions in order to pay for improved administration in this one, that in such a country a policy of absolute prohibition would meet with any real success. The alternative is therefore forced on us of bringing the traffic under control by the establishment of as complete an excise system as the conditions of the case admit.

8. The following are the proposals of the Chief Commissioner for the purpose of regulating and controlling the traffic in intoxicating liquors:—

(1) to extend the Excise Act to Burma, so as to give a legal basis to the measures of restriction and prevention which it is intended to introduce;

(2) as regards the three northern districts—Bhamo, Myadaung, and Ruby Mines—where drinking is as common as in India, to adopt the ordinary Indian method of licensed central distilleries or regulated outstills for manufacture; and to sell by auction the privilege of vend at places where a demand for spirits exists;

(3) in other places to confine manufacture and sale to the head-quarters of subdivisions and districts; to allow manufacture at central distilleries, or, when consumption is too small to admit of the expense of such a system, by regulated outstills; and to sell by auction the privilege of vend, but to condition it in every case by a prohibition of sale to Burmans;

(4) to license the sale of toddy (*tari*) in districts where palms are numerous, and to tax it by prohibiting sale except under licenses and by selling by auction the privilege of sale.

9. We have sanctioned these proposals, with the exception of those for the taxation of toddy. The arrangements proposed by the Chief Commissioner as regards other liquors are really designed to prevent distillation and sale, except under conditions of taxation, and to control the consumption by limiting the sources of legitimate supply; and though it is to be feared that these will be only partially successful, and that licensed distilling and selling may be made a cloak for illicit dealing, yet this is inevitable in the beginning, and it is a stage that has to be passed through. As regards toddy, which is a comparatively innocuous beverage, we are inclined to doubt whether the time is ripe for introducing any licensed system into purely agricultural tracts. There is no evidence before us that a trade in toddy exists there; the people drink their own toddy, but there does not appear to be a class of persons who buy it from one set of people to sell it to another. We have accordingly directed the Chief Commissioner not to give licenses for sale of toddy or establish licensed shops, except in townships where he finds that a real demand has given rise to a traffic which it is necessary to regulate.

10. In the case of opium, the Chief Commissioner proposes—

(1) to extend the Opium Act of 1878 to Upper Burma;

(2) to license import by anybody wishing to import opium on payment of a duty of R15 a *viss*, the opium being kept under surveillance by public officers from the time of its first import till its final delivery to the retail vendor;

(3) to allow opium shops to be licensed for retail sale at 21 towns only; and

(4) to prohibit sale to Burmans.

11. The first, second, and fourth of these proposals we have accepted. At present so little is known as to the nature and extent of the local opium traffic and as to the effect of any rules which may be introduced, that no system can be other than experimental. The whole trade is at present illicit, but it is known to exist, and the only chance there is of suppressing smuggling is to introduce some regular system and to watch its operation. Smuggling will no doubt continue, but it will not be untraceable, especially as the number of consumers is limited. The third proposal—to allow opium shops to be licensed for sale in 21 towns—we have carefully considered; but, after examining the returns which the Chief Commissioner has submitted, we think it probable that the number may with safety be still further reduced, and we have requested him to reconsider his proposal with a view to this being done. We enclose a statement giving detailed information regarding the 21 towns in which he proposes to permit the retail sale. The Chief Commissioner has also submitted for approval rules drawn up under the Excise and Opium Acts. They require revision especially in the matter of form, but this will be carried out at leisure, and in the meantime we have sanctioned their immediate introduction subject to a few alterations, such as the insertion in the form of Opium License of the condition already prescribed in the regulations, which prohibits sale to Burmans.

12. We have also directed the Chief Commissioner to give effect to the proposed arrangements, both as regards opium and as regards intoxicating liquors, with as little delay as possible.

13. In conclusion, we take the opportunity of expressing regret that Sir John Gorst should have stated in the House of Commons, when replying to Mr. Bryce on the 24th April, that the long delay on the part of the Government of India in furnishing this information was "unjustifiable." We need scarcely remind Your Lordship that Upper Burma in its rural parts is even now a practically unknown country. When it is recollected that it has been under our administration for two years only; that nearly all the energies of the district officers have been required for the suppression of disorder and the introduction of an organised system of administration; that many of them are new to the people, to their customs, and even to their language; that nothing is so difficult to acquire as a knowledge of the secret habits of an alien race; we think we have reason to object to the implication that there has been any dilatoriness on the part of our officers in dealing with this difficult subject. Indeed, we are certain that, when Your Lordship observes the extent, the minuteness, and the character of the information which we are now in a position to supply, you will be ready to acknowledge that the inconsiderate complaints of delay preferred against the Government of India, or rather against the Chief Commissioner of Burma and his officers, in reference to this matter are both unjust and ungenerous. There are probably no officials in the British Empire whose duties are being discharged under such difficult and anxious conditions as those of Sir Charles Crosthwaite and his subordinates, or upon whose physical energies there is at this moment a greater strain. Sir Charles Crosthwaite was aware that the investigation upon which he was engaged was one of the most vital importance; that it was occupying the attention of a large body of public opinion at home; that out of it there might arise a hot and bitter controversy; that his policy would be closely scrutinised; and that consequently it was absolutely necessary for him to ascertain with the utmost preciseness the multifarious and frequently obscure conditions and facts upon which that policy would have to be based; and we are decidedly of opinion that the delay of a few months more or less in collecting and digesting the information on which to lay down the lines of the policy to be pursued, in excise matters, in our newly-acquired territory, was much less important than the obligation to render it as accurate and complete as possible.

No. 3361, dated 22nd June 1888.

From—E. J. Sinkinson, Esq., Officiating Secretary to the Government of India, Department of Finance and Commerce.

To—The Chief Commissioner of Burma.

I am directed to acknowledge the receipt of your letter No. 526, dated the 20th March 1888, submitting, for the sanction of the Government of India

your proposals for dealing with the traffic in opium in Upper Burma, and for restricting the use of the drug as far as practicable.

2. From the replies submitted by the district and divisional officers, it is clear that Government has to deal with a considerable existing traffic in opium although no license for the sale or import of opium has been given, and although no revenue is derived from the traffic. It is shewn also that the difficulties in the way of a policy of absolute prohibition are greater in Upper Burma than elsewhere, and that such a policy could not be sucessfully enforced. In these circumstances you propose—

(1) to extend the Opium Act of 1878 to Upper Burma;
(2) to license import by anybody wishing to import opium on payment of a duty of R15 a *viss*, the opium being kept under surveillance under the usual regulations till its final delivery to the retail vendor;
(3) to allow opium shops to be licensed for retail sale at 21 towns only; and
(4) to prohibit sale to Burmans.

3. The first, second, and fourth of these proposals are accepted. At present little is known as to the nature and extent of the local opium traffic, and the effect of any rules or system which may be introduced can only be conjectured. The whole trade is at present illicit, but it is known to exist, and the only chance of suppressing smuggling is to introduce a system of licensing and restricting the traffic and to watch its operation. Smuggling will no doubt continue, but it will not be untraceable, especially as the number of regular consumers is not very large. The third proposal—to allow opium shops to be licensed in 21 towns—has been carefully considered; but, after examining the statements submitted by you, the Governor General in Council thinks it probable that the number of licensed shops may with safety be still further reduced; and I am to request that you will reconsider your proposals with a view to this being done. A copy of a statement which has been drawn up in this office from the information supplied by you is forwarded herewith. The statement shows the distribution of the population in the places in which it is proposed to permit retail sale of opium; and I am specially to draw attention to the fact that the Burman population of Yeu and Meiktila is shown as 100 per cent. and 99 per cent. of the whole population. In connection with this subject, a copy of a telegram from the Secretary of State, dated 14th May, is forwarded for your information, and should be acted on.

4. The draft Opium Rules submitted with your letter have not yet been systematically revised by the Government of India. Their revision will be undertaken together with the revision of the Punjab Rules on which they are based; but in the meantime, in order to avoid delay, the Governor General in Council sanctions the rules as they stand, subject to the following slight modifications in the forms of licenses:—

(1) Intoxicating drugs other than opium should not be mentioned in the form of License for Wholesale Vend, as the sale of these is prohibited in Rule 2.
(2) In the License for Retail Vend the amount of opium permitted to be sold to one purchaser should be 10 tolas, and not 3 tolas.
(3) A condition should be inserted in the forms of licenses prohibiting sale to Burmans.

5. The Governor General in Council also invites your attention to the question whether it may not be possible eventually to introduce the Bengal system of supplying excise opium, or a modification of it, into Upper Burma. The Bengal excise opium is made up in cakes of one seer each, wrapped in a special kind of oil-cloth and is recognisable at sight. It is probable that Yunnan opium is imported in all sizes, shapes, and qualities; and apparently, therefore, licit opium could be rendered identifiable by collecting it at a factory and making it up in blocks or balls of uniform weight to be sold to the licensed vendors. Under such a system all opium imported from Yunnan, or grown by cultivators, would be secured and brought to the Government Factory, and

ought at a fair fixed price by Government; all the opium thus bought would made up into cakes of approved shape and weight, and the licensed vendor ould obtain his opium from the Government Treasury, paying the fixed Govnment price per seer. In this connection I am to forward a copy of correondence which has been submitted by the Government of Bengal regarding proposal which is under the consideration of that Government to issue opium cakes weighing one tola each.

6. Copies of a Despatch to the Secretary of State on the whole question, d of notifications under section 1 of the Opium Act, I of 1878, and section of the Scheduled Districts Act, XIV of 1874, for the purpose of extending the pium Act to Upper Burma, are forwarded with this letter. The notification der Act I of 1878 will be inserted in the *Gazette of India* on hearing by legram from you the date from which you wish the Act to take effect; the her notification must appear first in the local Gazette, and as soon as this has en done, it will be published in the *Gazette of India*.

Population of the places in which it is proposed to permit retail sale of opium.

Places.	Number of population.	Proportion of races (percentage).								Buddhists or non-Buddhists.	Percentage of abstainers from drinking to the total population.
		Burmans.	Karens.	Chinese.	Kachins.	Chins.	Shans.	Indians.	Others.		
ogaung	5,000	80	...	...	...	...	...	...	20†	...	...
hamo	6,000	83·3	...	...	...	...	...	...	16·7†	...	...
hwegyin	654	91·7	...	·46	...	...	7·84	...	...	Buddhists.	40
atha	17,305	5	...	·25	...	...	5	...	89·75*	Ditto	54
e-u	5,503	100	...	...	...	...	...	...	...	Mostly Buddhists.	25
yanhnyat	2,033	98·3	...	...	...	...	...	...	1·7†	...	...
logok	1,760	94·3	...	2	...	...	2·7	...	1	Buddhists.	50
lonywa	6,000	98	...	2	...	...	...	...	...	Ditto	70
oungbyin	3,000	...	...	...	...	...	...	...	100†	...	...
haungdut	5,500	10	...	...	...	...	...	...	90†	...	...
lomalin	2,100	4·76	...	...	...	...	...	...	95·24†	...	...
yaukse	4,000	98·53	...	·32	...	...	1·15	...	...	Buddhists.	90
akokku	12,000	97	...	3	...	...	...	...	...	Ditto	40
auk	600	...	...	...	...	...	...	...	...	Ditto	40
lyingyan	20,887	99	...	·4	...	...	...	6·	...	Ditto	90
linbu	2,891	86·4	...	...	...	...	...	...	13·6†	...	...
enangyaung	35,057	99·8	...	...	...	...	...	...	·2†	...	...
aungdwingyi	8,000	93·75	...	·625	...	...	...	5·625	...	Buddhists.	50
leiktila	2,770	99	...	1	...	...	...	...	...	Ditto	early all abstainers.
amethin	6,000	nearly 98·7	a few	1·3	...	...	...	...	...	Ditto. A few Pathis.	94
yinmana	9,000	92·2	...	2·2	...	...	...	...	5·5	Ditto. 94·4% Buddhists.	98

These figures refer to abstinence from drinking.

* Of this, 74·75 are Shan Burmans.
† These include Karens, Chinese, Kachins, &c., which are not separately shown.

No. 3362, dated 22nd June 1888.

From—E. J. Sinkinson, Esq., Officiating Secretary to the Government of India, Department of Finance and Commerce,

To—The Chief Commissioner of Burma.

I am directed to acknowledge the receipt of your letter No. 473-15 E., lated the 20th April 1888, forwarding the opinions of the district and divisional officers on the question of the policy to be adopted in Upper Burma in regard o intoxicating liquors, and explaining the system which you propose now to ntroduce.

2. Your proposals may be briefly summarised as follows:—

(1) To extend the Excise Act XXII of 1881 to Upper Burma.

(2) As regards the three northern districts—Bhamo, Myadaung, and Ruby Mines, where drinking is as common as in India—to adopt the ordinary Indian method of licensed central distilleries or regulated outstills for manufacture, and of sale by auction of the privilege of vend.

(3) In other places to confine manufacture and sale to the head-quarters of subdivisions and districts; to allow manufacture by central distillery, or, when consumption is too small to bear the expense of such a system, by regulated outstills; and to sell by auction the privilege of vend, conditioned in every case by a prohibition of sale to Burmans.

(4) To license the sale of toddy in districts where palms are numerous, and to tax it by prohibiting sale, except under licenses, and by selling by auction the privilege of sale.

A set of draft Excise Rules framed on the rules now in force in Lower Burma is submitted, and it is proposed that, if these are approved, the views of selected local officers on them should be obtained, and that the rules and the new system should be introduced from the commencement of the next financial year.

3. In reply, I am directed to convey the sanction of the Governor General in Council to your proposals, with the exception of those for the taxation of toddy. As regards toddy, I am to say that it appears doubtful whether the time is ripe for introducing any licensed system into the agricultural tracts. No evidence is adduced that a trade in toddy exists there; and though people may drink their own toddy, there does not appear to be a class of persons who buy it from one set of people to sell it to another. In these circumstances, the Governor General in Council considers that licensed vend of toddy should not be established except in townships where it is found that a real demand has given rise to a traffic which it is necessary to regulate.

4. The draft rules which Sir Charles Crosthwaite proposes to issue under the authority conferred by the Act are approved, and I am to request that both the rules and the new arrangements may be brought into force with as little delay as possible; and that, if you see no objection to this course, you will telegraph the date from which the Excise Act should have effect in order that a Notification, a copy of which is enclosed, and which should be published also in the local Gazette, may be published in the *Gazette of India* extending the Act to Upper Burma. Such alterations in the rules as may be considered necessary after consideration of the opinions of the officers consulted may be made by you hereafter; but His Excellency in Council considers it desirable that the delay which would be caused by adopting your suggestion should be avoided, and that they may be adopted for the present without such revision.

5. With reference to the statements submitted with your letter, I am to request that further details may be submitted regarding the arrangements made in Mandalay, where the number of shops licensed this year is shewn to be much greater than the number settled last year, and the revenue nearly double. An explanation should be given regarding this, as *primâ facie* it does not appear how a revenue exceeding two lakhs of rupees can be obtained from the sale of spirits to that part of the population which does not include Burmans and soldiers.

No. 526, dated 20th March 1888.

From—D. Smeaton, Esq., M.A., B.C.S., Offg. Chief Secretary to the Chief Commissioner, Burma,

To—The Secretary to the Government of India, Department of Finance and Commerce.

In obedience to the orders conveyed in your letter No. 5959, dated the 5th November 1887, I am now directed to lay before His Excellency the Governor General in Council the Chief Commissioner's proposals for dealing with the opium excise question in Upper Burma.

2. The Chief Commissioner has endeavoured to obtain full information regarding the traffic in opium. The accompanying papers contained the answers of Commissioners and district officers to the queries put to them. The information is vague and incomplete.

But it is all that can be had, and until an excise system is established and worked no better information will be obtainable. At present the opium traffic goes on uncontrolled and in great part unknown. On our taking over the country stringent rules were enacted and somewhat rigorously enforced against the sale of opium. Many Chinese were flogged and otherwise punished for engaging in a traffic which, although it may have been nominally prohibited, was allowed to go on under the Burman Government. One of the chief complaints of the Chinese was the severity with which the British Government punished the sale of opium and the keeping of gambling-houses. While this severity prevented the open traffic it did not stop it. It is clear from the enquiries which have been made that opium comes into Upper Burma in considerable quantities, and, as no duty is levied on it, it is cheap and easily procured. Large quantities are used by the Chinese, Shans, and Kachins, and the jade traffic is carried on to a large extent by means of opium. As to preventing opium from coming into Upper Burma to any one who has seen the country and knows the character of the people to be dealt with and the means at the disposal of the Government, the task will appear hopeless. The difficulties in the way of preventing smuggling will, as Mr. Copleston, late Excise Commissioner, says in his memorandum, dated the 23rd December, be greater than in Lower Burma, where indeed they are almost insuperable. There appears, therefore, to be no other course open but that of controlling the existing traffic and checking consumption by raising the price of the drug.

3. To attain this object the following measures are proposed:—

(*a*) to extend the Opium Act of 1878 to Upper Burma, excluding the Shan States;

(*b*) to impose an import duty on all opium imported into Upper Burma, excluding the Shan States;

(*c*) to fix the places at which shops for the retail sale of opium may be opened and to sell such shops by auction to the highest bidder;

(*d*) to prohibit sale to Burmans.

4. The first question to be determined is the amount of duty to be imposed. Enquiries have been made regarding the price at which Bengal and Yunnan opium sell in Burma. It is reported that Bengal opium costs the vendor a little over 10 annas per tola, and Yunnan opium 8 annas per tola in Rangoon. The Bengal opium is much better than the Yunnan opium. Bengal and Yunnan opium, quality being taken into account, are on fairly even terms when Bengal is sold for ₹56 and Yunnan for ₹35 per *viss* in Rangoon. In Upper Burma Bengal opium will be dearer and Yunnan opium cheaper. The price of Bengal opium in the Eastern Division is said to be ₹65 a viss. So that following the proportion obtained from the Rangoon prices the corresponding price of Yunnan opium should be ₹40. The present price of Yunnan opium in Upper Burma free of duty may be taken at ₹25 a viss. It is proposed therefore to impose a duty of ₹15 a viss, which will raise the price to ₹40, at which it is considered it will be weighted equally with Government opium if that opium was sold in Upper Burma. In other words, supposing that Yunnan opium imported into Upper Burma is charged with a duty of ₹15 per viss, it will not pay to smuggle it into Lower Burma.

5. The next question is what is the best means of collecting this duty. It can either be collected directly through Government agency or through a farmer. There is no doubt that, owing to the nature of the country, which is adapted for smuggling, and to the untrustworthy character of the newly-raised police, it will be very difficult to secure the full duty by direct collection. If the right of collecting the duty was farmed and sold to the highest bidder for a year or a term of years, there is no doubt that it would be more rigidly collected and that a larger sum of money would come into the treasury. After a full consideration the Chief Commissioner has resolved on recommending the method of collecting the duty directly notwithstanding its undoubted difficulties and disadvantages. In the present state of Upper Burma the matter of most importance is the protection and encouragement of trade, more especially with China and the Shan States. The Shan traders come down to Upper Burma by hundreds and even thousands. If a revenue farmer had the right of stopping and searching these traders, there would be risk of oppression and extortion, the results of which would not be counterbalanced by the increase of the opium revenue. The rules drafted by the Chief Commissioner and submitted herewith provide for the issue of import passes which shall specify, along with other things, the quantity of opium to be imported and the route by which it is to be imported. The importer will ordinarily have to pay the duty in advance and will have to present the imported opium at an excise opium station and deposit it in a warehouse before he can sell or transport it. If this system succeeds, it will hardly be worth the importer's while to risk the confiscation of the opium and the loss of the duty already paid for the sake of smuggling opium in excess of the quantity in the pass.

It is thought that by securing payment of the duty in advance a great hold will be obtained over both the retail vendor and the importer. It is a condition of his license that the retail vendor deposit one-fourth of the annual sum for which he has purchased the monopoly of sale in his circle. If it is found that no opium is being imported under license, while at the same time the vendor is selling opium, he will be convicted of a breach of the rules and his license will be cancelled. A comparison between the import passes and the registers of the sale of opium at the shops will show at once whether the traffic is being regularly conducted or not.

6. As to the vend of opium, it is proposed to give licenses for wholesale vend at a small fee to any one who wishes for them. The wholesale vend will probably remain in the hands of

the importers. The places at which retail shops will be allowed will be laid down by the Chief Commissioner, and the right of selling opium at those places will be sold by public auction either singly or by groups. Other methods of dealing with the matter have been considered, but have been set aside in favour of that now proposed. It has been proposed that the Government should create a monopoly of the purchase of opium in its own favour and buy up all imported opium at a fixed price, and then deal with it as Government opium is dealt with in India or Lower Burma. The objection to this is that the difficulty of enforcing the sale of opium to Government at a fixed price is as great as that of collecting an import duty, while the direct action of Government in purchasing and in selling the opium is sure to be made the subject of grave objections. Another plan, which has the support of Mr. Burgess, is to leave the importation free, to divide the province into circles, and to sell the monopoly of vend in each circle by auction. It is probable that this system, which avoids the difficulty connected with the collection of duty on imported opium, would be easier to work and as productive of revenue as any other. The main objection to it is that, while the import of opium would be unrestricted, it would be the interest of the monopolists to extend the consumption by selling the opium as cheaply as possible. This objection seems insuperable and therefore the proposal has been set aside.

7. The rules now submitted for the approval of the Government of India are based on the Punjab rules and on the rules current in Lower Burma. There are several matters which require to be noticed. In the first place, as a necessary supplement to the prohibition of sale to Burmans, it is necessary to define a Burman for the purpose of the rules. There are in Upper Burma numbers of Mahomedans and Natives of India who have for generations settled in the country and have adopted the language and costume of Burma. It is presumed that it is not intended to place them under the disabilities which are imposed on Burmans. There are other tribes and races living in Burma who habitually consume opium. For instance, the Burma-born Chinese or half-Chinese, Shans, and Kachins. It is not easy to make a definition of a Burman which shall be exactly suitable for the purpose. The Chief Commissioner proposes to define a Burman to be a person born of Burman parents and who is a Buddhist. If the person to whom opium is sold wears the Burmese national dress and speaks the Burmese language, the burden of proving that such person is not a Burman within the meaning of the definition will be on the vendor of the opium. In other cases it will be for the prosecution to show that the person to whom the opium is sold is a Burman.

8. The extent to which the poppy plant is cultivated in Upper Burma proper is not known. It is believed, however, that the cultivation is confined to Kachin villages on the upper reaches of the Irrawaddy and of the Chindwin. It is not proposed at present to interfere with this cultivation. Power has been taken in the rules to impose an excise duty on it and to allow the village or tribe to compound for the duty by a lump payment. Opium manufactured in those places in which the poppy plant is cultivated and transported into other parts of Upper Burma will be treated as imported opium and subjected to the same rate of duty.

9. It has been proposed by some of the officers consulted to raise the maximum quantity of opium which a retail vendor may sell, and which a person without a license or pass may possess from the usual amount of 3 tolas to 1 viss, equal to 1¾ seers. The argument for this proposal is based on Lower Burma experience and on the result which may naturally be expected to follow from greatly restricting the number of shops. If the consumer lives at a distance from the shop, he will try to obtain, and no doubt will obtain, a supply sufficient to last him until he can conveniently come back. Consequently there is no doubt that the 3-tola rule is not and will not be observed. In Upper Burma Chinese are in the habit of using opium largely in their dealings by way of barter with the Kachins; and others will have to come long distances to procure opium unless shops are multiplied unduly. To meet these cases the Chief Commissioner has inserted a rule to allow the Deputy Commissioner to give a transport pass for opium to persons who require it under such special circumstances as those referred to. The proposal to raise the maximum which may be possessed without a license from 3 tolas to a viss in all cases is open to objection. It is thought expedient, however, looking to the small number of shops and the long distances which consumers will have to travel, to raise the maximum which can be sold by retail to one person at one time to 10 tolas.

10. Upper Burma has been defined to be the territories formerly governed by King Thebaw, excluding the Shan States. It is not possible to control the cultivation and manufacture of opium in the Shan States, and therefore it is best to treat opium grown there as if it were foreign. The same course, at least for the present, will have to be followed in respect of opium produced in the Kachin villages in Upper Burma proper. It is believed that the quantity so produced is small and that no difficulty will arise in dealing with it.

11. There are two questions which have been raised in the papers which accompany this letter. First, whether the license for retail vend is to permit consumption on the premises or not; secondly, whether Burmans who have contracted the habit of smoking opium are to be allowed to procure the drug or are to come under the general prohibition. On the first point much difference of opinion exists. Some officers think that if consumers are obliged to eat or smoke the opium at the shop, which would thus assume the character of an opium saloon, there would be less danger of Burmans being drawn towards the vice. Others object to opium saloons because they collect idlers and bad characters; others advocate them for the same reason. It is proposed to leave the matter optional. It might be possible by strict supervision to prevent any one from smoking opium on the vendor's premises. But it is impossible to prevent a man from swallowing an opium pill if he wishes to take it in the shop or from carrying it away with him if he wishes to take it at his home. On the second point some officers whose

opinions are entitled to weight, advocate a rule under which any Burman who is addicted to opium may register his name and procure exemption from the general rule prohibiting the sale of opium to Burmans. It is argued that these men will get opium by some means or other, and it is therefore expedient to afford them a lawful means of supplying their wants. It is intended to apply this rule to such persons only as shall register their names at once, and not to allow the privilege to those who may contract the vice hereafter. In the Chief Commissioner's opinion it is not advisable to adopt this plan. It is unlikely that Burmans, who are addicted to opium-eating, will come forward to register their names, and the plan is open to the objection that it may facilitate the introduction of the use of opium into Burman families. It is better to allow no exceptions to the general rule.

12. It is not possible to say with any accuracy what the financial result of these proposals will be. Possibly a revenue of three or four lakhs of rupees may be received. If the proposals and the rules approve themselves to the Government of India, they can be put in force at once. A list of the places where it is proposed to establish retail shops is appended.

No. 473-15E., dated 20th April 1888.

From—Donald Smeaton, Esq., M.A., B.C.S., Offg. Chief Secy. to the Chief Commissioner, Burma,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge receipt of your letter No. 5958, dated the 5th November 1887, regarding the policy to be adopted in respect of excise on intoxicating liquors in Upper Burma. Your letter was received on the 21st November. In accordance with the request contained in paragraph 10 a detailed enquiry, district by district, was instituted. Commissioners and Deputy Commissioners were addressed by letter on the 1st December, and a series of tabular forms and a list of questions were sent to each officer to be filled in and answered before the 15th February. The last report to arrive was that of the Deputy Commissioner, Bhamo, which reached this office on the 13th April. On the 23rd March, in compliance with your telegram of the 21st March, the reports and tabular returns received up to date were submitted. Since then the Chief Commissioner has considered the question of liquor excise in Upper Burma carefully with the aid of the information and opinions of the officers consulted. I am now to submit printed copies of the entire correspondence, commencing with my circular letter No. 6-1 E., dated the 1st December 1887. It will be seen that there has been no avoidable delay in dealing with the question. In the present state of the postal communication in Upper Burma it takes a considerable time to transmit letters and obtain replies from outlying districts. It is moreover by no means an easy or a simple matter to get accurate, trustworthy information from local officials, many of whom have been chosen more for their strength of character and local influence than for their skill in collecting statistics and writing reports. The English district officers have had to spend most of their time in the interior on active duty. And some, like the Deputy Commissioner of Bhamo whose report has only just been received, have been absent on long and difficult expeditions.

2. In paragraph 10 of your letter the main point on which His Excellency desires to be fully informed is stated to be "the existing habits of the people of Upper Burma" in liquor manufacture and consumption. I am to explain that there is perhaps no subject on which reliable information is more difficult to obtain than this. The remarkable differences of fact and the divergences of opinion which appear in the reports of officers at once prove and illustrate this difficulty. To take, for instance, two districts, Mandalay and Ava-Sagaing. These two districts are adjacent. The population in both is almost entirely Burman and the people are all Buddhists. The occupations of the people are the same,—agriculture and petty trade. The climate is the same in both districts.

The following information is furnished by the two Deputy Commissioners—Mr. J. E. Bridges, C.S., of Mandalay, and Mr. A. R. Colquhoun, of Ava-Sagaing:—

Mr. Bridges, C.S., Deputy Commissioner of Mandalay, reports that—	Mr. A. R. Colquhoun, Deputy Commissioner of Sagaing, reports that—
(i) large portion of the population, both urban and rural, drink liquor, both spirits and toddy being drunk in the interior;	(i) scarcely any spirits are drunk: toddy-drinking is rare, and only indulged in by loose characters;
(ii) about 53,000, or 67 per cent. of total rural population, are abstainers;	(ii) about 148,500, or 99 per cent. of the population, are abstainers;
(iii) Burmans, if asked in public, will protest against the use of spirits, but most of them drink in private;	(iii) a very strong feeling exists, common to all classes of Burmans, against use of liquor;
(iv) use of spirits was nominally forbidden by the late Burmese Government, but the prohibition was not enforced in practice; liquor-vendors were taxed indirectly;	(iv) use of spirits was forbidden by the late Burmese Government and rigorously enforced against Burmans;
(v) there are 7,900 toddy-palms in the district, and toddy is commonly drunk in the interior;	(v) there are 130,000 toddy-palms in the district, but toddy is rarely drunk and only by loose characters;
(vi) toddy, palm-sugar spirit, and rice spirit are drunk in the interior;	(vi) hardly any drinking goes on in the district: the liquor drunk is rice spirit;
(vii) absolute prohibition of liquor is impossible: large portion of the population drink and will continue to drink in spite of the prohibition;	(vii) absolute prohibition of liquor is possible in Sagaing and similar districts;

It is at any rate a concession to Burmese opinion which may not be altogether without a good effect.

9. The resolution to prevent the sale of spirits to Burmans does not, it is understood, apply to the sale or use of tari or fermented palm-juice. The abundance of palm-trees and the ease with which tari is produced, taken together with the strong evidence that the use of this drink is very general, suggest the necessity of treating the consumption of tari in a different manner. Wherever the trees abound, it is hopeless to prevent the use of tari, either by preventing the opening of shops, or by allowing shops to be opened but forbidding sale to Burmans. The Chief Commissioner, therefore, advises that the traffic in tari shall be regulated and the liquor subjected to taxation.

10. I am now to explain the details of the system which it is proposed to adopt. The first question which arises is the definition of "Burman" for the purpose of the restriction. In dealing with the question of the opium excise in my letter No. 526, dated the 20th March 1888, to your address, paragraph 7, it was said: "The Chief Commissioner proposes to define a Burman to be a person born of Burman parents and who is a Buddhist. If the person to whom opium is sold wears the Burmese national dress and speaks the Burmese language, the burden of proving that such person is not a Burman within the meaning of the definition will be on the vendor of the opium. In other cases it will be for the prosecution to show that the person to whom the opium is sold is a Burman." It is proposed to adopt the same definition of a Burman for the purpose of the liquor excise rules. The next question is whether the sanction to the restriction should extend to the vendor only or to the Burman purchaser also. There can be no doubt that the restriction would be much more efficacious if the Burman transgressor were subjected to a penalty as in the King's time, and a good many of the officers favour the imposition of a severe penalty. It is in Mr. Crosthwaite's opinion open to objection that one part of the population should not only be put under a disability, but should be treated as criminal for an act which ought to be left optional, and which is in itself innocent. The vendor of liquor obtains his license on certain conditions, and he may fairly be punished for breaking those conditions. It is hardly fair to punish a Burman for using his liberty as others are allowed to use it. It is, therefore, not proposed to make the use or possession of spirits by Burmans penal.

11. The system which the Chief Commissioner proposes to adopt is as follows. First, as to the import of liquor into Upper Burma. For the purpose of the Excise Rules, spirits may be divided into two classes, foreign and country. The foreign liquor will be brought into Upper Burma from Rangoon by either steamer or country-boat, or by railway. The country liquor will be either distilled in Upper Burma or imported from distilleries in Lower Burma.

The question is how the import of liquor into Upper Burma is to be dealt with. It is suggested in paragraph 12 of your letter that licenses should be required for the import of all foreign liquor into Upper Burma. The import of liquor for sale, except by a licensed vendor, will of course be prohibited, whether the liquor is country or foreign. It is feared, however, that to require every private consumer in Upper Burma to take out a license for such liquor as he may import will cause great annoyance to the Europeans in Upper Burma without any compensating advantage. It may be said that if a license is not required, Burmans who are unable to buy liquor in Upper Burma will import it and thus evade the rule designed for their benefit. To this the reply of the Chief Commissioner is that all that a strict view of duty can require is that Government should not allow temptation to be placed in the way of the people. Men who are in a position to import liquor from Rangoon and who are so determined to get it, may very well be left to take care of themselves. It must be remarked, moreover, that in order to enforce a rule of the kind suggested, there must be established a Customs line and searching stations on the old frontier, and the trains and boats must be stopped and examined. The establishment of such a line within the interior of a province is to be avoided.

Secondly, as to the places at which foreign and country liquors are to be sold. It is suggested in paragraph 12 of your letter under reply, that the sale of these liquors should be allowed only at selected places where foreigners are numerous. The Chief Commissioner accepts this rule for all the districts of Upper Burma excepting Bhamo, Myadaung, and the Ruby Mine district where the consumption of liquor is reported to be so common that the sale cannot be restricted to foreigners. In other districts, shops for the sale of foreign and country spirits will, as a rule, be opened at head-quarters only where there will be Europeans and Natives of India, including both the troops and their followers and the police.

Thirdly, as regards distilleries, power is taken in the rules to establish central distilleries after the Bengal fashion, or to license persons to keep distilleries or outstills. In some of the large places, such as Mandalay, it may be expedient to establish one or more licensed distilleries under Chapter III of the draft rules herewith submitted. The liquor will be liable to a tax which must be paid before it leaves the distillery. The tax at present might be fixed at R4 per gallon as in Rangoon. The alternative plan is to make an enclosure after the Bengal method and to compel all persons wishing to distil to place their stills inside the enclosure. The facilities for smuggling are so great, and the Chinese are so ingenious in making use of them, that it is unlikely that this system would succeed. It is true that the licensed distillery system has not succeeded in Lower Burma, because the license vendors have found it more profitable to sell contraband liquor; and notwithstanding the exertions of the distillers and of the police, it has been impossible to check the vendors. It is hoped, however, that the system may be more successful in Mandalay, as it will be in the hands of Chinese who will be more able to cope with the malpractices of their compatriots. The present plan, by which the monopoly of manufacture is put up to auction and sold to the highest bidder, is economical from a revenue point of view, but is undoubtedly defective, and one of the objects which the Chief Commissioner had in view when he proposed to extend the Excise Act to Upper Burma

was to obtain power to exercise more effective control over the liquor traffic by the establishment of a better system. Whether the licensed distillery or the central distillery enclosure be adopted, the Chief Commissioner proposes to tax each gallon of liquor that is produced. The object of the Excise Department here, as elsewhere, will be to tax every gallon of spirits, first by a fixed still-head duty and secondly by a license fee for retail sale.

At smaller places where the consumption is not large enough to induce a private person to construct a distillery, or to warrant the Government to undertake the expense of maintaining a central distillery enclosure, outstills under the same restrictions as are adopted in Lower Burma will be established. It has been found in Lower Burma, as has been said above, that people will not buy or go out of their way to get distillery liquor. They prefer to resort to contraband manufacture. Experience has proved that where a demand for liquor exists, the only way to prevent illicit manufacture is to permit the establishment of outstills. These stills will be subjected to careful supervision. Their capacity and the number of days on which they will be allowed to work will be limited in proportion to the fee paid for the license, and with reference to the demand for liquor for the consumption of others than Burmans. In no case will outstills be established where there is a purely Burman population. All stills except those licensed will, of course, be illicit, and the liquor made in them will be treated as contraband. It is, however, idle to suppose that even if the present police force was doubled the illicit manufacture of spirits could be controlled, the nature of the country being such as it is.

12. The next matter is the sale of spirits. The Chief Commissioner proposes to fix the places and the number of shops at which sale shall be allowed. The license fee for retail sale will be determined by competition for the privilege of sale. There is no doubt that this method of fixing the license fee is that most advantageous to the revenue. In Lower Burma it has been the practice to allow certain selected firms to sell foreign liquor on payment of a small fixed fee, while all the others have to compete for their licenses. The only argument in favour of this distinction is that shopkeepers who pay heavily for their licenses try to recoup themselves by adulterating their liquor or selling spurious imitations. The distinction is an invidious one and leads to not unfounded complaints on the part of those who have to compete for their licenses. It is, therefore, proposed to make no distinction and to sell by auction each license, whether it is for the sale of country liquor or of foreign, or in small places of both together.

13. I am now to explain the method in which it is proposed to deal with tari. It is assumed that the evidence contained in the reports now submitted will be held to prove that where tari-trees abound the practice of drinking the fermented juice is common. The enquiries which have been made show that the greater proportion of the tari juice is used to manufacture jaggery. It is quite impossible to distinguish between the trees that are used for jaggery and those that are used for making tari liquor. It is, therefore, difficult to tax the trees with an excise duty. Any tax that is imposed on the trees will fall on the jaggery as well as on the liquor, which is not desirable. Another difficulty arises from the system of taxation in force in Upper Burma. The thathameda is in its nature a rough income-tax. The income derived from the trees by their owners, as well as the earnings of the tari climbers, have already been taken into account in the assessment of the thathameda. For these reasons the Chief Commissioner thinks it is not easy or altogether fair to seek to excise tari by a tax on the trees. In some districts the trees are already subjected to a tax, and wherever they belong to Government a rent or tax is imposed on them. Power has been taken under the rules to impose a fee of one anna per tree on owners of tari-palms, if they wish to sell tari to licensed vendors. For the present, however, the Chief Commissioner thinks it may prove expedient not to impose this tax. and to confine interference with the tari traffic to prohibiting sale without license, and to selling the licenses for single shops or for defined areas. He would confine the establishment of such shops to places in which tari-palms are numerous.

14. There remains the question of the licensing of breweries. I am to explain that a brewery was established in Mandalay soon after the occupation of the country for the manufacture of beer for the troops. The prohibition against sale to Burmans extends to this beer also.

15. The last question which has to be considered is the legal measure by which the proposed system of excise, or such system as the Government of India may approve, is to be enforced. Several considerations lead the Chief Commissioner to desire the extension of the Excise Act. In the first place it is an Act of which we have considerable experience, which has been found to work well, and which provided for all that is needed to establish a sound system of excise. In the second place it is in force in Lower Burma. It is inexpedient to make unnecessary differences in the law prevailing in different parts of the same country and province. Thirdly, the officers, Magistrates and Police, are acquainted with the provisions of the Excise Act, and as officers are liable to be transferred from Lower to Upper Burma and *vice versâ*, it is better to extend the law which is in force in Lower Burma than to draft a new law which must cover almost the same ground for Upper Burma. The Chief Commissioner, therefore, asks that the Excise Act, XXII of 1881, may be extended to Upper Burma. The draft Excise Rules submitted herewith have been framed *mutatis mutandis* on the rules now current in Lower Burma, and will, it is thought, provide the means of regulating the liquor traffic in the manner desired by the Government of India. If they are approved, the Chief Commissioner desires, before starting the Excise system, to obtain the views of selected local officers upon them. The arrangements for the current year's excise have been made on the same basis as last year. It will be expedient to make no alteration during the current year, and to start the new system, whatever it may be, from the commencement of the next financial year, after perfecting the rules and making arrangements with a care and deliberation which is now impossible. The reports of the District Officers are submitted in full,

and their contents have also been abstracted and tabulated, district by district, for convenient reference. Two other statements are submitted: the one furnishing the information, so far as it has been possible to obtain it, required by the Secretary of State regarding the liquor licenses issued in Upper Burma since annexation: the other, showing the results of sales of liquor licenses in 1887-88 and 1888-89.

16. It is necessary to provide for the special care of spirits used exclusively in arts and manufactures or in chemistry in Upper Burma. I am therefore to ask that Act XVI of 1863 be extended to Upper Burma. Draft rule No. 35 contemplates this extension.

No. 64 (Revenue), dated 9th August 1888.
From—The Secretary of State for India,
To—The Government of India.

I have given careful consideration to your letter No. 159(Finance), dated 16th June 1888, and its enclosures, concerning the opium and liquor excise arrangements in Upper Burma.

2. I accept generally the conclusions to which your Government have come upon this important matter. The settlement of administrative details for giving effect to these conclusions must rest with the Chief Commissioner, subject to your orders. I concur fully in your views as to the maintenance of the prohibition against the sale of opium or liquor to Burmans, and also as to the reduction in the proposed number of opium shops. I desire that due attention be given to the injunction conveyed in my previous despatches,* to the effect that a demand for opium or liquor must not be created or stimulated at places or in tracts where such demand does not exist or is at present very restricted, and that such demand is everywhere to be discouraged.

* No. 63, dated 18th August 1887.
" 28, " 19th April 1888.

3. I observe that the Chief Commissioner was averse to maintaining the prohibition against the sale of liquor to Burmans, on the ground that such a prohibition cannot be effectually enforced. It is probable that, under any circumstances, a certain number of Burmans will get opium and liquor illicitly in the future, as they have done in the past. But it seems that respectable Burmans of nearly all districts desire that the prohibition should be maintained; they believe that such prohibition will make drinking more difficult for Burmans, and will operate to prevent the spread of intemperance among people of Burman race. Apparently, Chinese licensed vendors of liquor consider that the prohibition will have much effect, for in one district the licensed vendor, who had given ₹8,600 for his license when the prohibition was withdrawn, reduced his offer to ₹2,000 as soon as the prohibition was re-imposed.

4. With reference to the final paragraph of your letter, I am glad to be able to absolve the Indian and Burma authorities from the charge of unjustifiable delay in reporting upon the subject of this Despatch, and to add that the facts and considerations bearing upon this important matter have been carefully investigated and clearly placed before you by the Chief Commissioner.

No. 213, dated 11th August 1888.
From—The Government of India,
To—The Secretary of State for India.

We have the honour to reply to Your Lordship's Despatch No. 28, dated 19th April 1888, in which our attention is drawn to the language employed in reports on the Excise administration by some Local Governments, and to the essential defects of the outstill system. Your Lordship also asks to be furnished with any instructions founded on the Despatch that we may think it necessary to issue to Local Governments.

2. We had already sent to Local Governments copies of our Despatch No. 166, dated 25th June 1887, drawing attention to it as explaining the policy of the Government of India and the principles which had its approval. We have since furnished them with copies of Your Lordship's Despatch now under reply in continuation, and we have invited their particular attention to the views expressed by Your Lordship in paragraph 3, with which we entirely concur. Your Lordship justly observes that the Local Governments already practically shape their Excise administration in conformity with these principles; but no harm will be done by their renewed declaration under Your Lordship's injunctions.

3. It is in fact this universal acceptance of them which gives rise to the remark in the Despatch under reply, that there occur passages in periodical

reports which read as if the increase of the Excise revenue was the paramount object of good administration. Revenue officers are naturally apt to give prominence in their reports to increased revenue, taking for granted that the authorities to whom the reports are addressed will know that the increase has been obtained by successful administration on the principles insisted on by Your Lordship. It is obvious that a Revenue officer has cause for congratulation if he can point to increasing revenue with the consciousness that he has made the consumers of intoxicating drinks pay more dearly than they did before. The moral obligation of taking as high a tax as possible on all liquor consumed, while repressing illicit consumption, is accepted by him as a settled principle; and naturally he finds no occasion to embody in a report of the year's administration what he and everybody who has to deal officially with his report look upon as beyond the possibility of being seriously challenged. But as these reports are sometimes used as a basis for attacks on our administration, we share Your Lordship's opinion that at the risk of tedious repetition and of placing well-understood doctrine on record year after year, administrative officers and Local Governments should be careful to employ language which cannot give colour to the idea that the object of the Excise Department is to increase revenue at the sacrifice of social considerations.

4. We think it desirable to mention to Your Lordship as evidence of the amount of attention that is being given to the supervision of Excise Administration that, acting upon suggestions made by the Finance Committee, the Governments of the Punjab and of Bengal are taking steps to place the superintendence of their excise in the hands of a special officer, as the other Governments (except Burma) already do. The proposals with reference to the Punjab are about to be submitted to Your Lordship; and the Government of Bengal have, in preparation of further steps, deputed a special officer to study on the spot the systems in operation in Madras and Bombay. The administration of the two Governments last named has so completely established the *financial* success of a policy of repression, that we do not think it need be feared that any Government in India will be induced by financial considerations to slacken its efforts in the direction desired by Your Lordship.

5. We propose to address Your Lordship hereafter with reference to the remarks in paragraph 4 of the Despatch under consideration regarding the defects of the outstill system. The general term "outstill system" covers two or three essentially different systems, such as—

(*a*) Pure farming system, in which a farmer contracts to pay a certain amount of revenue in respect of a definite tract of country, no control over quantity being exercised.

(*b*) Contract outstill system, in which the duty is levied upon the estimated outturn of the still, but the distiller is not watched, so as to prevent him distilling, if he can, an excess quantity.

(*c*) Regulated outstill system, in which the operations at the outstill are controlled and tested by Government officers, so that the duty is practically levied by quantity distilled.

We wish to place before Your Lordship the precise facts as to the extent to which these systems are employed, and the reasons for which in each case they are preferred to the more perfect system of the central distillery. For this purpose we have found it necessary to call for further information from Local Governments on the subject, and in the meantime we have not considered it desirable to delay replying to the remaining portion of the Despatch.

No. 4393, dated 11th August 1888.
From—L. P. Shirres, Esq., Offg. Under-Secretary to the Government of India,
Department of Finance and Commerce,
To—All Local Governments and Administrations.

In continuation of my letter No. 4778, dated the 7th September 1887, I am directed to forward a copy of a Despatch from the Secretary of State, No. 28 (Revenue), dated the 19th April 1888, containing certain observations made by the Secretary of State with reference to the policy followed in India regarding excise administration.

2. In paragraph 3 of the Despatch the Secretary of State points out that, although the Excise administration is practically shaped in conformity with the principles referred to by him, yet there are occasionally passages in periodical

reports which read as if the increase of the Excise revenue was the paramount object of good excise administration, and as if additional facilities for liquor-drinking might be sometimes given more rapidly than the actual needs of the people demand. I am to forward, for your information, a copy of the reply which has been sent to this Despatch, and to request that the remarks of the Secretary of State may receive the attention of His Excellency the Governor. / His Honour the Lieutenant-Governor. / The Chief Commissioner.

No. 76 (Revenue), dated 30th August 1888.

From—The Secretary of State for India,

To—The Government of India.

I forward, for Your Excellency's information, copies of a question put in the House of Commons concerning the licensing of liquor-shops near tea gardens in Darjeeling, and of the answer given to that question. My attention has been drawn to a pamphlet which purports to report the proceedings of a public meeting held on this subject at Darjeeling on the 7th June 1888. I shall be glad to learn what action the Local Government may, under the orders of Your Excellency, take in the matter.

Question put in the House of Commons regarding liquor-shops and its answer on 3rd August 1888.

Sir Roper Lethbridge—To ask the Under-Secretary of State for India whether the attention of Her Majesty's Government has been directed to the correspondence recently published between the Deputy Commissioner for Darjeeling and the General Manager of one of the largest local Tea Companies, in which great pressure was put upon the latter to open grog-shops on his estates with a view to "the protection of the revenue and the enforcement of the law."

Whether a very large number of the managers of tea gardens in the Darjeeling District have signed a document protesting against the Government excise system.

And whether the Secretary of State will take any steps to put a stop to the establishment of these grog shops in the public and private bazars of India.

Sir John Gorst—The Secretary of State has no official information on this subject, but he will enquire from the Government of India what action the Local Government is taking in the matter.

No. 250, dated 16th October 1888.

From—The Government of India,

To—The Secretary of State for India.

We have the honour to acknowledge the receipt of Your Lordship's Despatch No. 76 (Revenue), dated the 30th August 1888, forwarding a copy of a question put in the House of Commons by Sir Roper Lethbridge and of the answer to it, regarding the Government Excise system and the establishment of grog shops in the public and private bazars of India. Your Lordship desires to be informed what action the Local Government may, under our orders, take in the matter.

2. We have the honour, in reply, to forward for Your Lordship's information a copy of the correspondence noted in the schedule. In view of the information contained in that correspondence, it does not appear to us necessary to give any instructions in the matter to the Local authorities, who appear to have been for years dealing with it in a judicious way and upon sound principles.

3. We do not know whether the proposal to put a stop to the establishment of grog shops in the public and private bazars of India means that we should altogether suppress the sale of liquor in India, or that we should abandon the system of subjecting liquor shops to the necessity of obtaining licenses. Either of these courses appears to us open to grave objection, for reasons which we have fully explained to Your Lordship in our Despatch No. 166, dated 25th June 1887.

No. 5245, dated 24th September 1888.

From—L. P. Shibbes, Esq., Offg. Under-Secy. to the Govt. of India, Department of Finance and Commerce,

To—The Secretary to the Government of Bengal, Financial Department.

In continuation of the telegram from this Department of this day's date, I am directed to forward a copy of a Despatch from the Secretary of State, No. 76 (Revenue), dated the 30th August 1888, and of its enclosure, regarding the liquor traffic in Darjeeling, and to request that the report called for on the subject may reach the Government of India not later than the 9th October. The report must reach Her Majesty's Secretary of State before the re-assembling of Parliament on the 7th November; and it must therefore be despatched by the mail leaving Simla on the 16th October. I am to request that the Government of India may be informed by telegram when the report leaves Darjeeling.

No. 270 T.—F., dated 4th October 1888

From—Colman Macaulay, Esq., C.I.E., Secy. to the Govt. of Bengal, Financial Dept.,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of your letters No. 5015, dated 12th ultimo, and No. 5245, dated 24th ultimo, forwarding copy of a Despatch from the Secretary of State, No. 76 (Revenue), dated 30th August, and of its enclosure, the report of a question asked by Sir Roper Lethbridge in the House of Commons on the subject of liquor traffic in Darjeeling.

2. The Government of India will observe from the enclosed copies of reports from the Deputy Commissioner of Darjeeling and the Commissioner of the Division, dated 3rd instant, that, though a number of signatures were procured to a post-card circulated by the Darjeeling Temperance Society, no attempt was made to submit officially any combined representation to the local authorities. It is needless to point out that the terms in which this stereotyped form of protest is couched must necessarily diminish the value which might otherwise attach to an influential representation. It will also be observed that there is some misunderstanding regarding the time at which the correspondence referred to in the first part of the question took place.

3. The present case affords a fair illustration of the difficulties with which Government has sometimes to contend in India in dealing with public or class criticism of Excise administration. The interests and views represented by the two sections of the community who support this agitation are essentially divergent. The Temperance Society would have the consumption of intoxicating liquor absolutely suppressed: the Planters are aware that their labourers will drink liquor, but, for their own convenience, they wish that the system under which the liquor traffic is regulated by the State should give way to a system under which it would be regulated by themselves. Obviously, Government cannot seriously entertain either of these views. All that it can do is to guard against the creation of undue facilities for the consumption of liquor, whether on the one hand by the opening of too many shops or unnecessary lowering of the price, or on the other hand by the prevalence of smuggling or illicit distillation. The correspondence, of which copies are appended, will show that the question of the control of the liquor traffic in Darjeeling has received the special attention of this Government, and that the number of outstills has been kept down to, and was at one time reduced below, the lowest limit compatible with the objects of efficient Excise administration. The number of outstills open during the past year was 38, against 32 in 1878-79, 45 in 1879-80, and 29 in 1882-83. It cannot be said that the increase more than represents the advancing requirements of the district, brought about by the expansion of its population and its general development. The population, apart from additions resulting from increase of territorial jurisdiction, rose from 418,665 in 1871 to 497,779 in 1881, and it is constantly receiving accessions by immigration. A railway has been opened through the heart of the district, and there has been a general and obvious advance in its material prosperity. Meanwhile the revenue paid by the consumers of spirits has risen from ₹37,372 from 45 outstills in 1879-80 to ₹85,616, with a synchronous reduction in the number of outstills to 38 in 1887-88. These figures indicate a considerable increase in the tax and consequent discouragement of consumption. Mr. Risley's report shows very clearly the difficulty associated with exceptional repressive measures in this district; and the failure of the large reduction of the number of outstills in 1881-82 has proved the futility of seeking to prevent drinking by removing the sources of licit supply.

Government letter No. 72, dated 23rd November 1880.
Board's letter No. 112 B., dated 12th February 1881.
Government letter No. 16, dated 3rd March 1881.
Board's letter No. 223 B., dated 22nd March 1881 (with enclosures).
Government letter No. 30, dated 20th April 1881.
Board's letter No. 430 B., dated 31st May 1881.
Board's letter No. 202 B., dated 18th March 1882.
Government letter No. 42, dated 31st March 1882.

4. It has come to the notice of the Lieutenant-Governor that Darjeeling is still one of the few districts in which it has not been found desirable to introduce the limitation of the capacity of stills which was generally recommended by the Excise Commission. His Honour is not prepared to say that the Board of Revenue have erred in accepting the views

of the local officers in this matter, but the Board will be asked to submit a report on the subject.

5. With reference to the enquiry made in paragraph 2 of letter of 12th September, I am desired to submit herewith, for the information of the Government of India, a copy of the orders passed by the Lieutenant-Governor on Mr. Westmacott's report of his enquiry into the working of the outstill system in Hooghly and Howrah.

No. 72, dated 23rd November 1880.

From—COLMAN MACAULAY, Esq., C.I.E., Offg. Secy. to the Govt. of Bengal, Financial Dept.,
To—The Secretary to the Board of Revenue, Lower Provinces.

I am directed to say that several complaints have reached the Lieutenant-Governor that drunkenness has greatly increased within the last year or two in the district of Darjeeling, and that the demoralization of the labourers employed on the tea gardens in that district is very great. It is observed that the number of shops for the sale of country spirits increased from 21 in 1877-78 to 32 in 1878-79 and 45 in 1879-80. It would appear to be very doubtful whether the genuine wants of the district called for such a large increase as this. The license fees from 32 shops in 1878-79 amounted to ₹30,101, or an average of ₹941. The fees realized from 45 shops in 1879-80 amounted to ₹37,372 only, or an average of ₹830. This would seem to show that the number of shops has been quite unduly multiplied, and that the settlements have been injudiciously made. The Lieutenant-Governor attaches much importance to this matter, and desires that a full report upon the subject in all its bearings may be submitted with as little delay as possible.

No. 112 B., dated 12th February 1881.

From—A. FORBES, Esq., Officiating Secretary to the Board of Revenue, Lower Provinces,
To—The Secretary to the Government of Bengal, Financial Department.

I am directed to acknowledge the receipt of Government order No. 20—72, dated 15th January last, calling for the early submission of the report required in Government order No. 72, dated 20th November last, on the subject of the complaints which have reached the Lieutenant-Governor regarding the increase of drunkenness in the district of Darjeeling.

2. In reply I am desired to state that in July last, when Mr. Buckland was at Darjeeling on tour, he requested the special attention of the local officers to this subject.

3. On receipt of Government order No. 72, the Board desired the Commissioner to take immediate measures to close those shops which are found on enquiry to afford a good cause of complaint, no financial consideration as to the amount of the loss of excise revenue being permitted to stand in the way, if the increase of drunkenness is shown to be due to the existing arrangements. The Commissioner was also requested to impress upon the local officers the necessity of their being on the alert to prevent the illicit supply of liquor in places where the labourers in the tea gardens are alleged to have become demoralized by its use.

4. The Commissioner stated that he has requested the Deputy Commissioner of Darjeeling to submit the report required by Government as soon as possible; at the same time he observes that it is not easy for the Deputy Commissioner to collect materials for a report, without making enquiries in regard to a number of different tea gardens, and that it will necessarily take some time before a sufficiently comprehensive report can be submitted. On receipt of further information from the Commissioner, the Board will submit the detailed report required by Government.

No. 16, dated 3rd March 1881.

From—COLMAN MACAULAY, Esq., C.I.E., Offg. Secy. to the Govt. of Bengal, Financial Dept.,
To—The Secretary to the Board of Revenue, Lower Provinces.

I am directed to acknowledge the receipt of your letter No. 112 B., dated the 12th ultimo, reporting the steps that have been taken to prevent the increase of drunkenness in the Darjeeling district.

2. The Board state that, on receipt of the Government order No. 72, dated 23rd November last, they instructed the Commissioner to cause all shops to be immediately closed which might be found to afford good cause for complaint; and they point out that the full report called for by Government cannot be submitted for some time.

3. The Lieutenant-Governor desires me to say that the general report asked for should be submitted with as little delay as possible. Meanwhile I am to enquire how many shops have been closed under the Board's recent orders.

No. 223 B., dated 22nd March 1881.

From—A. FORBES, Esq., Officiating Secretary to the Board of Revenue, Lower Provinces,
To—The Secretary to the Government of Bengal, Financial Department.

I am directed to acknowledge the receipt of the Government order No. 16, dated 3rd instant, calling for the early submission of the report required in Government order No. 72 dated 22nd November last, on the subject of the increase of drunkenness in the district of Darjeeling, and enquiring how many shops have been closed under the Board's recent orders.

2. In reply I am desired to submit a copy of the correspondence noted in the margin, which contains the views of the Commissioner and Deputy Commissioner on the subject of the alleged increase of drunkenness in the Darjeeling district, and the question of effecting a reduction in the present number of outstills.

Commissioner of the Rajshahye and Cooch Behar's No. 1341R., dated 9th February 1881, enclosing Deputy Commissioner of Darjeeling's No. 292, dated January 1881.

3. It will be seen from the enclosed correspondence that the Deputy Commissioner does not consider the present number of outstills to be in excess of the requirements of the mixed population of the Darjeeling district, or of the extent of country supplied; that the average monthly fee, although reduced in 1879-80 below the standard of the preceding year, is still sufficiently high to have led to the selling-price of liquor being doubled within the last four or five years; and that the increase of drunkenness in the district, which has attracted the notice of Government, is to be accounted for by other more general causes than the increased facilities for obtaining liquor.

4. The Commissioner, it will also be seen, supports the view of the Deputy Commissioner, and is of opinion that no case has been made out for a reduction in the number of shops, and thinks that such a measure would have the effect of causing the people to resort to illicit means of providing themselves with drink. I am to add that the correspondence referred to in the Commissioner's report was duly considered by the Board in passing the orders reported to Government in Board's No. 112 B., and No. 113 B., dated 12th February last, under which, out of 45 existing shops, 5 shops, which are in or near the forest reserve, have been directed to be closed, and certain conditions have been added to the outstiller's licenses with a view to render them more effective in discouraging drunkenness.

5. The Board are unable to bring forward any facts or arguments contradictory of the views held by the local officers. At the same time, however, I am desired to add that, in accordance with the orders contained in Board's circular order, dated 17th January 1881, a copy of which is forwarded herewith, the Deputy Commissioner has proposed only 22 outstills for the Darjeeling district during the ensuing year, and the Board have approved of the Deputy Commissioner's proposals. It is anticipated that such a large reduction in the number of outstills may lead to increased attempts to engage in illicit dealings; but this tendency will have to be met with increased vigilance on the part of the excise, police, and forest officers, and it will be competent to the Board, in the course of the year, to sanction the opening of any additional outstill where it may be shown to be really necessary to do so.

No. 1341 R., dated 9th February 1881.

From—LORD H. ULICK BROWNE, Commissioner of the Rajshahye and Cooch Behar Division,
To—The Secretary to the Board of Revenue, Lower Provinces.

In continuation of my letter No. 1178 R., dated 12th January 1881, I have the honour to enclose copy of a letter No. 292 R., dated January 1881, from the Deputy Commissioner of Darjeeling, submitting the report called for by Government letter to your address, No. 72, dated 23rd November 1880 (a copy of which was received with your letter No. 372 B., dated 3rd December 1880), on the subject of complaints of the increase of drunkenness in the Darjeeling district.

2. Mr. Waller's report seems to me a good and conclusive one; and considering the fees received from the shops, the distribution and number of shops over the hills, the fact that hill-races especially in a damp climate must have liquor, I do not think any case is made out for a reduction in the number of shops. It seems to me that if any shops are closed at all it would, as the Deputy Commissioner observes, logically follow that almost all should be closed; and I adhere to my opinion that if deprived of the means of procuring liquor under the sanction of law, the people would provide themselves with illicit liquor, so that the only result of closing shops will be a loss of revenue.

3. I observe that the Government letter implies at least a doubt whether an average of ₹830 from each shop is not so small as to indicate that there are too many shops; but I am under the impression that the records of the Board's office will show that if no outstills were allowed, unless the fees amounted to as much as ₹830, we should lose two-thirds of the revenue derived from country spirits in these Provinces.

4. I have already, in my letters noted on the margin, expressed my opinion on the general question of preventing drunkenness, and especially in Darjeeling. A restriction as to the quantity of liquor to be consumed at one time on, or close to, the premises of a licensed vendor, and a fine in the event of people being seen in a state of intoxication on or near the vendor's premises, would probably have the effect of diminishing drunkenness at such places, the liquor being consumed at home instead. In addition to this, the Deputy Commissioner reports that he closed some shops in consequence of complaints, and, again, in consequence of the instructions received in your letter No. 12B., dated 15th January 1881, five shops more are to be closed from 1st April 1881. I am unable to recommend that anything more be done.

No. 1173, dated 11th January 1881, replying to the Board's circular No. 1080B., dated 13th September 1880, No. 1175R., dated 11th January 1881, written with reference to complaints of the Conservator of Forests, Bengal.

No. 292 R., dated January 1881.

From—R. M. WALLER, Esq., Deputy Commissioner of Darjeeling,
To—The Commissioner of Rajshahye and Cooch Behar Division.

I have the honour to submit the report called for in your letter No. 792 Rct., dated 14th December 1880.

2. I have consulted a number of the leading gentlemen among the planters, and, while about a half the number consulted affirm that there has been an increase of drunkenness during the last two or three years owing to the increase in the number of outstills, the other half only objected to the shops in their immediate neighbourhood.

3. I have not been informed whence His Honour the Lieutenant-Governor received the complaints alluded to in the letter from Government to the Board of Revenue; but I myself had only bad complaints from Captain Grahame, Mr. Monro, Mr. Gammie, and the Forest Department, these being against particular stills and made on grounds which, if admitted as valid in these instances, would have logically involved the closing of nearly all the stills in the district. The Mim shop was, however, closed on Captain Grahame's account, and that at Lepchajaghaut in the forest, and that on the Cinchona lands removed to a mile from the coolies' huts.

4. Previous to 1878-79 there were ten shops for the whole extent of the hills, and 12 for the Terai. Of the 45 at present licensed, 31 are in the hills and 14 in the Terai. Of the former, three only are in the Kalimpong sub-division, *i.e.*, east of the Teesta, and of the latter only five, west of the Balusun; not too many surely for either of these extensive tracts. As regards the remainder of the hills along the whole Teesta valley, there are five stills; in the whole tract north of the Senchal and Gumpahar watersheds, seven; on or near the cart-road between Darjeeling and Siligoree, eight; in the whole tract south of the Gumpahar divide and west of the cart-road, nine (of which four only are in the extensive part of this tract west of the Balusun); while in the Terai, east of the Balusun, there are nine stills of which five are on the road from Matigarah to Pankabari. None of these are so near as within 2 miles of each other. I have thus analysed the distribution of the stills over each well-defined tract and I submit that the present number of stills is not in excess of the requirements of both the extent of country and the population, as it will appear by the approaching census. Even now, with 45 stills, the average monthly fee is over R60, which I submit does not come anywhere near the R8 minimum fixed to prevent the undue multiplication of stills by the Board. In fact, of the 45 stills, 27, or nearly two-thirds, pay over R20 monthly.

It must be remembered that in Darjeeling the population is almost entirely a spirit-drinking one; and it will be found to have more than doubled itself, I have no doubt, since 1871, at this census. Thus, the population per outstill is probably more nearly 5,000 than 2,104 as it would appear from the present supposed population of 94,700 as taken at the last census; and even 4,000 does not seem too small a number of persons for a single outstill where nearly all are consumers more or less. The only result I anticipate from reducing the number of stills will be a greater resort to the practice of taking home a supply in bottles from the stills remaining, to save the trouble of going the longer distances to which, on the average, the stills would be from the consumers' houses. In the words of the Government Resolution, dated 17th November 1880, the demand for spirits is rising as it always has done in this and other countries with the increased prosperity of the country. I may also quote the case of the increase of consumption of spirits from 47,750 to 59,200 gallons in the Sonthal Pergunnahs among a population not restrained by religion as in the case of Hindus and Mussulmans from drinking spirits; and this with the sudder distillery system in vogue. It will be seen that the increase of fees in this district, and that reported from Sonthalia, are both about 12 per cent. in one year. It cannot be therefore assumed that the increase of stills has necessarily caused the increase of consumption in this district, for an equal increase appears spontaneously in the Sonthal Purgunnahs under the distillery system. Had the tea planters, who complained to the Lieutenant-Governor, been residents in Sonthalia, their coolies would have been found probably to have become larger consumers of spirits even without any increase of outstills. Here it is the increase of outstills to which a phenomenon in no way necessarily connected with such increase is attributed. It has been already shown that, notwithstanding the increase of shops, the average monthly fee is still R60, which cannot, I submit, be said to be an unduly low rate—while, on the other hand, the current price of spirits, which is now one rupee per quart bottle, whereas it was eight annas four or five years ago, shows that whatever the facilities for obtaining it, that price is still decidedly not low; in fact it has increased. There is clearly a feeling among the planters against the sale of spirits at all, and each objects to the shop nearest his garden; to carry out their wishes would therefore amount virtually to closing all shops, except a few in large bazaars and hâts. I find, however, that in several cases the stills are on land belonging to planters, who of course might readily refuse to let them occupy their land if they wished. This remark applies also to the Forest Department.

It seems to me that in former days as long as illicit distilling was prevalent, and coolies, &c., got cheaply drunk in their own houses, there was no complaint of the drunkenness or of the illicit spirit-making, though the latter was notorious. Now that illicit manufacture has become so dangerous as to have almost ceased, and the cooly has to have recourse to the licensed outstills where he probably gets into debt and not seldom gets drunk, employers complain because their coolies, having to pay for the spirit they consume, instead of illicitly making it at a small cost in their own houses, get into debt, and are less independent of the shopkeepers who sell them food, cloth, &c.

I would also remark that the increase of outstills has been perfectly spontaneous. No new still was proposed except after an application made for a license at the new place, and several applications have been refused as being for stills unnecessarily near to existing stills. I must also record my opinion that a reduction in the number of stills at the approaching settlement will result in a falling-off of revenue, as it will not be feasible to enhance the fees of those remaining so as to raise the revenue from them to its present figure. In conclusion, I

l state it as my deliberate conviction that the increase of drunkenness is not greater or widespread than can be accounted for by other causes than the increased number of shops e spirit is sold. A cold and wet climate like this, inhabited by races not prevented from ing by religion, may well have consumers compared with the plains in the proportion of 1. I find in the other six districts of this division there is an average population of 27,680 per still, while here (if we take the population to have doubled since 1871) there 00 to each still, or in the proportion of 8 to 1 as compared with the districts in the plains, ree of which it is said that the number of outstills ought to be increased.

No. 30, dated 20th April 1881.

From—COLMAN MACAULAY, Esq., C.I.E., Offg. Secy. to the Govt. of Bengal, Financial Dept.,

To—The Secretary to the Board of Revenue, Miscellaneous Revenue Department.

With reference to your letter No. 223B., dated the 22nd March 1881, and its enclosures he subject of the increase of drunkenness in the Darjeeling district, I am directed to est that the Board will be good enough to call for and submit, for the information of Gov- ent, a list showing the liquor shops open in the district, the license fees paid on account hem, the shops that have been closed, and the fees that were offered for licenses to hold 1.

No. 430 B., dated 31st May 1881.

From—A. FORBES, Esq., Offg. Secretary to the Board of Revenue, Lower Provinces,

To—The Secretary to the Government of Bengal, Financial Department.

I am directed to acknowledge the receipt of Government order No. 30, dated 20th April and in reply to submit herewith two statements submitted by the Deputy Commissioner Darjeeling. No. I shows that there are 22 outstills now open, paying a monthly license of R3,135; and No. II shows that 23 shops, which yielded a monthly license fee of R605, e not been permitted to be re-opened during the current year.

No. I.

Lists of Outstills opened in the Darjeeling District for the year 1881-82.

ber of ops.	Localities of shops.	License fee paid for each.	Number of shops.	Localities of shops.	License fee paid for each.
		R			R
1	Darjeeling	580	13	Shooruk	27
2	Ging	43	14	Phanshidewah	17
3	Poolbazar	51	15	Matigurah	306
4	Sonadah	135	16	Naksurbari	150
5	Sepoydhura	63	17	Mohismari	205
6	Kurseong	380	18	Gharidhura	242
7	Chunabhatty	61	19	Bainbari	88
8	Ghumtee	93	20	Bagdogra	86
9	Punkhabari	53	21	Khaprel	290
10	Rishope	80	22	Nagorekote	129
11	Liring	30		TOTAL	3,135
12	Kalimpong	26			

No. II.

ist of Outstills which were open in 1880-81 and closed in 1881-82 in the District of Darjeeling.

Number of shops.	Localities of shops.	Amount of fees that were offered to hold them.	Number of shops.	Localities of shops.	Amount of fees that were offered to hold them.
		R			R
1	Chuttuckpore	43	13	Rungbly and Rungly	9
2	Mahanuddy	36	14	Tuckvar	10
3	Dudia	8	15	Rang Vang	11
4	Rungli Rungliat	9	16	Samthor	9
5	Daduria Pool	22	17	Tonguri	8
6	Rajman Bungalow	18	18	Pathurghatta	80
7	Baukut	10	19	Kynanuka	56
8	Pashoke	8	20	Champasoi	77
9	Singla	9	21	Turibari	31
10	Teestapul	8	22	Tirrihanna	105
11	Tukdah	8	23	Rohini	22
12	Nahore	8		TOTAL	605

A. A. WACE,
Deputy Commissioner.

No. 202 B., dated 18th March 1882.

From—A. Forbes, Esq., Officiating Secretary to the Board of Revenue, Lower Provinces,

To—The Secretary to the Government of Bengal, Financial Department.

I am directed to report, for the information of Government, that, in submitting his excise settlement proposals for 1882-83, the Deputy Commissioner of Darjeeling recommended the re-establishment of the seven outstills marginally noted, the closure of which was reported to Government in the correspondence ending with Board's No. 430 B., dated 31st May 1881. The Deputy Commissioner's proposals being supported by the Commissioner, the Board directed that a full explanatian should be submitted of the necessity of opening each of the outstills referred to, and the Commissioner at the same time was asked to state whether any of the shops in question were within or near to the forest reserve or tea gardens, and, if so, whether the Conservator of Forests, or the tea planters concerned, had been consulted.

Turibari.	Singla.
Rungli Rungliat.	Mahanuddy.
Daduria Pul.	Rohini.
Tirhana.	

2. From the reply received from the Commissioner, a copy* of whose letter and enclosure is annexed, the Board consider that Mr. Wace has made out a strong case in support of his proposals and they have accordingly sanctioned the opening of the seven outstills from the 1st proximo, on the understanding that, if during the course of the year any well-founded complaints are made in regard to any shop, the license will be liable to be cancelled.

* Rajshahye Commissioner's No. 944 Rct., dated 10th March 1882, and its annexure.

3. The Board have also directed that, if any of these seven outstills correspond to any of the five shops which were closed in and near to the forest reserve under the orders referred to in the Board's letter No. 113 B., dated 12th February 1881, to Government, they must not be opened until the Conservator of Forests has been consulted, and orders have been received on his objections, if he has any to make.

No. 944 Rct., dated 10th March 1882.

From—Lord H. Ulick Browne, Commissioner of the Rajshahye and Cooch Behar Division,

To—The Secretary to the Board of Revenue, Lower Provinces.

With reference to your letter No. 57 B., dated 18th February 1882, on the subject of the excise settlements to be made in the district of Darjeeling for the year 1882-83, I have the honour to enclose copies of a letter No. 1657 R.D., dated 3rd March 1882, and of the statement received therewith, as also the map in original.

2. It will be observed that the Deputy Commissioner has not consulted the managers of the neighbouring tea gardens on the question of the re-establishment of outstills; and it seems to me that a good reason is given for this. Briefly, in consequence of the representations of the managers of tea gardens, outstills were closed against the opinions and remonstrances of the late Deputy Commissioner and myself, and in several instances illicit distillation of liquor has been discovered during the current year in the immediate neighbourhood of the places where the closed outstills formerly existed. It is in consequence of this that the Deputy Commissioner now proposes to re-open the outstills, and, as he observes, the above facts will be an excellent answer to any remonstrances on the part of the managers of tea gardens.

3. I hope that, at all events, the proposal in paragraph 4 of the Deputy Commissioner's letter to re-open the outstills Nos. 23, 27, 28, and 29 for the whole year will be sanctioned, as also the establishment at the other three places mentioned of shops to be opened only on market days. There was a separate correspondence on the subject of opening shops on market days only, the last letter in which is your No. 233 B., dated 23rd August 1881, cited by the Deputy Commissioner. All the points in that letter are, I think, met by the one now enclosed, and the map, excepting the consulting of the tea planters. The distance of the nearest shops from the markets will be seen by the map, which is divided into 4-mile squares.

No. 1657 R.D., dated 3rd March 1882.

From—A. A. Wace, Esq., Deputy Commissioner of Darjeeling,

To—The Commissioner of the Rajshahye and Cooch Behar Division.

In reply to the Board's No. 51B., dated 18th February 1882, a copy of which was forwarded to me direct, I have the honour to resubmit the map showing proposed outstills for 1882-83, and a tabulated statement giving the information required as to outstills 26 to 31 and 23, except as regards one point.

2. This one point is whether the managers of the neighbouring gardens have been consulted or not. With reference to this enquiry, I beg to point out that it would be useless to do so. I am pretty sure, without asking them, that they would object, but I contend that they have no right to be consulted. The number of outstills was largely reduced in this district partly on account of the remonstrances of the planting interest. Mr. Waller pointed out at the time that the indignation professed was a little fictitious. As I have said more than once, the planter knows perfectly well his coolies will have liquor, but he has more control over it if his sirdar starts an illicit still on his garden than if an independent shopkeeper sets up one in the neighbourhood. In this former case everyone concerned is interested in keeping the drinking that goes on quiet. In some cases I should be glad to be' that

it is kept so quiet that the manager does not know of it, but in many of the cases exposed by the Excise Inspector one could scarcely credit the manager with ignorance. I am proposing to re-open these stills because of the illicit practices which have prevailed since they were closed. If any remonstrances are made, it should be pointed out that the managers have only themselves to blame in the matter. It will perhaps range planters on our side in putting down illicit distillation if they know that its prevalence will be followed by the re-establishment of an outstill. Those who knew of the illicit dealings exposed this year cannot certainly complain with justice, and those who did not know will have their eyes opened.

3. As regards forests, you will observe that no objections can be raised. I have borne forest interests in mind in these settlements. The opening of a shop on the frontier road, for instance near Jorepokree, has been suggested to me both by the Excise Inspector and the Excise Deputy Collector, and there is no doubt the establishment would check the illicit importation proved to go on; but I prefer to try and put it down through the police, who are handy to the line of road, than to run the risk of injury to the forest through which the road runs. In the other two places—Singla and Shyenee—where I have proposed outstills to try and check illicit importations, I have no police near on whom I could rely.

4. If the Board is still indisposed to sanction the re-establishment of all these shops, I would especially urge the necessity for Nos. 23, 27, 28 and 29. At the other three places—Rungli Rungliat, Rohini, and Tirhana—we might try the effect of having the shops open only on the hât days, as proposed in my No. 72 R.E., dated 27th July 1881. With reference to the last enquiry made in the Board's No. 233 B., dated 23rd August, which answered this proposal, I may state that at No. 26, Rungli Rungliat, there is a police outpost. Rohini and Tirhana are also both within easy reach of police stations, from which supervision could be exercised over the vendors at each hât.

No. 42, dated 31st March 1882.

From—Colman Macaulay, Esq., C.I.E., Secy. to the Govt. of Bengal, Financial Dept.,

To—The Secretary to the Board of Revenue, Lower Provinces.

I am directed to acknowledge the receipt of your letter No. 202 B., dated 18th instant, reporting that the Board have sanctioned the proposal made by the Deputy Commissioner of Darjeeling to re-establish outstills at the seven places marginally noted, in consequence of the discovery of illicit distillation of liquor in the neighbourhood of the places.

Turibari.	Singla.
Rungli Rungliat.	Mahanuddy.
Daduria Pul.	Rohini.
Tirhana.	

2. In reply I am desired to say that it would have been more satisfactory if the Deputy Commissioner had given fuller details of the cases of illicit distillation discovered by him. The Lieutenant-Governor would have preferred the Deputy Commissioner's proposal for opening the outstills at Rungli Rungliat, Rohini, and Tirhana only on hât days, but he will not now interfere. The working of these shops, however, should be carefully watched.

No. 314 Rct., dated 3rd October 1888.

From—E. E. Lowis, Esq., Commissioner of the Rajshahye Division,

To—The Secretary to the Government of Bengal, Financial Department.

I have the honour to forward, for your information, copy of a report by the Deputy Commissioner of Darjeeling, on the question asked by Sir Roper Lethbridge in the House of Commons.

I may add that I have made personal enquiries, and learn that there was no memorial drawn up and signed by the planters in general, setting forth the collective opinion of the planting community on the excise question. What really happened was this. A meeting of the Darjeeling Temperance Society was held on the 7th June 1888, and one of the principal supporters of the cause, the Rev. A. Turnbull, was asked to move a resolution condemnatory of the use of strong drink. For the purposes of his address at the meeting, this gentleman, to use his own words, sent a certain post-card to every garden in the Directory, not setting forth any argument, but simply putting a certain question. The recipients were requested, if they approved of what was inscribed on the post-card, to sign it. The inscription was as follows:—

"We, the undersigned proprietors, general managers, and assistant managers of tea gardens in Darjeeling are most emphatically of opinion that the excise shops established by Government in every bazaar, public and private, and along every public road in the district, constitute a great public evil, involving grave injustice and injury to the local tea industry, and to the material and moral interests of the thousands of tea coolies."

It will be observed that all that the recipients of the cards were asked to do was to sign and return the cards, and this the great majority did, I believe, without much serious thought. Two or three who were convinced of the evil of the system, wrote separately, but the vast majority simply signed and took no further action. A list of those who signed the post-card was however made out, and this list I saw, and supposed it to have been appended to a memo-

rial emanating from the planters themselves. I did not at the time pay much attention to the matter, as I felt certain that if the planters had any real grievance, they would be certain to make their wants known in a petition addressed to me direct, or through the Deputy Commissioner. As I received no official intimation of any complaint against the outstill system, the subject passed from my mind. The inconvenience caused to planters by the love for drink on the part of their coolies suffices to obtain signatures to any proposal that appears to hold out relief; but I am convinced that many of those who signed the petition alluded to did so without weighing the whole case. I questioned one young planter, whose signature appeared on the list which I saw, and who, I knew, was a recent arrival in the country, regarding his views on the liquor question, and found that he had signed only because the paper had come round and other men had signed. I suspect many of those whose signatures appear on the petition gave the same otiose assent to the matter contained in it.

The district of Darjeeling is hemmed in by Native States where liquor is manufactured without restriction. To do away with our licensed shops, therefore, would not benefit the people or lessen drinking one whit. It would merely substitute uncontrolled for controlled sale of spirituous liquors. The only other possible alternative, then, to the present system is to forbid the use of alcohol in any shape; and though the Temperance Association, who lay such stress on the support to their cause afforded by the planting community, would rejoice at any such step being taken by Government, I am quite certain that the proposal would not commend itself to most planters, while it would create general discontent among the natives, who are, as Mr. Risley has shown, wedded to drink. If we are to forbid the use of alcohol, the rule must, of course, be absolute and binding on Europeans and Natives alike. It would be a good test of the sincerity of those gentlemen whose names appear in the list to enquire whether any such proposal would meet with their support.

No. E.—O.-1—2, dated 3rd October 1888.

From—H. H. Risley, Esq., Deputy Commissioner of Darjeeling,

To—The Commissioner of the Rajshahye Division.

In reply to your letter No. 205 E., dated 25th September 1888, regarding the liquor traffic in Darjeeling, I have the honour to submit the following report.

2. Sir Roper Lethbridge's question is stated in such general terms, that it gives only an imperfect clue to the specific information upon which it may be presumed to have been based. There is no record in my office of any document "signed by a very large number of the managers of tea gardens in Darjeeling district" and "protesting against the Government excise system"; nor have I ever heard of such a protest being addressed to the Deputy Commissioner in his official capacity. It appears, however, from a pamphlet, purporting to report the proceedings of a "public meeting held at the Town Hall, Darjeeling, on the 7th June 1888, under the auspices of the Darjeeling Temperance Society," that in the early part of this year the Rev. A. Turnbull of the Scotch Mission sent to every tea garden in this district (199 in all) a post-card bearing the following words, which he asked the addressees to sign:—

"We, the undersigned proprietors, general managers, managers, and assistant managers of tea gardens in Darjeeling district are most emphatically of opinion that the excise shops at present established by Government in every bazaar, public and private, and along every public road in the district, constitute a great public evil, involving grave injustice and injury to the local tea industry, and to the material and moral interests of the tens of thousands of tea coolies."

A list of names given in the pamphlet shows that 144 signatures, including those of 28 natives, were obtained to these post-cards. Only three replies were in the negative, and one of these is said to have been of a pictorial character, representing the addressee "feeling his way home in very uncertain fashion with a bottle of gin borne aloft in one hand and a lantern in the other." No attempt has been made by the Temperance Society to bring Mr. Turnbull's proceedings to the notice of the Deputy Commissioner of the district, nor has any representation regarding liquor-shops been put forward by the planters on their own account. Even had the Temperance pamphlets, already referred to, been sent to me officially, it would clearly have been impossible for me to take any action in a matter of general policy on the strength of the unauthenticated list of names published by the promoters of this agitation. As it is, I had some difficulty in obtaining from a private source the copy of the pamphlet from which I have drawn the particulars given above.

2. A similar difficulty has been met with in tracing the papers alluded to in the first part of Sir R. Lethbridge's question. I have no knowledge of any "*recently published*" correspondence between the Deputy Commissioner of Darjeeling and "the general manager of one of the largest local tea companies" regarding the opening of grog shops on his estate. More than five years ago (April—June 1883) some correspondence passed between Mr Wace, then Deputy Commissioner of Darjeeling, and Mr. F. deMomet, manager of a tea garden at Dooteriah, about 9 miles from Darjeeling. As the words "to the protection of the revenue and the enforcement of the law," quoted by Sir Roper Lethbridge, occur in Mr. Wace's letter of 7th June 1883 to Mr. deMomet, I conclude that this may be the case referred to in the Parliamentary question. The conclusion, however, is not absolutely certain, as the phrase quoted is a common one, and has probably been used not unfrequently in official correspondence on excise matters.

3. The facts of the Dooteriah case, which I assume to be what Sir R. Lethbridge means, are as follow. In April 1883 the auction-purchaser of the license to keep a shop at Balasun Pul Bazar, about 10 miles from Darjeeling, for the sale of *marua*, or beer made from the fermented grain of the millet *elusine corocana*, presented a petition to the Deputy Commissioner, stating that Mr. deMomet, the proprietor of the bazaar, had caused his shop to be closed, and asking that the fee of R50 paid by him in advance might be refunded. About the same time the licensee of the distilled liquor-shop at the same place asked that Mr. deMomet might be requested to give him a site for his shop. Mr. Wace thereupon wrote to Mr. deMomet, pointing out that the price bid for these licenses (R50 for one and R40 for the other) was of itself a pretty clear indication that the coolies of the neighbouring gardens would have liquor, and would brew it themselves if there were no shops within reach. At the same time, Mr. Wace explained that it was within the power of Government to take up land under the Land Acquisition Act X of 1870 for the purpose of establishing a distillery and shop, though he would be unwilling to adopt this course, except as a last resource. He added that he would be glad to give full consideration to anything Mr. deMomet might have to urge. On the 21st April 1883 Mr. deMomet replied that the liquor-shops had led to "several serious rows," and he objected to it on this ground. He thought that Government should help him to maintain the peace, and not force him to keep liquor-sellers on his estate. Regarding the coolies he said:—"I know that hillmen are partial to liquor. If they want some, they can buy and drink it in their own houses, where they are not so likely to exceed, being alone, and to become quarrelsome." In the next letter, dated 25th April, Mr. Wace quoted clause IX (now VI) of the license, binding licensees to "prevent drunkenness, gaming, and disorderly conduct" in their shops, and remarked that, if Mr. deMomet had informed him of any breach of this condition during the preceding year, he would have taken serious notice of it. He also authorised Mr. deMomet to let the licensees understand that disorderly conduct would be severely dealt with, and that they must look to him (Mr. deMomet) as the landlord, and comply with his wishes, as far as is consistent with his license and payment of revenue. In a subsequent letter of 19th May, Mr. deMomet urged that the condition quoted was inoperative in practice; that drunkenness among coolies led to disease and insubordination, and that 12 out of 13 managers of neighbouring gardens were opposed to the opening of liquor-shops. Mr. Wace's final orders were conveyed in his letter of 7th June, which contains the expression quoted by Sir R. Lethbridge. He points out that his object in pressing the matter is not merely to swell the Government revenue, but to prevent breaches of the excise law. The number of liquor-shops in the district had, he remarks, been fixed by the Board of Revenue under Government orders, and was considered to be the lowest that could be maintained "with due regard to the protection of the revenue and the enforcement of the law." This being so, the Deputy Commissioner had no option in the matter, and must proceed to acquire the land on behalf of Government if Mr. deMomet insisted on refusing to grant a site. In reply to this, Mr. deMomet, on 13th June, agreed not to interfere with the shops, adding that he agreed to this unwillingly, and would try his best to get rid of them by any fair means he might think of. The settlement was accordingly made. The licensees were specially warned by the Deputy Commissioner not to allow drunkenness or disorder; the police of the nearest station were ordered to watch the shops, and report once a month on their conduct; and Mr. deMomet was informed that any report of his on the subject would receive due attention. Since that time no complaints appear to have reached the Deputy Commissioner.

4. In explanation of Mr. Wace's action in this case, and of the policy pursued in this district in respect of Excise administration, I ask permission to add a few remarks on the general aspects of the question, as affecting both the people and the tea planters. Regarding the people themselves, I claim to speak with some authority, as I have been studying their customs for the last three years, and have an elaborate account of them nearly ready for publication.

5. The indigenous population of Darjeeling is wholly non-Aryan. In the hills we have the purely Mongolian Tibetans, the Lepchas (probably an early off-shoot of the same stock), and the Kiranti group, including the Limbus, Khambus, and Yakhas, who are mainly Mongolian. The bulk of our Nepalese or Paharia population is made up of Murmis, Mangars, Gurungs, Kamis, Sunawars, and other semi-Mongolian castes, among whom may be reckoned most of the Newars, who claim to be the aborigines of Nepal. At the foot of the hills, and in the Terai, we find the Mechbodeo, Dhimal, Kochh, Phya, Rajbansi, all of unmistakably non-Aryan descent. In the case of all these people, with the doubtful exception of Brahmans and Khas, both of whom profess to abstain from intoxicating drinks after marriage, the constant use of strong drink is favoured by hereditary tendencies, and enforced by social usage and religious prescription. Many of them have imperfectly accepted the mere externals of Buddhism or Hinduism; but the working religion which underlies these holiday creeds, and really affects their daily life, is the confused superstition which Sir John Lubbock calls Shamanism, and Tiele and other continental scholars are beginning to describe as Animism. Neither name is particularly happy. For our present purpose, the main feature of the Shamanistic belief is that men are surrounded by an infinite number of supernatural beings—spirits of hills, forests, rivers, diseases, ancestral ghosts, departed medicine men, and the like. These beings are active in ill-doing. They require incessant propitiation, and they love nothing so well as strong drink. This is offered in an earthen pot, or a hollow bamboo chunga. A scanty libation is poured forth on the earth, and the remainder, along with eatable offerings, is afterwards consumed by the worshipper. Whether the taste for liquor gave rise to this practice, or the religion developed the taste for liquor, it would be fruitless to enquire. The point is that the practice forms an essential part of the ritual of the household and family gods in the tribes and castes I have named, who make up quite 80 per cent. of the

population of this district. The same obligation is recognised with equal force at marriages and funerals; and the Deputy Commissioner constantly receives petitions for leave to get in large quantities of liquor for use on these occasions.

6. Enough has perhaps been said to show that any attempt on the part of Government to make these people sober is bound to be a failure. Nothing short of a great religious revival of an ascetic character will change their habits. If outstills or liquor-shops of some kind are not maintained at reasonable intervals, they will either manufacture spirit for themselves, or will import cheap spirit from Nepal. For revenue purposes, either expedient is equally objectionable. At the same time, I freely admit that if outstills are unduly multiplied, especially on roads, the temptation to drink and the actual amount of drunkenness may be materially increased The problem is to hit off the happy mean,—to establish just so many shops, just so distributed, as are needed to check illicit distillation without tempting people to drink more than their natural habits would lead them to drink. This is the end towards which Mr. Wace and his successors in the district have all along been working. Its details are obviously far too intricate for me to discuss here.

7. The point of view from which most of the tea planters regard the question may be briefly described. Their objections to liquor-shops near their gardens are in no way based upon moral grounds, and there is no reason to suppose that they have any sort of regard for the spiritual welfare of the cooly, or take the smallest interest in temperance propaganda. What they do dislike is interference with their work, and disturbances in the local bazaars, which many estates have established with the object of retaining their coolies. There is also some reason to believe that many planters prefer that their coolies should satisfy their wants by illicit distillation within the limits of the garden rather than by purchase from a licensed outstill in the neighbourhood. The grounds for this perference are clear. If distillation goes on in the garden, the coolies do not go away to get drink, while the planter has the liquor business practically in his own hands, and can deal with it pretty much as he pleases. Moreover, the illicit stills are, as a rule, worked by the sirdars or heads of gangs, through whom the planter manages his coolies, and on whom he depends for his supply of labour. Anything which adds to his influence with these men is greatly to the advantage of the garden, and his hold over them is obviously much stronger if he can stop them from distilling the liquor, which the coolies regard as a necessary of life, and can further, in the last resort, get them convicted for illicit distillation.

No. 22, dated 22nd January 1889.

From—The Government of India,

To—The Secretary of State for India.

In continuation of our Despatch No. 212, dated 11th August last, in which we recommended the appointment of a Special Excise Commissioner to control the details of Excise administration in the Punjab, we have now the honour to forward copy of a letter from the Government of Bengal, No. 562 T. F., dated 5th November 1888, together with a copy of the report drawn up by Mr. Buckland, who was deputed to study the system of Excise administration in force in the Presidencies of Madras and Bombay. The circumstances of the case appear to us to justify us in supporting the recommendation of His Honour the Lieutenant-Governor that a similar special controlling officer may, as an experimental measure, be appointed for three years for Bengal.

2. Bengal is now the only great province in India in which there is not a separate department for the control of the Excise administration and revenue, although from the fact that its area, population, and excise revenue exceed those of any other province, and from the diversity of the conditions obtaining within its different districts, there is no portion of British India which requires closer attention or stricter control in the matter of Excise administration.

In this connection we forward, for Your Lordship's information, a copy of a Report by Mr. E. V. Westmacott, and of a Resolution by the Lieutenant-Governor of Bengal thereon, regarding a Memorial submitted by the Indian Association requesting that the outstill system should be discontinued in the Hooghly and Howrah Districts, and that the question whether an outstill shall be opened or not should in every case be left to the decision of the Municipality or the Local Board concerned.

It appears that the Commission which reported in 1884 on the Bengal excise system recommended the closing of two central distilleries in the districts in question and the removal of a third to a different place, but that the Board of Revenue, acting on the recommendation of the local officers, and with the approval of the Government of Bengal, closed the three distilleries and substituted the outstill system.

From Mr. Westmacott's Report it will be seen that, though the accounts of specific occurrences and the statements regarding change in the habits of certain classes of the people had been exaggerated in the Memorial, it was nevertheless true that the change of system had resulted in a local cheapening of country liquor which had led to increase of consumption.

3. It appears that the evils brought to light in this case have arisen mainly from the introduction of the outstill system without a proper application of the restrictions and limitations which are considered necessary for its satisfactory working. The orders which the Lieutenant-Governor has now passed for the purpose of rendering more effectual the restrictions under which distillation is carried on at outstills are, we consider, entitled to our approval as a tentative measure for dealing with the imperfections which experience has disclosed in the system adopted in these districts.

We also view with satisfaction the appointment by the Lieutenant-Governor of Mr. Westmacott to the special duty of supervising generally the approaching excise settlements in Lower Bengal. The Lieutenant-Governor is not at present prepared to pronounce a final opinion upon the excise system or systems to be adopted in Bengal, and it would obviously be unwise to abolish the outstill system in Hooghly and Howrah before it had been shown by experience that it would not work satisfactorily under proper conditions, or that it was possible to devise a system of excise better suited to that part of the country.

4. The facts to which we have referred in the preceding paragraphs illustrate the expediency of the creation of a separate department in Bengal charged with the duty of controlling the excise administration and introducing from time to time such improvements as experience may show to be necessary.

The salary proposed for the Excise Commissioner, R2,500 rising to R3,000, is high; but looking to the necessity that exists for specially selecting the officer who will be charged with this important duty, and the advantage that will arise from attaching to the post a salary sufficient to remove any desire to quit the Department on promotion, we recommend that it be sanctioned.

No. 562 T.—F., dated 5th November 1888.

From—Colman Macaulay, Esq., C.I.E., Secretary to the Govt. of Bengal, Financial Dept.,

To—The Secretary to the Government of India, Department of Finance and Commerce.

With reference to your letter No. 1543, dated 22nd March, sanctioning the Lieutenant-Governor's proposal to depute Mr. C. E. Buckland, Officiating Senior Secretary to the Board of Revenue, to study the systems of Excise in Bombay and Madras, with a view to the introduction into Bengal of any improvements which a comparison of the methods in force in the different provinces might suggest, I am directed to forward, for the present information of the Government of India, a copy of the report which Mr. Buckland has submitted. The Lieutenant-Governor trusts His Excellency the Governor General in Council will recognise the industry and ability with which Mr. Buckland has executed the task entrusted to him. His report gives a most interesting and exhaustive description of the Excise administration of the two sister provinces, which must always be of great value to the Revenue authorities of Bengal.

2. From the necessity of the case, Mr. Buckland's recommendations are not on all points quite decisive, though their general tendency is the introduction, at least tentatively, of some of the methods pursued in Bombay and Madras, and the improvement of the outstill system which is now generally in force in Bengal. The Lieutenant-Governor must suspend his judgment on this portion of Mr. Buckland's report until he has received the opinion of the Board of Revenue and of the experienced Revenue officers of his administration.

3. It is within the knowledge of the Government of India that Sir Steuart Bayley has directed his attention to the reform of errors in the administration of the outstill system, and to an examination of the question of its suitability to the whole of the tracts in which it is now in force The Resolution of 13th ultimo, of which a copy was forwarded with my letter No. 326 T.—F., dated 14th idem, will show that measures are being taken to correct generally the abuses brought to light by Mr. Westmacott's enquiry in the districts of Hooghly and Howrah, and that Mr. Westmacott has been especially entrusted with the supervision of the settlements for the ensuing year.

In connection with Mr. Buckland's suggestions for adopting in Bengal some of the recent reforms introduced into the Bombay and Madras systems, the Lieutenant-Governor will only observe at present that the Bombay system has no more escaped criticism on the score of its tendency to stimulate consumption than the outstill system in Bengal, and that there are important differences both in regard to the class of people who live by distilling and in the absence of a system of village officers, which would render the introduction into Bengal of

either of the systems most generally prevalent in the other presidencies, a difficult task involving a dangerous increase in the lowest grades of excise officers. His Honour will, however, be glad to adopt any suggestion for improvement which may, on examination by his officers, be considered desirable. Meanwhile, as indicating the extraordinary difference that exists in the results of these systems, he would call attention to the circumstance that in 1886-87 the incidence of the revenue from country liquor was ·456 rupee per head of population in Bombay, compared with ·085 rupee in Bengal; and that under the Madras system there are 26,633 country spirit shops in a population of 30,868,504, against 4,280 in a population of 66,591,453 in Bengal.

4. The real deductions to be drawn from these differences do not perhaps lie on the surface, but the very existence of such differences, indicating as they do the intricacy of the problem and the necessity of a close grasp of the various circumstances on which in varying localities a successful solution of it must depend, points unquestionably to the expediency of giving immediate effect to the recommendation made by Mr. Buckland for the appointment of a separate Excise Commissioner. It appears to be fairly established, both by positive and by negative experience, that the Excise administration suffers, if it is not conducted by a single officer, charged, under the control of Government, with the sole duty and responsibility of directing it. The grounds of his proposal for the appointment of an Excise Commissioner are fully set forth by Mr. Buckland, and Sir Steuart Bayley accepts his general reasoning as correct. His Honour understands that such an officer is employed under nearly every other administration in India. In Bengal, where there is a Board of Revenue as well as a body of Divisional Commissioners, it has hitherto not been considered necessary to create such an appointment: but it is impossible, without making considerable changes in the constitution of the Board of Revenue, for either of the two existing Members to take upon himself the duties of a peripatetic Commissioner of Excise in the way in which those functions are exercised in Madras and Bombay; and until it is found by experience what effect the appointment of a separate Excise Commissioner would have in relieving the Board and the Commissioners of a portion of their work, the Lieutenant-Governor would propose no change in the constitution of the Board. He is convinced that for the first few years the work to be done in improving existing methods and preparing for larger reforms will, considering the enormous area of Bengal and its great variety of conditions, be found more than sufficient to occupy the whole time and attention of the most energetic officer without giving him any additional duties whatever, and the work, which is essentially that of a peripatetic officer, will not clash with the control and supervision of a central office such as that of the Board. Hereafter, when the experimental stage is passed, there will probably be ground for reconsidering the constitution of the Board. The Lieutenant-Governor does not hesitate to express his conviction that the experimental appointment of such an officer will do far more than repay its expenses in increased revenue, apart from the admitted necessity of reforming the existing excise administration of the province, and he would therefore propose that the appointment be created, in the first instance, experimentally only for a period of three years. Mr. Buckland's estimate of a salary R3,000 rising to R3,500 a month appears, however, to be unnecessarily high. Sir Steuart Bayley would recommend a salary on the scale of R2,500 and annual increments of R100, so long as the appointment is continued, up to a maximum of R3,000, together with a fixed travelling allowance of R250 a month. Less than this would not suffice to secure the services of an officer of the necessary qualifications. Finally, in view of the experimental character of the appointment, His Honour considers it unnecessary to propose any legislation to give the Commissioner independent powers. He can by executive order be empowered to deal directly with Collectors of districts, and he can for the present act under the general control of the Board.

5. I am desired to express a hope that the Government of India will see fit to recommend this proposal for the sanction of His Lordship the Secretary of State.

No. 23, dated 22nd January 1889.

From—The Government of India,

To—The Secretary of State for India.

We have the honour to transmit, in original,* a number of identical memorials addressed to Your Lordship by certain Associations in Bengal, in favour of the general abolition of outstills in that province, and the introduction of a system of local option as regards the establishment of liquor-shops.

2. The character and extent of the outstill system in the various provinces of India have been under careful enquiry, and we propose shortly to submit a report of the results of this enquiry to Your Lordship in accordance with the promise made in paragraph 5 of our Despatch No. 213, dated 11th August last. In the meantime, we have asked the Lieutenant-Governor of Bengal for an

* Copies were not kept and the originals have not yet been returned by Her Majesty's Secretary of State.

expression of his opinion on both the general questions raised in these memorials. The opinion of the Lieutenant-Governor will be forwarded to Your Lordship in due course.

MADRAS RECORD OFFICE

No. 13 (Revenue), dated 31st January 1889.

From—The Secretary of State for India,

To—The Government of India.

I forward, for the consideration of Your Excellency's Government, five letters which have been laid before me by a Member of Parliament who takes much interest in Indian questions. These letters are apparently from tea planters in the province of Assam, and they were written in reply to a circular from Messrs. Finlay, Muir & Co., who are merchants in Calcutta and agents for tea gardens. The writers complain of the way in which outstills and liquor-shops have been opened, sometimes in spite of the planters' protests, close to or upon tea gardens; and they state that the facilities for drinking, the evil of drunkenness among tea garden labourers, and the drink revenue have all increased greatly during the last few years.

2. I have recently had under my consideration an interesting report by Mr. H. C. Williams on the administration of the Assam Excise Department during the year 1887-88. I observe that for the province of Assam the total receipts, including local duty and license fees, on account of "country spirits," rum, imported liquors, tari and rice beer, during the last four years have been,—

	R
1884-85	2,61,661
1885-86	2,74,683
1886-87	2,81,398
1887-88	2,40,300

During these years, therefore, no great increase has accrued on the Assam drink revenues. The revenue is raised on the outstill system; but no limit is placed on the capacity of a still nor has any check been imposed on the quantity of liquor made. The estimates of liquor sold or consumed are said to be untrustworthy. The decrease of revenue in 1887-88 is due to the fact that the Commissioner refused to license the usual number of country spirit shops in one of the tea districts; but the Chief Commissioner says of Sylhet that, so far as the statistics go, they "show that the decrease in revenue was accompanied by an increase in consumption, which would be extremely unsatisfactory."

3. It is clear, however, that the Revenue officers of Assam are mindful of the views of the tea planters on the drink question. One district officer writes (concerning Sibsagor), "it was of course out of the question to flood the district with its large tea garden population with spirits at two annas a bottle." The Commissioner of the Assam Valley districts writes, that he and the officers under him defeated a combination that "would have flooded the country with cheap liquor. . . . . When it is remembered that the consumers are tea garden coolies, and that their masters have always protested against the supply of cheap liquor and the consequent drunkenness, it is, I think, clear that we are bound to do what we can to maintain the price." Another district officer writes (concerning Lakhimpur), "the increase of the still-head duty has driven us back upon the outstill system. But the natural consequence, increased consumption and increased drunkenness has not, perhaps, ensued, because I have largely reduced the number of shops." The Commissioner of Excise, Mr. Williams, says, "The only complaints from garden managers of drunkenness among tea garden coolies or against country spirit shops came from Cachar, where the manager of Subang garden applied for a license to sell rum, on the ground that the country spirits sold by the neighbouring shops contained poison. Two bottles, however, were analysed by the Chemical Examiner, who failed to detect any poisonous substance in them."

4. Paragraph 23 of the report shows that there had been "a very marked decrease in the price" of country spirits in the Surma valley, especially in the Sylhet district; but the authorities were considering measures to check this undue cheapness of liquor. In the Assam Valley country spirits seem to be dear. Paragraph 18 shows that in that valley 95 samples of liquor were tested, and it was found that their average alcoholic strength was 48° under proof, and their average price was from 12 to 13 annas a bottle. Relatively to the rate of wages, which may be quoted at 24 annas a week in Assam against 20 shillings in London, drink is far dearer for the Assam labourer than for the labourer in London, where a bottle of gin about 30° under proof can be bought for two shillings. For a bottle of weaker liquor costs the Assam tea coolie half his week's wage, while a bottle of stronger liquor costs the London labourer one-tenth of his week's wage.

5. In connection with these letters from Assam tea gardens, I have considered again the papers received with the Marquis of Dufferin's letter, No. 250, dated 16th October, concerning the excise system and liquor-shops in the Darjeeling district. There also the tea planters had protested against the increase of drunkenness and the increase of liquor-shops; and a public meeting had been held at Darjeeling on the subject. The papers forwarded with the Government of India letter quoted show that in the Darjeeling district the outstill system prevails; that there are now 38 licensed outstills in the district as compared with 45 outstills eight years

ago; that the population has increased, and that the yearly liquor revenue of the district has increased from ₹37,000 to ₹85,000 during the same period. No limitation in the size or capacity of outstills has been enforced. The people of the district are said to be much addicted to drinking; and the local officers believe that, if liquor shops were closed, much illicit liquor would be consumed. Lord Dufferin's Government considered that the local authorities had been for years dealing with the matter in a judicious way and upon sound principles.

6. It is worthy of note that some tea planters do not object to their coolies having moderate quantities of wholesome spirits. One of the five planters, whose letters are now forwarded, writes that in former years, when liquor licenses went cheap, "planters occasionally bought them up; now the price is very different." And a table at paragraph 28 of the Assam report shows that tea planters imported 10,230 gallons of rum during the year 1887-88, while licensed vendors imported 3,615 gallons.

7. There has been much said about the liquor traffic in the tea districts, and there is some apparent discrepancy between the account of matters as given by the planters and the account gathered from official reports. I therefore commend the matter to the consideration of Your Excellency's Government, with the suggestion that further and very careful inquiry into the facts, and into the need for change in the excise administration of the tea district, may be advisable. The paper published at pages 2096—2100 of the *Calcutta Gazette* of the 17th October last shows that an independent inquiry into allegations made regarding excise affairs in the Hooghly district brought to light valuable information, and formed the basis for important changes in the local excise arrangements. I should be glad to receive at an early date a copy of any instructions you may issue upon this matter.

Dated 21st September 1888.

From—H. BALD, Esq., Manager,

To—MESSRS. FINLAY, MUIR & Co.

With reference to your Circular No. 125, and dated the 17th instant, I beg to draw your attention to the accompanying report of a public meeting of the Darjeeling Temperance Society, held on the 7th June last. I had the honour, as you will see, to second the first resolution which was passed at that meeting. My speech on that occasion is reported at pages 25—28. As regards facts stated by me I might refer to the part marked at page 26 of the report. In addition thereto I may mention what I forgot to do at the time, that another consequence of the evil of drink among the coolies is the fearful extent of gambling that prevails among them. They carry on this vice very frequently all night long, and incapacitate themselves from doing their work in the day-time.

Then again it should be remembered that Sunday is the market day in Darjeeling, and therefore the only day in the week on which the coolies can go up to Darjeeling to procure their supplies of food for the week. I have already mentioned in my speech how the poor men return drunk to the garden after having wasted the bulk of their pay, or advances of pay, in drink. But that is not all the effect of their Sunday's drinking, as Monday morning's muster always shows a large number of absentees.

As regards any suggestions I have to make for the repression of this terrible evil, I do not see that I could do better than refer to the proposals made by Mr. D. Sutherland at the meeting in question, as reported at pages 43—46 of the report, *viz.*:—

1st.—The appointment of an independent Commission to inquire into the whole matter.

2nd.—The abolition of the drink traffic; in other words, the closing of every outstill and every liquor shop.

3rd.—Legislation in respect of alcohol as a poison; in other words, restricting and regulating its use and sale as any other poisonous drug.

4th.—Adoption of the principle of local option.

Dated 3rd October 1888.

From—G. FITZGERALD, Esq.,

To—MESSRS. FINLAY, MUIR & Co.

I beg herewith to reply to your circular letter regarding the working of the outstill system. I may commence by saying that it is a subject which has been attracting a good deal of my attention lately, and I have even been planning over in my mind the best means of bringing such a crying evil before the notice of the public. I am therefore sincerely glad to learn that the Calcutta Missionary Conference has taken the matter up.

There is not the slightest doubt that the "Government grog shops," as they are commonly termed, are doing a vast amount of harm among the Native population, and especially to garden coolies. It is quite beyond the planter's power to prevent his people from obtaining the liquor (the shop here is open from 6 A.M. to 9 P.M.). Wherever there is a large-sized garden a grog-shop is sure to be found at the nearest convenient point. Planters have protested over and over again against their erection, but without effect; in fact, I know of a case in which Government tried to force a shop on to land actually belonging to the garden, and it was only after a long fight that the manager won the day.

Sunday is, of course, the great day for drinking, and, driving by, I have come across coolies lying literally dead drunk at intervals on the road, covered with mud from head to foot, and have had to have them rolled on one side to clear the way for my trap. One of my best

men got leave one day, bought six bottles of country spirits at a shop about four miles away, and on his way home fell across the railway line, smashing his bottles, and lying insensible until, luckily, picked up by another coolie. It is needless to say that the drinking leads to rioting and wife-beating; cases, however, seldom come before the notice of the Government; were they to do so, coolies would be constantly absent from the gardens, so the planter, as a rule, settles these matters himself.

On Mondays the coolies take longer over their work, and some of them fail to accomplish their very moderate tasks at all and the unvarying and stereotyped excuse of the Mohuries is this, "They were drunk yesterday; they are feeling it to-day."

Speaking to my Native Doctor the other day as to the harm the grog shop was doing, he told me it was just the same in Bengal, and that when he returned there on leave after several years' absence in Assam he was astonished to find that the most respectable people had taken to drinking country spirits.

Six bottles per head is the Government allowance for sale daily; this rather puts the old "two bottle" days of our forefathers in the shade. The Chubwa grog shop license costs ₹2,500; the yearly profit amounts, I understand, to ₹1,200, or 48 per cent. on the capital invested.

In former days, when the license purchase did not amount to any great sum, planters occasionally bought them up; now, the price is very different.

It is easy enough to give you statements of facts (although Chubwa is really a very quiet garden), but it would be impossible for me to suggest any remedy that would wipe out the evil and still suit the Government Exchequer. It is a terrible evil and a growing one, and for "poor humanity's" sake, I can only hope this well directed agitation may lead to the discovery of some practical scheme to effect its cure.

Dated 8th October 1888.

From—P. WHITTON, Esq., Superintendent,

To—MESSRS. FINLAY, MUIR & Co.

In reply to your Circular No. 125, *re* the working of the outstill system, I have the following remarks to make.

Annual licenses are freely granted all over this district, the only restriction being that no liquor-shop be within five miles of another. The licenses are sold by auction, and are generally, I believe, handed over to the highest bidder.

From the number of shops scattered all over this district, and especially in the vicinity of the tea gardens, the natural result is a cheap and plentiful supply of liquor, which cannot be otherwise than hurtful to the health and general well-being of the coolies. Unless the system was entirely abolished, I fail to see what remedial measure, short of that, would prove to be of any good or lasting effect. Beyond affording a fruitful source of revenue to the Government, I think no other argument can be put forth in its favour, for, though it may develope the natural resources of the country to some extent, the evils in connection with it far outweigh any good it may do in that respect.

Dated 8th October 1888.

From—W. HENDERSON, Esq.,

To—MESSRS. FINLAY, MUIR & Co.

I am in receipt of your letter, dated the 17th of September, soliciting information regarding the outstill system.

I regret to state the sad fact that drunkenness among garden coolies has spread to an alarming degree, since its promotion and encouragement by this outstill system. Any attempt to abolish or even lessen this growing evil will be hailed with pleasure.

Since the introduction of this odious system in 1883, the consumption of country spirits has, I am certain, increased sevenfold (possibly more), and it is increasing yearly, judging from the new stills that periodically spring up here and there all over the districts.

The Local Government allow and cherish these stills contiguous to our gardens and bazars. There are cases on record of proprietors and managers having laid the matter before the Local Government, clearly demonstrating the injury the industry and the health of the coolies had and were receiving at their hands from the propagation of such a system, but the said Local Government only lent a deaf ear. There are cases where managers have objected to allowing a still in the grants under their charge, but to no purpose,—they were enforced.

The manufacturing places are chosen and fixed by the Local Government. These outstills are put up to auction yearly, and the right to manufacture and sell country spirits knocked down to the highest bidder. They are readily disposed of at large prices to eager competitors, bent on aggrandizement at the expense of our tea gardens and coolies' health, by making and selling them a venemous compound, at four annas per quart bottle, and termed by the Local Government wholesome country spirits.

Before these outstills were created, shops where spirits could be procured by coolies were few and far between, and the said spirits could not be purchased at less than one rupee per bottle. During these times the coolies had little or no temptation to drink, and were, although earning less money, in a much better pecuniary state than at present. The roadside and bazar outstill absorbs their surplus cash, aye and more, because food and clothing are often curtailed to provide the grim fire-water.

I am not aware of any one exercising the function of an excise officer, by way of testing the quality of the liquor sold to the Natives, to see that the spirit so manufactured and sold contains no deleterious ingredient likely to cause hurt to the immediate health of those indulging. So that, as far as I know, there is no check upon the avaricious lessee of the said stills, and the consequence is spirits are made from the cheapest material found to yield the greatest return for the outlay, and is, as a rule, largely adulterated with most obnoxious and injurious stuffs. Just for a moment consider the price, four annas for a quart bottle, and you will readily comprehend the kind of liquor the coolie gets for his money. I may mention they don't only get drunk upon it, but go mad, and become raving bedlamites for some time.

I also note that, since the introduction of this outstill system, the coolies who indulge are much more liable to sink under an attack of sickness, and, if the Sanitary Reports are correct, sickness has increased since the system in question came into force. I don't mean to say that the whole increase is due to the greater facilities the Natives now have of obtaining intoxicating liquors, but we can with safety credit it with a very heavy percentage.

On many gardens work is often much impeded by coolies being incapacitated for labour by the over-indulgence in these spurious spirits, thereby rendering an injury not only to the coolies, but to the planter.

I can only add, in conclusion, that the revenue derived from the outstills is directly at the expense of the welfare, health, and lives of the Natives, not to speak of the tea industry.

I have confined my remarks to Natives employed on tea work; other than this I am not conversant with, but I have no doubt they suffer in a like ratio.

Dated 14th October 1888.

From—J. G. Fraser, Esq.,

To—Messrs. Finlay, Muir & Co.

Tafflong is well supplied with grog shops, and drunkenness is the consequence: six years ago there was only one grog shop at the north-east corner of the garden, where the bazar is held twice weekly, when the people fully availed themselves of the convenience. Two years later the garden was extended two miles to the west, and the people on the garden increased from 300 to 600, and it must have been thought that another grog shop at the west end would be a sure source of revenue. There is not a habitation within a mile of it. I was asked if I objected to place a shop there, and protested all I could to prevent it. The shop was placed there, and is there now, and only 200 yards from the cultivation, to induce the coolies working there to part with their money. I have often sent carts and men to carry home the helpless coming from the east and from the west, some more or less injured by falls and fights, and unable to work for days and some for weeks. This is going on every week. But, as yet, only three cases proved fatal on the spot,—one woman was trampled to death; another young man was left drunk in the garden by his brother and crawled home himself, next morning the skeleton of the other was found surrounded by jackals; lastly, another man in a mad fit of drink killed his wife with an axe. I have no doubt half the sickness on the garden is caused by the stuffs supplied at these shops, and to which, so far as I know, there is no limit or restraint. If the coolies go beyond these shops a mile or thereabout, to Khassia villages, for grog they consider better, and are caught, they are either imprisoned or fined one or two or three months' pay. These may be coolies of Act I of 1882 for the protection of immigrants. This incapacity for work chiefly through drink has been a great source of annoyance to managers, and a great loss to gardens, while it seems impossible to prevent it. For when a site is applied for any grog shops it is sure to be granted, let the objections be what they may.

No. 55, dated 19th February 1889.

From—The Government of India,

To—The Secretary of State for India.

In our Despatch No. 213, dated 11th August 1888, we undertook to furnish Your Lordship with information regarding the nature of the outstill systems as administered in the several Provinces of India and the extent to which they are in operation in each case. This information was called for from Local Governments, and has now been received. We propose in the following paragraphs to summarize its substance, supplementing it where necessary from the Excise administration reports.

2. In the Madras Presidency there are certain scattered tracts in which the distillation of spirit from toddy is a process both simple and inexpensive. Illicit distillation in these tracts can only be suppressed either by the employment of a very large preventive service or by the establishment of a system of outstills. To the first of these measures there are obvious objections, and, under

ıe conditions that exist, it could not be made effective. The second has therere been adopted, but precautions are taken to prevent excess in production ıd consumption. The strength of the liquor issued is prescribed; the minimum etail price of it is fixed; while the stills and places of sale are as few as the onditions of the case permit. The system, so guarded, is in force over a gross rea of 17,324 square miles, or less than one-eighth part of the whole Presiency.

3. Although the area under the outstill system is small in Madras, it is ven smaller in Bombay. Central distilleries supply the whole Presidency, vith the exception of three isolated tracts covering a gross area of about 7,500 quare miles. In these a limited and guarded system of outstills is maintained, artly on account of the rugged nature of the country and the migratory habits f a scattered population, partly on account of the facilities for illegal domestic istillation from toddy and mowha flowers, and partly because of the ease with vhich cheap liquor can be smuggled in from neighbouring Native States. British and Native territory is much interlaced in this Province, and from this ause serious difficulties were formerly experienced in excise administration. To a great extent these difficulties have now been overcome by arrangements ınder which the excise administration of the States concerned is controlled by he Bombay Government. These arrangements have made it possible to maintain the central distillery system in what is practically universal use. Even in Sind, which up to 1887 was managed on a system of farming, the central distillery plan has now been adopted throughout.

4. In the Punjab, which adjoins Sind, there is practically no outstill ystem at all. Outstills are allowed in two tahsils of the mountainous district of Kangra; but their capacity is regulated, and in 1887-88 their whole outturn was less than 3,000 gallons, which is equivalent to a consumption of one bottle of proof spirit per head in fourteen years in the first tahsil, and in twenty-nine years in the second. In all other parts of the Province the central distillery system is in force.

5. In Lower Burma the consumption of spirit made after Native methods is very small, and only yielded a revenue of R1,16,483 in 1887-88. This small consumption is distributed over a very large area; 49 stills, scattered over districts so distant as Arakan, Pegu, and Tennasserim, participate in the production. The difficulties of transport are so great and the physical features of the country so unfavourable to the maintenance of a direct supervision over manufacture that it does not seem probable that production can be successfully concentrated. The District Officers have unanimously reported that it cannot, though it will be observed that the Financial Commissioner is disposed to recommend that the experiment should be tried. The outstill licenses, which convey the right to manufacture and sell country spirits, are sold by auction annually. The District Officer fixes the number of days a week, or a month, on which the still may be worked. The spirit is made from either cane or toddy sugar.

6. In the North-Western Provinces and Oudh a considerable area, namely, 36,824 square miles, with a population of nine millions out of a total area of 106,111 square miles and a population of forty-four millions for the Province, is administered under the farming or outstill system. "Farming" is merely an expanded outstill system. In the tracts where it has been introduced, the licensee secures the right of making and selling liquor within the limits of the "farmed" area, including control over a large number of outstills and a monopoly of the liquor traffic. Under both systems the Government prescribes the number of stills and shops and has laid down rules which require the limitation of the capacity of the stills. It seems, however, that this last condition has not been enforced. As we have not yet received the report of the Local Government, we are not aware of what view they take of the omission, or of the question whether the outstill area might not be further restricted and the conditions of the licenses made more severe. It appears from the letter from the Board of Revenue, forwarded by that Government, that reform in this direction is likely to be undertaken, and if we do not receive satisfactory explanations we shall take care that the matter is not lost sight of. The revenue derived from the outstill system in 1887-88 is stated at about R6,00,000 or less than one-sixth of the total revenue from excise on country spirits in these Provinces.

7. In the Provinces referred to in the preceding paragraphs, resort has been had to the outstill system either to only a comparatively small extent, or under exceptional circumstances. It is, however, the prevailing system in Bengal, the Central Provinces, Assam, and the Hyderabad Assigned Districts. In all these Provinces the number of shops is regulated by the Government, and in Bengal, the Central Provinces and part of Assam, further restrictions, to which we shall presently refer, are imposed with a view to limit production.

8. In Bengal the outstill license permits the manufacture and sale of country spirit, the produce of a single still, at a fixed place. No separate duty is charged, but an upset fee is fixed which is calculated on the approximately ascertained local demand or consumption of the shop, multiplied by half the rate of duty fixed for country spirit for the district. The license is put up to auction and sold to the highest bidder above the upset fee. The size and capacity of the still, and the number and capacity of vats in which the yeast for distillation is prepared, are regulated by the local demand on which the upset fee has been calculated. No outstill is allowed within a certain distance outside the area appropriated to a central distillery. In districts where the dual system, distillery and outstill, is in force, a minimum retail price per bottle of liquor, both for distillery and outstill shops, has been fixed. Precautions are taken to prevent as much as possible the smuggling of outstill liquor into distillery areas. The facilities for this smuggling are so great and various, and the means of detection so small, that the only hope of effectually stopping it is by forcing the price of outstill liquor, at all events in the neighbourhood of distilleries, to the level of that of distillery liquor. Measures to secure this are being gradually introduced, the cost of production in outstills has been increased by strictly limiting the capacities of the stills, and by insisting on the payment of license fees proportioned to their possible outturn as ascertained on the most approved methods. The outstill revenue was R31,91,334 out of a total revenue from country spirits in 1887-88 of R52,05,122, or 61 per cent. There were 3,535 outstill shops out of a total number of 4,105 retail places of sale.

9. The consumption of the greater portion of the Central Provinces is supplied from contract stills or outstills. Contract stills are built and maintained by Government, and can only be worked at places where daily supervision by Government officials or by the Police can be secured. Control is secured by taking a daily fee for each still in use (roughly proportioned to the number of *sers* of mowha with which the still can be charged) and by seeing that only those boilers are used in respect of which the day's fee has been paid. The taxation of production at these stills is thus completely regulated, and the system does not differ in principle from that of centralised manufacture. They are said to be more easy and less expensive to manage than central distilleries. At outstills, there are no restrictions upon the manufacture other than those imposed by the limitation of the number of licensed shops to be supplied, and of the size of the vessel used in distillation. Outstills supply the demand of rural tracts and are erected by the distillers at their own expense on sanctioned sites, and receive only occasional inspection. In 1887-88 there were 118 contract stills and 1,683 outstills supplying an area of 44,000 square miles, and the outstill revenue was R3,96,375 out of a total revenue from taxation of country spirit of R13,99,631, or 28 per cent. The physical nature of the outlying districts of the Central Provinces and the great length of the frontier which marches with Native territory render the extensive adoption of the outstill system inevitable.

10. In Assam also, the control is less severe than in Bengal, and the maintenance of the system as administered is only justifiable as a consequence of the physical character of the country, the great facilities for illicit production, the difficulties of transport, the size of the districts, and their sparse population. The sites of the shops are settled by the District Officer subject to the approval of the Commissioner, and the right of preparing and selling country spirits at them is sold annually by auction. One still is allowed to each shop; but where a purchaser is the licensee of more than one shop, he may work in one shop as many stills as he has shops. The capacity of the stills, and the hours within which they may be worked, are defined in the license. We propose to invite the Chief Commissioner's attention to the desirability of attempting to introduce some of the further safeguards insisted on in Bengal and Madras.

11. In the Hyderabad Assigned Districts the farming system is in force. It is described in the Administration Report in the following terms:—

"The system of administration in the Hyderabad Assigned Districts of the excise revenue is what is called the farming system, whereby the monopoly of vend within a given area is put up to auction and is disposed of to the highest bidder. The number of retail shops for country spirits is limited to what is considered the requirements of the people, and the contractors are on no account allowed, without the special sanction of the Deputy Commissioner, to increase the number. The object of this restriction is to obtain the highest amount of revenue distributed among the smallest number of places of vend, or, in other words, to heighten the price of liquor, as far as possible, without increasing facilities for obtaining it. The population per retail liquor-shop is 1,109. The only spirit manufactured in Berar is that distilled from mowha, and mowha trees abound in the province."

12. Your Lordship will observe that, except in Bengal and Berar, the conditions which the several Local Governments consider necessary to justify the introduction of the outstill system into any locality are, sparseness of population, difficulty of transport, want of proper means of communication, and physical features unfavourable to the working of a centralised system. There is no room for doubt that in localities where these conditions exist the outstill system is the most suitable yet devised for taxing consumption. The question whether it can be satisfactorily worked under the conditions which prevail in a large portion of Bengal, is one which is at present engaging the anxious attention of the Local Government, and Your Lordship will find, in the enclosures to our Despatch No. 22, dated 22nd January, valuable information regarding excise administration in that Province. The Bengal Excise Commission of 1884 advised that the regulation of outstills was quite possible under safeguards intelligently devised and energetically applied. It is obvious that there is not *necessarily* any difference of principle between the system which taxes consumption by a duty on the quantity of liquor passed out of a guarded enclosure and that which adjusts the duty to the producing capacity of a still without placing the latter under constant and direct supervision. If it is possible in practice either to enforce a limitation of production and impose duty accordingly, or to adjust the duty to the full producing capacity of the still, there can be no advantage in superseding outstills by central distilleries. Under such conditions every gallon of spirit would pay full duty, liquor could not be unduly cheapened at the cost of the revenue, and obviously the cause of temperance could not suffer. If again the restrictions on consumption be alone regarded, the device of fixing a minimum price on the sale of all outstill-made liquor will be effective if it can be enforced. There was some hesitation at first in Bengal n accepting this device as a possible solution. The experiment was, however, nade in those districts where the dual system of central distilleries and outstills xists, mainly with the view of checking competition between distillery and outstill liquor. So far as information has been received, there is reason to be satisfied with the result, and it is understood that the Bengal Government contemplate fixing minimum prices in all districts. The same condition is enforced by the Government of Bombay in the case of the outstills in the Ratnagiri and North Kanara Districts. The Excise system in Bengal must, however, be still considered as in an experimental stage, and we have, as reported in our Despatch No. 23 of the 22nd January, requested the opinion of the Lieutenant-Governor on the question whether, instead of being given a more extended trial, the outsill system should be generally abolished.

13. In considering the propriety of superseding the outstill system in Bengal, it is necessary to recollect that the only immediate alternative is the sudder distillery of Northern India, which is simply a guarded enclosure containing a number of native stills. There are, however, difficulties in the way of the general introduction of sudder distilleries unless extensive changes in the ordinary processes of manufacture are introduced. The spirit made in the native method is far from pure and, when manufactured from the flower of the mowha tree (*bassia latifolia*), which is the chief material used in Bengal, the Central Provinces, and the North Western Provinces and Oudh, will not bear transport, and rapidly deteriorates. Such spirit must, therefore, be manufactured near the place where it is consumed, and this necessitates the maintenance of a large number of distilleries in districts where the sudder distillery

system is in force; for instance, in the Central Provinces, it is calculated that one of these distilleries supplies only the country within ten or twelve miles. It should, however, be borne in mind that in Madras and Bombay the introduction of European apparatus and methods has resulted in the production of country spirit of a class which will endure transport over long distances, and which does not deteriorate when kept. Moreover, the preventive establishments in those Provinces are efficient, and it has consequently been found possible to concentrate the manufacture, with the result that the number of central distilleries is in striking contrast with the number in Northern India. Thus in Bengal, the number of central distilleries in 1869 was 257, and in 1878, the year preceding the revival of the outstill system, 211; in the Punjab there are at present 65; while in Madras, in 1887-88, two-thirds of the whole Province was supplied from only 19. The difficulties attending the establishment of an effective preventive agency are perhaps not likely to be as successfully overcome in Bengal as they appear to have been in the two Southern Presidencies. But it should certainly be kept in view that the only satisfactory solution of the difficulties attending the central distillery system, if the decision to suppress outstills is taken, seems to lie in the adoption of either the Madras or Bombay method, and in the introduction of a radical change into the customary processes of local manufacture. The Bengal Excise Commission, however, advised in 1884 against the adoption of European methods of production in Bengal, and their views receive some confirmation from the fact that one of the two distilleries established on this footing has been closed, and that the trade is languishing. But looking to the satisfactory results achieved elsewhere, it seems to us that the question is deserving of further consideration, which it will doubtless receive at the hands of the Bengal Government in connection with the report submitted by Mr. Buckland on the Bombay and Madras systems, a copy of which was forwarded to Your Lorship with our Despatch No. 22, dated 22nd January last.

14. The table in the margin, which shows the fluctuation of excise revenue in Bengal under the outstill and distillery systems, is very significant of the effects of the hasty and ill-considered introduction of the centralised system, regardless of local conditions. The orders for the general suppression of outstills in Bengal were made peremptory in 1863. The immediate result was a large loss of revenue, which did not regain even the standard of 1863-64 until 1871-72, and then only after it had been again found necessary to resort to outstills. The habits of the people did not undergo any violent change during this period, and the only possible inference from the great fluctuations in the revenue is that the adoption of the centralised system, under conditions to which it was unsuited, led both to a great loss of public income and to a great increase in illicit drinking. Other provinces have undergone the same experiences. A striking illustration of the impossiblity of successfully replacing the outstill system by that of central distilleries, under all conditions and in all localities, is found in a passage from the

Year.	Country Spirits.			Remarks.
	Sudder distillery revenue.	Outstill revenue.	Total revenue.	
1	2	3	4	5
	R	R	R	
1860-61	8,78,060	9,74,882	18,52,942	
1861-62	8,12,624	10,57,925	18,70,549	
1862-63	7,34,188	10,24,045	17,58,233	
1863-64	8,26,118	11,29,429	19,55,547	Orders for suppression of outstills "made peremptory."
1864-65	14,67,944	3,05,330	17,73,274	
1865-66	12,46,286	1,92,220	14,38,506	
1866-67	7,85,785	35,865	8,21,650*	
1867-68	12,37,557	27,453	12,65,010	
1868-69	16,11,292	34,055	16,45,347	
1869-70	15,28,257	35,647	15,63,904	
1870-71	18,07,450	39,878	18,47,328	Outstill system again introduced.
1871-72	18,11,273	1,23,832	19,35,105	
1872-73	18,86,279	2,34,989	21,21,268	
1873-74	20,92,878	2,42,365	23,35,243	
1874-75	20,36,335	1,91,727	22,28,062	
1875-76	22,41,591	2,68,473	25,10,064	
1876-77	23,30,773	2,94,626	26,25,399	
1877-78	25,41,621	3,49,439	28,90 460	
1878-79	16 97,085	12,73,826	29,70,911	
1879-80	13,75,092	18,13,759	31,88,851	Board of Revenue withdraw the orders limiting the capacity of outstills.
1880-81	11,81,717	30,39,582	42,21,299	
1881-82	12,60,144	33,60,051	46,20,195	
1882-83	13,48,214	34,78,084	48,26,298	
1883-84	13,74,755	38,47,976	52,22,731	
1884-85	13,88,520	34,66,691	48,55,211	
1885-86	15,33,773	29,76,455	45,10,228	Excise Commission recommend central distilleries for urban tracts, and more severe restrictions over outstills.
1886-87	18,29,229	29,62,020	47,91,249	

* The entries against the year 1866-67 represent figures for 11 months from May to 31st March, as the year was then changed from May to April. The year was also a famine year.

rt of the Commissioner of Excise in the North-Western Provinces and h for the year 1882-83, which is as follows:—

The figures given in the report for 1871-72 are as startling as any to be found in recent , and show clearly enough that in the Bundlekhand districts the distillery system utterly e down:—

	1870-71. Distillery system.			1871-72. Farming system.		
	R	a.	p.	R	a.	p.
Tirohan and Badausa Tahsils of Banda	173	8	0	6,617	8	0
District of Hamirpur	2,296	8	0	20,400	0	0

inconceivable that the receipts for 1870-71 in any decree indicated the consumption of ts in the two districts, or that those for 1871-72 proved a rapid change in the habits of people. The conclusion seems to be obvious, either that the distillery system was wholly ited to the country, or that it was badly worked. Both objections were probably true. distillery system was entirely unsuited to the southern portions of both districts, unless a g and efficient preventive force had been maintained; and in the northern portions, in h there were only the difficulties that are experienced elsewhere, it seems incredible that amirpur much attention can have been paid to this branch of the administration. Another with which also I happen to have personal acquaintance furnishes similar statistics. In Robertsganj Tahsil of the Mirzapur district the revenue from country liquor fell from 21 to R311, and rose again on the re-introduction of the farming system in 1868-69 to 00, and subsequently to a steady average for many years of over R6,000—a sum which ub-division of the farm and the consequently increased competition have trebled. Here, there can be no reasonable doubt that the introduction of the distillery system did not drinking, but that in a country for which it was entirely unsuited it gave a fresh impetus e use of illicit liquor.

The failure of the distillery system was no doubt partly due to inefficient inistration, but, even allowing for this, the results stated in this quotation sufficiently remarkable.

15. Whatever the eventual decision may be on the question whether the still system can be successfully applied to whole Provinces, we submit to r Lordship's judgment that the information now collected shows that there o reason for supposing that the Local Governments have shown any indistion to recognise the necessity of doing everything that is possible to keep sumption under control, even in those tracts where the maintenance of the still system has been found to be inevitable, or where it is under trial. We ture to think that this system, as generally administered, does not merit the ription given in paragraph 4 of Your Lordship's Despatch No. 28 (Revenue), d 19th April 1888, in which it is referred to as a system under which "it is he power of the distiller to make as much spirit and to push the sale thereof cheapening liquor as far as he possibly can." In every case, even under the ning system of the North-Western Provinces and Berar, that power is sub; to limitations of some kind—in all cases the number of places of sale is d by the Government, and generally either the number or capacity of the ls is limited, or a minimum selling price is enforced. It should in particular remembered that the outstill system, except where it is undergoing a period probation, is as a rule only admitted into localities where experience shows t any other system of taxing consumption must fail; that restrictions are erally enforced, and that these restrictions, so far as they go, are real and ctive. In the statement attached to this Despatch Your Lordship will statistics showing the extent of the operation of the outstill system in each vince.

16. We take this opportunity of making some remarks on the systems of ise administraton in operation in Madras and Bombay, and of bringing to ur Lordship's notice the more important of the changes and reforms introed by Local Governments since our Despatch No. 166, dated 25th June 7, was written.

17. In Madras, the Local Government may fairly claim to have sucessfully ved the problem of controlling the consumption of country spirits. The tem now in force was introduced at the recommendation of a Committee pointed by the Local Government in 1884. At the suggestion of that Comttee the rights of manufacture and of retail sale have been separated; the as, the right of retail sale in which is sold by auction, have been reduced with object of eventually excluding the middleman and settling each shop sepa-

rately; and a system has been introduced, under which the retail vendor may purchase his supply of spirits from any distillery, instead of one under which each shop was affiliated to a particular distillery. This system was adopted from 1st October 1884, and statistics comparing the consumption of, and revenue from, country spirits in the districts into which it was then introduced are given in the margin. Your Lordship will observe that, with practically no increase of consumption, there has been a very great increase in revenue. These figures indicate how fallacious is the argument, sometimes put forward, that because there has been a large increase of the Excise Revenue in recent years, there must have been a corresponding increase in consumption. Since the introduction of the new system there has been a general rise in the retail price of country spirits of from 8 annas to a rupee a gallon of spirit of 30° under proof. The comparatively large consumption in the year 1887-88 is attributed to the prosperity of the agricultural classes, but in view of it the Local Government has enhanced the fixed duty for the future. The system described above is now in force in the greater part of the Presidency, and, even in those localities where outstills are permitted, an attempt is being made to levy, by means of a tree tax, a quantitative tax on the weak toddy spirit produced, the aim of the Government being to extend to the whole Presidency a system under which a quantitative tax is levied on all liquor consumed. The efficiency of the preventive establishments, which enable this system to be successfully worked, has been already noticed.

	Consumption in gallons reduced to 30° under proof.	Revenue.
		R
1883-84 . . .	12,04,241	28,09,776
1884-85 . . .	11,85,678	*
1885-86 . . .	10,14,566	34,75,262
1886-87 . . .	10,84,474	38,02,136
1887-88 . . .	12,70,146	41,53,197

* [Omitted, as the year was one of transition from one system to another.]

18. The prevailing system in Bombay is that known as the "still-head duty, central distillery, and guaranteed minimum revenue system." Under this system, the right of manufacture and sale within a district is farmed, but the manufacture is concentrated in one distillery over which strict supervision is exercised. Every gallon passed out of it is taxed, and the temptation to the farmer to procure illicitly produced liquor and sell it cheaply is remote, as he is required to guarantee a minimum revenue. Statistics of consumption are only available for areas under the central distillery system, which has been gradually extended till it now practically comprises the entire Province. This gradual extension of the area renders it impossible to compare the consumption of the present with that of the past, or the consumption of one past year with that of another. As one system is now in practically universal use, it will be possible in future years to make this comparison; if made now it would be misleading. For the present, it will suffice to invite Your Lordship's attention to the very great increase in the rates of duty set out in Appendix No. II of Mr. Buckland's report, and to the decrease in the volume of the taxed consumption in the city of Bombay, as typical of the influences which have been in operation concurrently with the great increase of revenue. The consumption was 907,000 gallons in 1872-73, 630,000 in 1881-82, and 621,000 in 1886-87. The duty was, during this period, raised from R1 for proof spirit to R2-12 for 25° under proof spirit, and the revenue increased from R7,20,000 to R20,17,476. The chief difficulty which it has been necessary to overcome in Bombay was due to the intermixture of British and Native territory. The solution has, as stated above, been found in the acquisition by the Local Government of the Excise revenues of most of the Native States concerned, which has made it possible to restrict the outstill area to very narrow limits.

From the 1st January 1888, the Local Government has introduced, experimentally, into the districts of Thana and Kolaba a system, by which the purchaser of the right of retail vend pays no license fee and guarantees no revenue, but contracts to pay, as license fee, a percentage on the still-head duty on the spirits he requires, which he must procure from one of the public distilleries. We have as yet received no report from the Bombay Government regarding the measure of success that has attended this experiment, but it seems open to the objection that it leaves the farmer subject to the temptation to procure and sell illicitly-produced liquor.

19. In the preceding paragraph and in paragraph 5 of our Despatch No. 166, dated 25th June 1887, we have explained the difficulties resulting from the

interlacing of Native and British territory. Indications have appeared in the public press of a disposition to assert that the acquisition of the excise rights of Native States in certain cases has been prejudicial to the cause of temperance. To enable Your Lordship to estimate the justice of this accusation, we invite attention to the Proceedings of our Foreign Department indicated in the margin, which show that the outstill system which prevailed in Baroda and other States up to 1887 was accompanied by great abuses and the smuggling of cheap liquor into the adjacent British districts. The Government of India has also of late been freely charged with encouraging consumption for the sake of the revenue. It could not be expected that the excise administration of so vast an extent of territory should be incapable of improvement, and we do not assert that it is: mistakes have no doubt occasionally been made in particular tracts or by individual officers, but the accusation that the Government of India, or any Local Government, has knowingly stimulated the consumption of liquor in order to increase the revenue is altogether without foundation. The great increase in the revenue in recent years is mainly due to better administration and growing prosperity, and if there have been other causes at work, they are not such that the Government can be held responsible for them. The increase of revenue has been greatest where the control has been strictest.

Internal, June 1885, Nos. 189-195.
" July 1888, " 333-342.

20. Except the introduction of a regulated system into Upper Burma in 1888, the details of which were fully set out in our Despatch No. 159, dated the 16th June 1888, no further changes of importance have been introduced into the excise system of any Province since our Despatch of 25th June 1887 was written. More attention is being paid year by year to this department of the administration, and though the difficulties to be overcome are great and diverse in their nature, and though in some cases there may be room for difference of opinion regarding the suitability of the systems under trial, there is no reason to fear that the fundamental principles on which a revenue should be raised from the taxation of drink are likely to be lost sight of either by Local Goverments or ourselves.

Statement showing the Revenue derived from the Outstill system, and the area within which it is in force.

	Outstill revenue.	Total excise revenue from country spirits.	Percentage of outstill revenue.	Outstill shops.	Total number of shops, country spirits.	Percentage of outstill shops to total shops.	Outstill area—square miles.	Total area—square miles.	Percentage of outstill area to total area.	Population outstill area.	Total population.
	R	R									
Bengal	31,91,334	52,05,122	61	3,535	4,105	86	...	156,564	...	...	66,703,481
Madras	8,05,938	52,18,029	15	4,200*	15,330	27	17,324	139,900	10	4,676,034	30,868,504
Bombay	†3,37,588	66,27,728	5	378†	3,884	9	7,457	124,122	6	1,458,172	15,064,660
Punjab	7,997	7,64,714	1	15	1,196	1	2,578	106,632	2	276,868	7,198,657
N.-W. Provinces and Oudh	6,00,566	38,65,330	16	1,612	7,294	22	36,824	106,111	34	9,072,694	44,107,869
Central Provinces . .	3,96,375	13,99,631	28	4,190	8,854	47	43,996	84,445	52	5,214,550	8,980,294
Lower Burma . . .	1,16,483	1,16,483	whole	...	...	...	...	87,220	...	...	3,736,771
Coorg	(Not in	force)									
Assam	1,96,641	1,96,641	whole	229	229	whole	1,193	46,341‡	2	173,056	4,881,426‡
Hyderabad . . .	9,89,215	9,89,215	whole	1,442	1,442	whole	17,711	17,711	whole	2,672,673	2,672,673

* December 1888—Actually open 4,207. Sanctioned 10,317.

† Approximate.

‡ It must be recollected that this table deals with consumption of "country spirits" only, which term does not include rum. The Assam Government in 1887-88 reduced the number of "country spirit" shops in order to break down a combination of liquor-sellers, and substituted shops for the sale of rum. The old system has since been re-established. The Assam figures are therefore not typical ones.

No. 50C., dated 24th September 1888.

From—F. C. Anderson, Esq., Officiating Secretary to the Chief Commissioner, Central Provinces,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge Mr. Shirres' letter No. 4394, dated 11th ultimo, on the subject of the outstill system, and to reply thereto as follows.

little distance to obtain liquor and they have to travel the same distance home again. This acts as a material restriction on consumption.

14. It has not been the practice hitherto in these provinces to put an upset price on outstill monopolies, but the Chief Commissioner has already ordered this to be done. Hitherto it has been thought sufficient to trust to the effect of competition in keeping up the price of monopolies. In issuing orders on this question and on that of regulating the number of shops to the Commissioner of Excise in January last, the Chief Commissioner made the following observations :—

"The encouragement of drinking is a matter entirely or mainly dependent on the number of shops. Mr. Mackenzie would like you therefore carefully to consider this part of the subject for each district. The number of shops should be examined with reference to the strength and distribution of the drinking classes of the population, of whom a census (for districts only) was given in the report for 1884. The number and situation of the shops should be carefully considered by the Deputy Commissioner, and statistics and information given to you in justification of each shop now open. The utmost care should be taken, while giving reasonable facilities to those who require spirits (lest they should be driven from spirits to drugs), to avoid stimulating their use by a too liberal grant of licenses. If this is done thoroughly once for all (and a good Excise Daroga should be able to work up the details during the year), it will only be necessary to justify the opening of new shops from time to time. When shops are thus carefully controlled, the best check on consumption in regard to manufacture is to fix upset prices on vend of monopolies and limit the number of stills as already arranged. After all, the liquor sold in these provinces, as country spirit, is for the most part a very weak and comparatively harmless stimulant, of which it would be a great hardship to deprive those accustomed to its use."

15. As regards the location of shops, the orders in the Manual (page 20) are :—

"No more shops should be licensed than are necessary to meet the legitimate requirements of the liquor-consuming classes. A permanent shop should not be licensed at a place where there is not an established and steady demand for country spirits." And in another place (page 11): "In the matter of establishing distilleries and licensing liquor-shops, it must be remembered that the policy of the administration is to refrain from taking any steps which would tend to create or foster a taste for spirits."

It has been suggested that a statement to the effect that excise arrangements are regulated with reference to the existing local demand, may be taken to mean that the local demand is fully satisfied, not restricted, and that arrangements so regulated are unsound. This argument appears to turn on the meaning assigned to the words "existing local demand" and to neglect a most important factor, namely, the price of the article in demand. A provision merchant may establish a shop in a village to meet the local demand for provisions, but it does not follow, however full his shop may be, that the wants of the villagers are fully satisfied. Everything depends on the price of the provisions. As a matter of fact, it is well known that the poorest classes have to stint themselves in their daily meals. Their wants are practically unlimited. The effective demand, which is controlled by prices, is a totally different thing. It is precisely the same with a liquor-shop. It may be confidently asserted that the demand for liquor among the liquor-consuming classes is never fully satisfied and never would be so satisfied unless the liquor were to be had for nothing. The effect of our excise arrangements is to put an enhanced price on spirits and so confine the effective demand within such limits as shall induce general sobriety.

16. As regards contract-stills, in addition to the restrictions above refered to as controlling consumption in outstill areas, there is also the restriction which consists in the distillers having to take out a pass and pay the prescribed fee for every day on which he manufactures liquor.

17. A fact connected with the excise administration of these provinces which has been incidentally noticed, but deserves more prominent mention, is that the liquor ordinarily consumed both in towns and rural tracts is a very weak spirit, which the Chief Commissioner believes does not cause any of that craving for more stimulant which characterizes "drinking" as known in European countries. Even if taken in excess, the effects pass away very quickly, and there is no loss of appetite with the fatal after craving for more drink which degenerates into habitual vice. In Chanda, one of the chief liquor-consuming districts, the Kahars, it was recently reported, "generally distil liquor 90° under proof, and sometimes even to as low a figure as 95°". Liquor from 70° to 80° below proof is what is commonly sold in outstill tracts elsewhere.

18. Another fact to which attention may be drawn is that for many years past there has been appointed to each district in the Central Provinces a special excise officer, called the Excise Daroga, whose duty it is to be constantly on the move, inspecting every kind of distillery and all kinds of shops, ascertaining the strength of the liquor sold and its price in all parts of the district, collecting information as to the local consumption of liquor, and the like. He keeps a diary in which the information collected is recorded, and submits it at the close of each month to the Deputy Commissioner, who passes his orders and then forwards it to the Commissioner of Excise (Excise Manual, page 93). With this agency for the collection of information, it has always been possible for the Deputy Commissioner to form some estimate of what the monopolies should fetch at the annual auction sales, and there ought in future to be no difficulty in fixing such upset prices for them as will prevent the monopolists from selling at unduly low rates.

BURMA.

No. 592-17 E., dated 21st September 1888.

From—H. THIBKELL WHITE, Esq., Offg. Chief Secretary to the Chief Commissioner, Burma,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

In reply to your letter No. 4394, dated the 11th August 1888 (Separate Revenue—Excise), paragraphs 4 and 5, I am directed to submit copy of a note by the Financial Commissioner, containing the information required.

Note by F. W. R. FRYER, Esq., *Financial Commissioner, Burma, on the Secretary to the Government of India's No. 4394, dated 11th August 1888, in the Finance and Commerce Department (Separate Revenue—Excise).*

1. With reference to paragraph 5 of the Secretary to Government of India's No. 4394, dated 11th August 1888, in the Department of Finance and Commerce, I put up—

(1) The Excise Rules in force—

(*a*) In Lower Burma.
(*b*) In Upper Burma.

(2) The following circulars bearing on the regulation of outstills :

Commissioner of Excise's No. 88-37 E., dated 13th May 1885; No. 5-6 E., dated 12th January 1886; No. 137-16 E., dated 12th February 1886; and No. 264-48 E., dated 15th April 1886. Financial Commissioner's Financial Department Circular No. 1, dated 18th July 1888.

2. The rules regarding outstills are contained in rules 44, 45, 46 and 47 of the Lower Burma Rules, and 55, 56, 57, 58 and 59 of the Upper Burma Rules. The license forms are Nos. XII and XIII of the Lower Burma Rules and Nos. XII B and XIII of the Upper Burma Rules.

The rules provide that outstills shall only be licensed in places where a demand for spirituous liquors exists which cannot be effectually supplied by other means. No outstill may be licensed anywhere where it cannot be supervised either by a Magistrate or by an officer in charge of a police station.

The size of the stills allowed is to be ordinarily that of a capacity not exceeding 10 gallons of wash in the boiler, though, with the sanction of the Commissioner, the Collector may allow the use of more than one still, or of a still or stills of a capacity of more than 10 gallons.

The number of stills that may be used and the number of days in a week that distillation is to be permitted is to be clearly stated in the license. Licenses for the retail vend of country spirit manufactured at a specified outstill may be granted where a demand, though real, exists only for a portion of the year, or where, for other reasons, though there is demand for spirituous liquor, it is not desirable to establish a separate outstill.

In Upper Burma the area covered by each license has to be clearly specified in the license and made known to the public by proclamation, or in such other manner as the Court of Revenue may direct The license in both Lower and Upper Burma requires sales to be made only in the licensed shop and between certain hours.

3. It will be seen that the quantity of liquor to be manufactured at each outstill is strictly limited; and the amount of liquor to be produced being so limited, it follows, that, except by unlawfully increasing the capacity of their stills, which is sometimes done, the outstill license holders cannot reduce the price of outstill liquor. Two cases in which the holders of outstill licenses have illicitly increased the size of their stills have lately come to my notice. In both cases the fault really lay with the supervising officers, who inspected the stills without noticing that their capacity was many times more than it should be, and measures are being taken to prevent such evasions of the terms of licenses in future to an extent greater than will allow the distiller to recover the amount paid for his license from the limited amount of liquor which he is allowed to produce. The system in force is thus the regulated outstill system, in which the operations at the outstill are controlled and tested by Government Officers, so that the duty is practically levied by quantity distilled, described in paragraph 3, clause (c) of the Government of India letter.

4. The selling-price of liquor manufactured at outstills was ascertained in 1885 to be—

for liquor distilled from jaggery (cane sugar) R1 per quart for liquor 42·4 under proof
for liquor distilled from tanyet (palm sugar) R1 per quart for liquor 50·8 under proof.

Outstill licenses are sold by auction, and as there is good competition for them, the price of outstill liquor cannot be unduly reduced unless the quantity of liquor manufactured at the outstill is illicitly increased. Strict orders have been constantly issued directing the working of outstills to be most carefully watched, *vide* Commissioner of Excise's No. 264-48 E., dated 15th April 1886, to Deputy Commissioners, Hanthawaddy, Prome and Pegu (copy put up), paragraph 7 of Chief Commissioner's Resolution on the Excise Report for 1884-85, paragraph 4 of the Chief Commissioner's Resolution on the excise for 1885-86, in which the special establishment started for the repression of illicit excise traffic in the Tharrawaddy, Hanthawaddy and Pegu districts is unfavourably commented on, and paragraph 4 of the Chief Commis-

sioner's Resolution on the Excise Report for 1887-88, in which it is particularly pointed out that the amount paid for license fees for outstills must bear a proportion to the liquor distilled.

In his No. 5-6 E., dated 12th June 1886, the Excise Commissioner, in his remarks on outstill licenses in form XII, drew attention to the fact that the amount of spirit which an outstill should be permitted to produce should bear some sort of relation to the license-fee paid, it being borne in mind that the license-fee is partly in lieu of duty. The Commissioner of Excise, in his No. 137-16 E., dated 12th February 1886, directed that where purchasers from a distance were allowed to buy 6 to 12 bottles of country spirit at a time, they must be required to take out special passes.

5. In 1885 the Excise Commissioner asked the Deputy Commissioners, Rangoon Town, Bassein, Moulmein Town, Tavoy, Mergui and Akyab, in his No. 88-37 A., dated 13th May 1885 (copy put up), whether it would be practicable to establish central distilleries in these towns. The Deputy Commissioners one and all reported against the proposal. They said that Government central distilleries would kill the distilleries established to distil spirits on the European system at Rangoon, Moulmein, Toungoo and Bassein, that people would not go to central distilleries and would instead resort to illicit stills; and they held this opinion because they thought that the cost of transit would add greatly to the cost of liquor in outlying parts of their districts. They also urged that the central distillery establishment would very probably be corrupt, and the Deputy Commissioner, Bassein, pointed out that a central distillery was established in that town and proved to be a failure.

6. I do not myself consider that central distilleries would prove a failure as prophesied. I have seen them very successfully worked elsewhere, and though I would perhaps not establish them in Rangoon, Moulmein and Toungoo, where there are distilleries under sufficient supervision and control, I would establish them in other towns. Rules 51 to 54 of the Upper Burma Excise Rules contemplate the establishment of central distilleries. The licenses for the current year have been disposed of; but Commissioners have been asked to consider in what towns central distilleries should be established [pargraph 1 (*c*) of Financial Commissioner's Circular No. 1 of 18th July 1888].

7. Illicit distillation exists to some extent in spite of all efforts to repress it side by side with the outstill system. It may increase if the central distillery system is introduced elsewhere than in places and tracts where the population is large and where adequate means exist for supervising and controlling the distillery arrangements. It is not, however, proposed to introduce it, except in places which appear to be adapted for it, and in any case I think it is worth trying.

No. 88-37 E., dated 13th May 1885.

From—F. S. Coplestoн, Esq., Commissioner of Excise, British Burma,

To—The Deputy Commissioners, Rangoon Town, Bassein, Moulmein Town, Tavoy, Mergui and Akyab Districts.

I have the honour to request that you will, after consideration, report for the information of the Chief Commissioner whether you think that it would be practicable or useful to establish a central distillery at the head-quarters of your district.

2. A central distillery is, as you are probably aware, an enclosure constructed and maintained by Government within which any person may, on payment of a nominal fee, put up a still and distil spirits, to be sold either by himself, if he has a country spirit shop, or to be sold to a licensed retail vendor. The area within which country spirits manufactured in the central distillery may alone be sold, and the number of shops sold by auction to be allowed within that arrea, are points to be determined by the Collectors in each case. The spirits pay a still-head duty before issue, generally considerably less than the duty levied on spirits manufactured after the European method or on imported spirits. A staff of Police or Excise Officers is maintained at the premises, and in some cases spirits issued pay a fixed duty per gallon irrespective of strength.

3. The experiment can hardly be said to have been fairly tried in this province, and circumstances have changed since the attempt to establish a few central distilleries was made. It has struck me that in some head-quarters towns where there are many Chinamen and natives of India there might now be sufficient demand for country spirits and sufficient competition among would-be manufacturers to make it worth while to repeat the experiment. There is no doubt that, where it is possible, the system by which every gallon of spirits pays duty to Government before it reaches the vendor's hands is better than the present outstill system. In the towns of Tavoy and Mergui several stills are allowed and there, at any rate, it would seem possible that, if the retail shops were not all sold to a monopolist, the purchasers of shops or the distillers might be brought to carry on their distilling in a central distillery.

No. 5—6 E., dated 12th January 1886.

From—F. S. Coplestoн Esq., Commissioner of Excise, British Burma,

To—The Deputy Commissioner.

I have the honour to request your attention to the following points in the Excise Rules which will govern the arrangements for 1886-87.

* * * * * * * *

Form XII.—Outstill license.—This license will be more used than it is at present. The attempt to induce people to drink distillery liquor has failed, probably because the price at which it can be sold is too high, and the liquor sold under these licenses has no doubt generally been illicitly distilled liquor, which, though sold perhaps at the same price per bottle, is stronger and yields the vendor a far higher profit. Something has been done in certain districts to check this illicit manufacture. It is impossible, however, to do more than temporarily check it unless, where the demand for cheap liquor is considerable, a licit supply is made available. The foreign liquor licenses will not in all cases affect this, the price of these liquors being high. It is, consequently, necessary in most districts to establish outstills under the supervision and restrictions described in Rules 45 and 46. The outstill system is a fair one if the outturn of the still is controlled as much as is possible. In no case that I have yet seen, except perhaps at a district head-quarters, including Akyab, where the license fee is high, has a still of more than ten gallons been required, and even this is only worked as a rule four or five times a month, two boilings, or at most three, being done in the day. At certain seasons of the year distillation may be more frequent. In the rarest cases only should a still exceeding ten gallons be permitted and the working should be most carefully watched. The number of working days per month should also be limited with care. If a licensee is allowed to have a still of a large size, and is allowed to distil any quantity, irrespective of the fee he pays, and of the demand of the locality for liquor, he may endeavour to force a demand. The possibility of this should be prevented so far as may be by limiting the number of days per month on which distillation is permitted, so that he may be obliged, allowing three brews to the day, the outturn of which will generally be at least five gallons of saleable spirits 30° to 50° U. P., to work his still nearly every permitted day to satisfy the legitimate demand. The amount of spirit which the still should be permitted to produce should bear some sort of relation to the license fee paid, it being borne in mind that the license fee is partly in lieu of duty. Careful supervision will gradually make it possible to determine with fair accuracy in each case the relation which should subsist between permitted outturn and license fee. The demand will no doubt grow,—it is to be expected that it should. What is necessary is to endeavour to make the supply follow, and not excite the demand. At the same time the licensed outstiller must not be overweighted with restrictions, or the outstill will fail in one of its chief objects,—the repression of the illicit trade. Clause 3 of the license requires that notice of the intention to distil should be given to the officer in charge of the police station where the outstill is situated. It should be easy to see that the still is not worked more than the fixed number of days per mensem. It is perhaps needless to add that *dates* for distillation cannot be fixed in the license, as the time when the wash or wort will be ready for distillation is always more or less uncertain. An upset price should be fixed according to circumstances. Probably in the districts of the Pegu and Tharawaddy Divisions a sufficient upset price for an outstill would be ₹500. In smaller and poorer districts the upset price may be less than this.

Form XIII.—Subsidiary shops for the vend of outstill spirits. The object of this license is sufficiently indicated in Rule 47. Fishing stations existing for only a part of the year are examples of places where temporary licenses of this kind could be given within reasonable distance of an outstill.

* * * * *

3. Your proposed arrangements for 1886-87 should be submitted through the Commissioner in the Form XX immediately after receipt of this letter. The draft rules published as extra supplement of the official Gazette of 12th December 1885 and previous dates will be your guide in framing the statement. There are a few amendments in minor points to be made in the draft rules, but these will not affect your arrangements, and you should not await the publication of the rules before submitting your proposals, as I have to publish in the Gazette the proposed arrangements for the ensuing year before the end of this month. You will observe that the names of places at which licenses for the vend of any liquor, except tari and fermented liquor, are granted, have to be given as a foot-note to Statement Form XX.

No. 264-48 E., dated 15th April 1886.

From—The Commissioner of Excise and Stamps, Burma,

To—The Deputy Commissioners, Hanthawaddy, Prome, and Pegu.

I have the honour to request that you will direct the Chief Excise Officer of your district to watch the working of the outstills of your district most carefully throughout the year. He

should see that the restrictions placed on the size or number of days allowed for distillation are rigidly adhered to, as well as collect and record facts regarding the cost and materials of manufacture, rates of sale, class and number of people using the shop at different seasons of the year. These duties will not interfere with his duties as a preventive and detective officer and will probably assist him. Every excise officer should, when possible, communicate his arrival in a township to the Township Officer and should inform him of what he has been doing and intends to do. Township Officers should be encouraged as much as possible to take an interest in and accumulate information in excise matters, which, as they know, affect the well-being of the people in so vital a manner.

Upper Burma.

No. 206-15E., dated 18th July 1888.

From—F. W. R. Fryer, Esq., Financial Commissioner, Burma,

To—All Commissioners, Upper Burma.

I am directed to inform you that the Excise Act, XXII of 1881, as amended by Act VI of 1885, Act IX of 1885, section 2, and Act II of 1887, sections 5 and 6, will shortly be extended to the whole of Upper Burma, and that rules framed under the Act by the Chief Commissioner will be brought into force at the same time; and I desire to draw your attention to certain points which require explanation with regard to the working of the Act and the rules under it as follows :—

(*a*) The extension of the Excise Act and the prescription of rules under the Act is not to affect the conditions under which licenses have been sold for the present year. The Act and rules will enable the Government to protect the interests of the license-holders by punishing any infringements of their monopolies. Existing arrangements as regards the license issued will hold good during the current year.

(*b*) The licenses for the sale of fermented tari that have already been issued will not be interfered with. For the future no licenses for the sale of tari are to be sold without my sanction, which must be obtained beforehand. It is contemplated that the licensed vend of tari shall not be established in Upper Burma, except in townships where a real demand exists, which has given rise to a traffic which it is necessary to regulate. The prohibition against the sale of tari to Burmans is, you will remark, not retained in the rules. You will observe that by rule 63 licenses for the sale of fermented tari may be granted for single shops or for defined areas, but in the latter case the localities of the shops to be established within such areas shall be fixed before the license is put up for sale. The license-holders will only be allowed to sell tari in their shops. They are not to be permitted to sell outside the limits of their shops. It is not intended to forbid the free consumption of their own tari by the people in the agricultural districts. It is necessary only to regulate the sale of tari in towns. I wish to be informed whether under existing licenses the sale of tari is permitted in shops only and, if not, whether there is any prescribed area to the limits of which the sale of tari by license holders is restricted. For the present, Rule 64 may be held in abeyance. It is not necessary for persons wishing to sell tari to a licensed vendor of fermented tari to take out a license before he can legally do so, nor will Rule 65 need to be brought into operation.

(*c*) You should consider at what places central distilleries should be established. In the districts of Bhamo, Myadaung, the Ruby Mines and Mandalay, where the consumption of spirits distilled after the Native fashion is large, it will probably be found advantageous to establish central distilleries. There may be other places, such as Myingyan, Pakokku and Monywa, where central distilleries would answer. You should decide in what places to establish sadr distilleries and submit your proposals on the subject.

(*d*) It is contemplated that the manufacture and sale of intoxicating spirits shall be restricted to places where there is a considerable demand by a foreign or non-Burman population. You should, before the close of the period for which the excise licenses of your division have been sold, scrutinize the list of localities in which shops have been allowed, and consider whether there is a sufficient foreign demand for intoxicating liquor to justify the existence of shops in each locality. Licenses should not be renewed in places which do not fulfil the necessary conditions.

(*e*) The rules now to be published under the Excise Act may require alteration. I shall be obliged if you will inform me, by the 15th January 1889, whether you think that any alterations of the rules are required. You will have had time to watch the working of the rules by the date fixed, and should any revision of the rules be considered necessary, they should be revised before the commencement of the next financial year.

2. With this letter I send 50 copies of the Excise Act and the rules under it in English and 100 copies in Burmese. Copies of the Act and rules should be distributed to all Revenue and Excise officers, and to all licensed manufacturers and vendors of intoxicating liquors.

Coorg.

No. 1701—4056-E-2, dated 21st September 1888.

From—The Secretary to the Chief Commissioner of Coorg,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of letter No. 4394, dated the 11th August 1888, from your office, and to forward copy of letter* from the Commissioner of Coorg on the excise system in force in Coorg, together with a copy of the rules issued by the Chief Commissioner under the Excise Act, XXII of 1881.

* No. 376—235, dated the 13th September 1888.

Notification No. 9, dated the 19th May 1882, with additions up to date.

No. 376—235, dated 13th September 1888.

From—Colonel T. G. Clarke, Commissioner of Coorg,

To—The Secretary to the Chief Commissioner of Coorg.

I have the honour to acknowledge the receipt of your endorsement No. 1569—4056 of 27th August last, giving cover to copy of letter No. 4394, dated 11th idem, from the Secretary to Government of India (Finance and Commerce), forwarding an extract from the despatch from the Secretary of State, describing the principles to be observed in the administration of the Department of Excise Revenue, and requesting to be furnished with copies of the excise rules and circulars regulating the conditions under which outstills can be established.

2. I may simply state in reply that the "outstill" system does not exist in Coorg, in either of the several forms described in paragraph 3 of the letter under reference. The arrangement in force here, and which was introduced so far back as in 1866, is the "central distillery system." There is a single distillery where the liquor is manufactured under contract and all liquor passed out pays the still-head duty at a fixed rate. The contractor guarantees to Government a fixed minimum revenue, and all revenue derived from the duty in excess of such guaranteed amount is credited to the State. The profits of the contractor consist in the difference between the still-head duty of R3-2-5 per gallon and the rate at which he sells to the retail vendors, *viz.*, R4-8 per gallon, *less* the cost of manufacture, which is estimated at 14 annas per gallon.

3. The abkari contractor has no direct means of pushing the sale of liquor in the province, for, with the exception of a shop which he is allowed to hold on the usual terms of license, at each of the three principal towns, he has no concern with its retail sale. By this arrangement the Government is able to make modifications, as may be found needful, in the number of retail shops, at the close of each period of contract, which has been usually three years, and this power has been freely exercised of late years. Between 1884-85 and the present year, when a fresh lease was granted, the number of shops has been reduced from 82 to 46. The Commissioner has power further to raise or lower the license fees according as the demand is found to increase or diminish at any time during the currency of the contract.

4. The rules contained in Chief Commissioner's Notification No. 9, dated 19th May 1882, and issued under sections 8, 11, 12, 20 and 55 of the Excise Act, XXII of 1881, have no reference to outstills, which, as I have said, do not exist in Coorg; and I conclude that the instructions of the Government of India in paragraph 5 of their letter do not relate to them.

Madras.

No. 749, dated 31st October 1888.

From—C. A. Galton, Esq., Acting Secretary to the Government of Madras, Revenue Dept.,

To—The Secretary to the Government of India, Department of Finance and Commerce.

With reference to Mr. Under-Secretary Shirres' letter of the 11th August last, No. 4394, I am directed to forward, for the information of His Excellency the Governor General in Council, the accompanying copy of the Proceedings* of this Government, embodying the Resolution of the Board of Revenue furnishing the information asked for regarding the working of the outstill system in this Presidency.

* Dated 31st October 1888, No. 748.

2. It will be observed from the Board's Proceedings that the outstill system in force here is of the kind described in clause (*a*) of your letter under reply, and is retained temporarily in those tracts of country in which, owing to the consumption of toddy-spirit and the universal prevalence of the practice of distillation of spirit from toddy which is too bulky to be conveyed to a distance for distribution, concentration of manufacture in central distilleries is not at once practicable without giving a stimulus to illicit distillation. Even in these tracts steps have been taken to reduce the number of stills in order to pave the way for the eventual concentration of manufacture in central distilleries and the introduction of a system of levying a duty of excise on spirits issued therefrom for consumption. The duty on toddy-spirit taken by way of tree-tax, which is referred to by the Board of Revenue, cannot ever be brought up to equality with the excise duty levied on spirit made from other materials, and must be supplemented by a further duty taken by way of excise on the quantity issued. Meanwhile undue extension

of sales by contractors under the farming system is to some extent prevented by the checks referred to in paragraph 3 of the Board's Proceedings.

3. I am to enclose copies of the excise rules, circulars, and forms of licenses asked for in paragraph 5 of your letter.

RESOLUTION.—The Board beg to submit the report called for in the letter from the Government of India, dated 11th August 1888, No. 4394, Department of Finance and Commerce.

2. The central distillery system, or as it is called here the "excise system," is in force throughout the greater portion of the Madras Presidency. The only tracts in which the "outstill system" is in force are those noted in the margin, and the only form of it, which is in operation, is that described in clause (*a*) of paragraph 3 of the Government of India letter. The system is retained in the tracts named above, because weak spirits (of the strength of about 60° under London proof) distilled from toddy are usually consumed in them. As the manufacture of spirits from toddy is an extremely simple process and toddy is very plentiful, concentration of manufacture is difficult, unless a very large establishment be employed. However, an attempt is being made to bring the liquor traffic in some of these tracts under control by the levy of a tax on each tree tapped for toddy, and, if it proves successful, the plan will gradually be extended to the whole of the tracts now under the farming system. The number of trees tapped, the average yield of toddy for each tree, and the average quantity of spirit produced from a given quantity of toddy being known, the quantity of spirit consumed and the excise duty indirectly levied upon it in the shape of a tree-tax can at once be calculated, and the Government are in a position to control the consumption and to regulate the duty from time to time by an adjustment of the tree-tax.

	Area	Population in 1881.
	Sq. Miles.	
The Godavari district . .	5,550	1,744,957
The Coast taluks of the Kistna district (except the town of Masulipatam) and the Nuzvid and Vissannapet Divisions	3,635	755,301
The Cumbum and Markapur taluks of the Kurnool district	2,154	193,899
Five out of ten taluks in the Malabar district . .	2,703	1,275,084
Four out of five taluks in the South Canara district .	3,282	706,793
TOTAL .	17,324	4,676,034
Rest of Presidency .	122,574	26,192,470

3. It is true that under a purely farming system "it is the interest and in the power of the distiller to make as much spirit and to push the sale thereof by cheapening liquor as far as he possibly can." But, as that system is worked in Madras, the danger is to a great extent guarded against (*a*) by prescribing a minimum price below which liquor may not be sold; (*b*) by permitting sales to be held only in places licensed by the Collector and by restricting the number of such places as far as possible; (*c*) by requiring liquor to be sold only at certain specified strengths; and (*d*) by reducing the number of stills in each farm to the lowest possible limit.

4. With reference to paragraph 2 of the letter under reply, the Board have merely to remark that in this Presidency the policy is to reduce consumption as nearly as possible to the point at which the people are likely to be driven to illicit distillation and smuggling. There is no doubt that they will have their liquor, and it is far better that it should be supplied under Government control than that they should be driven to distilling without any restrictions for themselves.

5. As directed in the penultimate paragraph of the letter, a set* of excise rules and circulars and of the forms of licenses is enclosed. Such of the rules, conditions, &c., as bear on the questions raised have been marked with red ink. In some cases, where the forms of licenses themselves are not available, the notifications relating to the sale of the farms, &c., which embody the conditions of the license, have been forwarded.

* As per list attached.

ASSAM.

No. 3335, dated 13th November 1888.

From—F. C. DAUKES, Esq., Offg. Secretary to the Chief Commissioner of Assam,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 4394, dated the 11th August 1888, requesting to be informed of the precise nature of the outstill system in force in Assam, and to be furnished with copies of the excise rules and circulars regulating the conditions under which outstills can be established.

2. In reply I am to forward copies of the letters noted on the margin from the Officiating Commissioner of the Assam Valley Districts and the Commissioner of Excise, Assam, which furnish the requisite information on the subject. I am, however, to point out that both Mr. Lyall and Mr. Williams seem to the Chief Commissioner to misapprehend the classification of systems set forth in paragraph 3 of your letter, in so far as they speak of the system now in force in Assam as resembling the first (or "pure farming system") rather than the second (or "contract outstill system") of the systems mentioned in that paragraph.

Letter No. 5012, dated 19th October 1888, from Commissioner, Assam Valley Districts.
Letter No. 1151, dated the 17th September 1888, from Commissioner of Excise, Assam.

Mr. Fitzpatrick understands that by the "pure farming system" the Government of India means the system which was usually spoken of as such at the time of the correspondence with the Colonial Temperance Congress, *viz.*, the system commonly in vogue under the Native Administrations which preceded the British Government in certain parts of India, which system was usually continued by the British Government for some time until other and more satisfactory arrangements could be made. Under this system, a farmer was given the monopoly of manufacture and vend over a large extent of country with permission to establish as many stills and to open as many shops as he pleased, and wherever he pleased. The system at present in force in Assam, on the contrary, strictly limits the number of shops and fixes their situation. Moreover, as it limits each licensee to one still, which in practice does not exceed a certain size, and which he is only allowed to work within certain hours, it falls rather within what the Chief Commissioner understands to be meant by the contract outstill class of systems, and it is certainly not correct to say that the quantity of liquor turned out under it is "practically unrestricted." Doubtless, it is not a contract outstill system of the best kind, and doubtless also a stricter enforcement of existing restrictions and the imposition of further restrictions would be desirable. The Chief Commissioner's attention is at this moment being directed to the subject; but it has to be borne in mind that the difficulties in Assam are, as pointed out by Mr. Lyall, extraordinarily great and Mr. Fitzpatrick can only assure the Governor General in Council that he will do the best he can do to improve the system without increasing the temptation to manufacture illicit spirit which in this Province involves a far greater danger to the cause of temperance than any excise system, however imperfect.

3. Copies of the Excise Rules and Circulars mentioned in the reports now forwarded are enclosed.

No. 5012, dated 19th October 1888.

From—C. J. LYALL, Esq., C.I.E., Offg. Commissioner of the Assam Valley Districts,

To—The Secretary to the Chief Commissioner of Assam.

In reply to your letter No. 2605, dated the 1st September 1888, on the subject of the administration of the excise revenue, I have the honour to submit the following report.

2. (*1*) *The extent to which the systems specified in paragraph 3 of the Government of India's letter No. 4394, dated the 11th August 1888, are employed in Assam.*—The system followed in the districts of my division is, in regard to country liquor (to which alone the enquiry appears to relate), not precisely identical with any of those specified in the paragraph referred to, but it resembles more closely the "pure farming system" described under head (*a*) than either of the other two. It differs from the pure farming system, in that no "definite tract of country" is allotted to each shop or still, in that each shop is sold separately by auction annually, and in that the license specifies certain limits of capacity for the still to be used, and the hours within which distillation is to be carried on. The Collector selects the locality of the shop and issues a license for it in the form which will be found in the Board's Rules, Volume I, page 386 (Chapter XV, Appendix A, Form 25). The license is sold annually by auction to the highest bidder. The sites of the shops (stills) are selected according to the local demand, and the site of each shop is supposed to be so chosen that its produce will not compete injuriously with that of any other neighbouring shop; but, as already stated, no definite area is laid down within which only the produce of the still is to be sold. The notice of sale of country spirit shops is that prescribed by the Chief Commissioner's Circular No. 13, dated the 27th February 1884; the most important clause in it, so far as the present enquiry is concerned, is the first, which restricts the holder of the license to the site named or to a radius of 100 yards from it. The expediency of giving somewhat greater latitude to this clause is now under consideration.

3. The license, it will be observed, requires the holder (Clause II) to "work only one still, which shall not contain more than 10 gallons, or 60 quart bottles." This has been interpreted in the correspondence noted in the margin as meaning that the still shall not be capable of turning out more than the quantity specified at one distillation. He must not work his still before sunrise or after sunset, and he must not keep his shop open after certain specified hours. In the absence of any local establishment for watching the enforcement of these clauses, they are not strictly enforced; but enquiries made by my predecessor showed that no still could be found in this division capable of distilling more than 4 gallons at one distillation. As, however, there is no limit to the number of distillations, and as many as three may take place with the same still in the day, the quantity of liquor turned out is practically unrestricted.

To Secretary to Chief Commissioner, No. 608, dated 14th February 1885.
From Secretary to Chief Commissioner, No. 710, dated 6th March 1885.

4. (*2*) *The reason why such system is preferred to the more perfect system of the central distillery.*—The spirit-drinking population of this Province consists of two great classes: first, the non-Aryan races, such as the Meches, Rabhas, Kacharis, Lalungs, Mikirs and Miris, who comprise about one-half of the population, and all of whom have for ages been accustomed to brew and distil fermented and distilled liquor for their own use; and, secondly, the imported immigrant population, a large portion of which, consisting of Kolarians and Dravidians from Chota Nagpur and Sonthalia, is also accustomed to brew and distil for itself, while of the remainder the majority is drawn from the lower labouring and agricultural castes of Western Bengal, Orissa, and Behar, and is much addicted to liquor. Add to this that the Assam Valley is skirted along its southern boundary by races (the Garos, Khasis, Kacharis, and Nagas) among whom no restrictions on the manufacture of liquor are, or at present can

be, enforced, and that importation of spirits and fermented liquor into the plains districts from the hills is common.

The population of the division is exceedingly sparse, and communications are very difficult. For several months in the year the floods cut off large tracts from all intercourse with their neighbours, except by boat. The size of our districts is enormous, and in many cases the district and sub-divisional head-quarters are not so situated as to command the areas of which they are the administrative centres.

5. Under these circumstances, it will be readily understood that the central distillery system is not practicable. We have few or no convenient points at which liquor could be manufactured under supervision and passed out, after paying full duty, so as to supply the demand in the district; difficulties of carriage would alone be an insuperable obstacle, while the great facilities which exist for illicit manufacture in the habits of the people, in their familiarity with the process, in the abundance of the raw material, rice, and in the remoteness of large areas from all possibility of supervision, would make extensive smuggling a certainty. These are the conditions which have everywhere, I believe, throughout India, been recognised as incompatible with the maintenance of the sadr distillery system, and in Assam they exist in their most aggravated form. The outstill system, which locates in the midst of a liquor-drinking population, a license-holder upon whom a monopoly of manufacture and vend has been conferred, and who is therefore prompted by self-interest to raise the price of his liquor to as high a figure as it will bear, and to bring to light any infringement of his monopoly, is the only method which has yet been devised for controlling the consumption of liquor under such conditions. The reason why in Assam the first of the three forms of the outstill system, and not the second or the third, has been adopted, is the same as the reason why the outstill, and not the central distillery, system has been adopted, *viz.*, the impossibility, under the conditions of the country, of exercising that supervision which the second and third forms of the outstill system require. We cannot enforce a system of accurate accounts of production, which would be required to work the second system, because the distillers are illiterate, and our police establishment too scattered and weak to watch the outturn of stills. The present rules require accounts to be kept of liquor made and sold; and such accounts are kept, but they are universally admitted to be wholly untrustworthy, and we have no means of making them more accurate. Still less could we carry out the third system, possessing no mufassal excise establishments, nor if we had them would it be possible to get the work properly supervised and controlled in the remote situations where our country spirit shops are placed. We are therefore thrown back upon the first system, where the adjustment of quantity produced and price charged is left to the ordinary laws of demand and supply, and the monopolist makes the best he can of his monopoly without destroying its value by encouraging illicit distillation.

6. (3) *How far the extracts given in paragraphs 1 and 2 of the Circular correctly describe the effect of the arrangements made for regulating the manufacture and supply of liquor from the outstills.*—The extract in paragraph 1 of the circular does not apply to this Province. The excise reports for the last few years will show that there is no ground for holding that the number of licensed outstills and liquor shops has been unduly increased in the districts of my division. The extract in paragraph 2, as will be seen from what is said above, correctly describes the system which exists in Assam. No attempt is made, save by the establishment of a monopoly and by bringing into play the self-interest of the monopolist, to restrict the local demand. But in this Province we have, I think, sufficient evidence that the outstill system does exercise some influence in restricting the demand where it is in force. We have in the hill districts areas where no restrictions whatever (except in the neighbourhood of Shillong) are imposed and it is certainly a fact that there is much more drunkenness in the Garo and Khasi Hills, where liquor is free to all who chose to make it, and exceedingly cheap, than in the plains, where the price is kept up by the monopoly.

7. (4) *How far the arrangements are such that more than a limited quantity of liquor cannot be produced at each outstill, and that the price of outstill liquor cannot be unduly reduced.*—From what has already been said above, it will be seen that—

(1) Each license authorizes only one still per shop.

(2) The still must not be capable of turning out more than 10 gallons of liquor at one distillation.

(3) The still must not be worked between sunset and sunrise.

As already stated, no still yet discovered in my division is actually capable of producing more than 4 gallons at one distillation. In Kamrup, one still is allowed to supply more than one shop when both shops are held by the same licensee. Elsewhere each shop has a separate still. There is no check on the number of times a day a still is used, but as a distillation seldom takes less than four hours, three distillations a day, or at the most four, are the maximum possible. Where the still is small, the distillation takes a shorter time and can be repeated oftener; but no reports received in this office show more than four distillations, and three is the usual maximum. The third condition is believed to be generally observed, but in the absence of preventive establishments, it cannot be said for certain whether it is strictly maintained.

8. The price of the liquor is kept up by the monopoly price charged for the shop, the upset price at the annual auction in February being the average for the preceding three years, and by the judicious selection of sites, so that each shop may have a sufficient area reserved for its own produce. The statistics* gathered during the last two years show that the price of the strongest liquor manufactured, known as *phúl*, is nowhere less than R1 a bottle in this division. The weaker sort, called *Bangala*, sells generally at 8 annas a bottle, but the price varies between 6 annas and 12 annas. It nowhere approaches the cheapness which has been attained, according to the Report of the Excise Commission, in Bengal.

* *Vide* Excise Report for 1887-88, paragraph 23.

9. The Excise laws in force in my division are the Bengal Excise Acts, VII of 1878 (B.C.), IV of 1881 (B.C.), and I of 1883 (B.C.). The Board's Rules (Chapter XV, sections II, III, and XII) are generally in force in Assam, and contain the form of outstill license already referred to in paragraph 2 above. By Notification No. 1, dated 3rd January 1884, the Chief Commissioner fixed the limit of retail sale of country spirits, under section 4, Act I (B.C.) of 1883, at 6 quart bottles. The form of notice of sale of shops was prescribed by the Chief Commissioner's Circular No. 13, dated the 27th February 1884. The following Circulars may also be referred to:—

Excise Commissioner's Circular No. 3E. of 1877 and paragraph 11 of the Chief Commissioner's Resolution on the Excise Administration Report, Assam, 1882-83.
Excise Commissioner's Circular No. 2E. of 1879.
" " " " 8E. of 1879.
" " " " 16E. of 1879.
" " " " 11E. of 1880.
Chief Commissioner's " " 12 of 1883.

10. With reference to your 5th paragraph, I have the honour to observe that in paragraph 10 of your letter No. 39, dated the 6th January 1888, you asked Mr. Johnson to make suggestions for amendments in the present outstill system before the close of the current financial year. When recently at Sibsagar (to the Deputy Commissioner of which district alone your letter was communicated), I enquired if Mr. Knox Wight was prepared to make any suggestions on the subject. He said he intended to report next cold weather, and was not then ready with any proposals. Mr. Johnson did not leave any memorandum on this subject when he went on furlough; but I find that he was in correspondence with the Deputy Commissioners of this division regarding the proposals mentioned in paragraph 2 of your Circular No. 8 of the 22nd February 1887, *viz.*, the advisability of selling country liquor shops for a period of three years instead of one, and of putting restrictions on the amount of liquor to be manufactured at each outstill, and that he had already addressed the Commissioner of Excise on the subject. Mr. Johnson himself was opposed to the first of these proposals, as were also Mr. A. C. Campbell and Mr. McCabe. On the other hand, Mr. Driberg thought that triennial licenses might possibly be increasing the stability of the trade, improve our revenue; Mr. Knox Wight was doubtful of the result, but recommended the trial of the experiment; Captain Gray thought that the triennial system would be a success financially; and Mr. McLeod also recommended a trial of the system in Nowgong.

In regard to the second proposal, all the Deputy Commissioners without exception were opposed to it, thinking the enforcement of any limit on outturn impracticable. Mr. Johnson's own opinion on the subject was conveyed in his letter No. 1977, dated the 30th April 1887. He did not see his way to proposing a limit upon manufacture in the present state of our knowledge of the subject.

11. So far as I am able to form any opinion upon the matter from such opportunities as I have had of discussing it with Deputy Commissioners, I think that it would be advisable to try the triennial system of licenses as an experiment in one sub-division, say, Golaghat, that we may see how it works. I am not prepared to suggest any limit to the capacity of outstill.

No. 1151, dated 17th September 1888.

From—H. C. WILLIAMS, Esq., Commissioner of Excise, Assam.

To—The Secretary to the Chief Commissioner of Assam.

I have the honour to acknowledge the receipt of your No. 2606 of the 1st September 1888, forwarding copies of communications from the Government of India regarding the principles to be observed in the administration of excise revenue, and in reply to it to report as follows.

2. The system under which the right to sell country spirits in this Province is sold is that in January of each year lists of country spirit shops to be put up to auction in each district for the following official year are made up by the Deputy Commissioner, and submitted to the Commissioner for approval. When they are approved of, the shops are in February put up to auction, the average of the three previous years being taken as the upset price. Two months' fees are deposited at the time of sale. This system more nearly resembles the pure farming system as described in paragraph 3 (*a*) of the Government of India's letter No. 4394 than either of the other two systems; but it differs from it in this respect, that hitherto the purchaser has been bound to keep his shop either on the site fixed by Government, or on a site within a distance of 100 yards of it. This latter rule has not, however, been strictly adhered to, and under recent orders of the Chief Commissioner, each Deputy Commissioner will in future fix the limit from the former site within which a purchaser may be able to settle his shop. Each shop is, moreover, allowed to have only one still, with this exception, that where a shopkeeper owns more than one shop he is at liberty to work in one place as many stills as he has shops. The system of payment also differs from a pure farming system, as in the latter the amount to be paid is generally a lump sum for the year, while here monthly fees are taken

and a shop can be resigned on fifteen days' notice being given and paying a sum equal to the fe for fifteen days in addition to the forfeiture of the two months' fee levied in advance. When a license is surrendered after the 1st of the month, the fee for the whole of the month in which the notice of surrender is given by the licensee, as also the fifteen days' penalty fee is levied. No further control over the quantity of spirit manufactured is possible with the present establishment; but under condition II of the license no shopkeeper is permitted to manufacture at night.

3. This system is the best that can be devised for a backward and thinly-populated country like Assam, though, as I have pointed out in a Note on the Bengal Excise Commissioner's Report submitted on the 6th June, it is capable of some improvements; but, unless the Government of India is prepared to incur some expense, it is impossible without any establishment to do much in the way of improvement. It is a system which has been the outcome of all other systems. Originally when Assam was a part of Bengal, sadr distilleries existed in Sylhet and Cachar; but they did not work well, owing to the population being scattered, and to the want of supervision, and were abolished in 1876 and 1878. Subsequently in Sylhet, Kamrup, Goalpara, and Lakhimpur, a farming system was tried; but that, too, was given up finally in Sylhet from 1885-86, and in other districts from previous dates. The central distillery system, though admirably adapted for large towns with a thick population, and with means of checking the outturn of liquor, would be quite out of place in a province where there is not one really large town, and where our power of checking the amount of liquor manufactured is almost *nil*.

4. With regard to the remarks in paragraphs 1 and 2 of the Government of India's letter, the only limit there is to the cheapening of liquor is keeping the country spirit shops at a reasonable distance from one another, so as to prevent too keen competition in their retail sales, and their being thus compelled to lower the price of liquor so as to ruin another shop, and to keen competition at the time of auction, so as to prevent any shop being sold at under its fair price. Hitherto, the price of country spirit in the Province has generally been 8 annas a bottle, but it is gradually becoming lower, and in Sylhet in the last year, it has fallen as low as 2 annas. This is undoubtedly due to more rice being used in its manufacture than formerly. As long as it was confined to *mowha* and *gur*, no one could manufacture, much less sell, at that price. As regards fixing a minimum price, the Deputy Commissioners who have been consulted are averse to it, but if the price continues to decrease, it will be a question whether the experiment must not be tried in the two districts of the Surma Valley. In this Province the duty is certainly not levied on a strict calculation of the number of gallons which the still can produce, as our information on that subject is most meagre, and the stills differ enormously in size. Although the shopkeepers are supposed to keep accounts of their sales, they, too, are utterly untrustworthy, and, as already stated, the only thing that officers have to guide them in deciding whether the prices bid are fair or not, is the average price obtained in the previous three years. Practically, there is no limit to the quantity of liquor which may be produced at an outstill, as the check against its being worked at night is very small; but, assuming that this is not done thus, the limit of outturn is the amount that may be distilled in three or possibly four distillations per diem.

5. As regards the concluding part of paragraph 2 of the Government of India's letter, I would point out that in this Province, as pointed out in paragraph 2 of my No. 400E. of 30th November 1886, on the subject of the excise system in British India, we are not guilty of the charge of encouraging intemperance, and that if all our country spirit shops were closed, there would be probably almost as much liquor consumed as while they exist, as the principal consumers, the Chota Nagpur coolies, have been accustomed to it from their earliest days, and, were they not able to purchase it, would certainly make it for themselves.

6. A list of excise rules and circulars as asked for in paragraph 3 of your letter is submitted herewith. The license used in all districts save the Khasi Hills is that printed at page 151 of the Excise Manual. As regards the Khasi Hills, where, however, shops are only four in number and the sales are very small, a special form of license is in force, a copy of which is appended.

BOMBAY.

No. 7871, dated 26th November 1888.

From—J. NUGENT, Esq., Chief Secretary to the Government of Bombay,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of Mr. Officiating Under Secretary Shirre letter No. 4394 ($\frac{\text{Separate Revenue}}{\text{Excise}}$), dated 11th August 1888, calling for information as to the exten to which the outstill system prevails in this Presidency, and the reasons for which it is preferre to the central distillery system, as well as for copies of the excise rules and circulars issued b this Government.

2. In reply I am directed to forward herewith copies of the reports noted in the margi received from the Commissioner in Sind and th Commissioner of Customs, Salt, Opium and Abkar which furnish the information required by th Government of India. It will be seen from the reports that the outstill system is in force only two talukas of the Panch Mahals, in the Ratnag

(1) Memorandum from the Commissioner in Sind, No. 3339, dated 21st September 1888, with accompaniments.

(2) Letter f om the Commissioner of Customs, Salt, Opium and Abkari, No. 6800, dated 6th November 1888, with accompaniments.

district, and in a portion of the Kanara district, and is allowed to continue in these tracts as local conditions do not permit of the introduction therein of the central distillery system.

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No. 3339, dated 21st September 1888.

Memorandum by C. B. PRITCHARD, Esq., Commissioner in Sind.

With reference to Government endorsement No. 6098, dated 8th September 1888, calling for a report as to the extent to which the—

(*a*) outstill system,
(*b*) pure farming system, and
(*c*) contract outstill system,

are employed in Sind, and the reasons for which in each case they are preferred to the more perfect system of the central distillery, and requesting to be furnished with copies of the rules, circulars and license forms, the Commissioner in Sind has the honour to state that the Abkari Revenue in Sind was managed on the pure farming system up to 1st August 1887. The objections to the continuance of this system were explained in this office No. 2718, dated 7th June 1887 (copy attached for easy reference), and Government were pleased to accord their sanction (*vide* copy of Government Resolution No. 3868, dated 27th June 1887, attached) to the introduction of the central distillery system from the 1st August 1887. This system is still in force, but from the 1st August 1888 all liquor farms have been discontinued in Sind, and the whole province is now supplied by separate licensed dealers, who obtain their liquor on payment of still-head duty at a fixed rate from the central distillery at Kotri and from other similar distilleries in other parts of India.

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No. 6800, dated 6th November 1888.

From—A. C. TREVOR, Esq., Acting Commissioner of Customs, Salt, Opium, and Abkari, Bombay,

To—The Chief Secretary to the Government of Bombay.

I have the honour to submit the report called for in Government Memorandum No. 6098. of the 8th September, on the subject of the outstill systems in force in this Presidency.

2. The only districts in this Presidency in which the outstill system is still maintained are the following:—

(1) The talukas of Dohad and Jhalod in the district of the Panch Mahals: area about 600 square miles; population about 100,500.

(2) The district of Ratnagiri: area about 3,922 square miles; population about 997,000.

(3) The district of Kanara, with the exception of the Haliyal taluka, including Supa Peta: area below Ghauts, about 1,324 square miles; above Ghauts, about 1,607: population below Ghauts, about 226,300; above Ghauts, about 134,372.

3. That it has not been superseded in these districts also by the more perfect system of the central distillery is mainly, of course, the result of unfavourable local conditions. The central distillery and still-head duty system can, as Government are aware, be worked to advantage only in localities where licit manufacture can be concentrated, and illicit manufacture or importation controlled with reasonable facility. Of the three districts named—

(1) The Panch Mahals is one of the most backward in the Presidency. It is situated on the frontier much mixed with and surrounded by Native territory. The people are poor as a rule, and most of them belong to forest or migratory tribes. The mowra flowers, from which the spirit consumed in the district is distilled, are almost everywhere to be had for the gathering; and the rugged and hilly nature of the country, broken by water-courses and covered in many places by extensive jungles, affords special facilities for illicit distillation to a population accustomed to resort to it.

In spite of these drawbacks, the central distillery system was introduced from the 1st August 1886 into the main and more settled portion of the district adjoining the Kaira Collectorate, partly in consequence of complaints of mismanagement on the part of the outstill farmers, and partly because it was found that the introduction of cheap spirit, for which the outstill system afforded facilities, was injuring the Kaira Abkari Revenue.

The outlying block consisting of the Dohad and Jhalod talukas was excluded because it is surrounded on all sides by foreign territory in which the outstill system prevails, and the population consists almost entirely of Bhills who have been allowed for several years past to manufacture spirit for themselves on certain religious and festive occasions, and it would not be expedient to interfere too abruptly with this privilege, which is valued on superstitious grounds.

(2) In the district of Ratnagiri and the sea coast talukas of Kanara (those situated above the Ghauts, other than Halial and Supa, will be referred to separately) the only spirit used is toddy spirit. Toddy-producing trees are scattered everywhere, and are found in large groves every few miles along the coast. The country is rugged and hilly, broken by water-courses and rivers. Illicit manufacture is easy, and communication, except by sea, difficult. Toddy juice cannot, like mowra flowers, be collected and transported from long distance, and both the concentration of manufacture at one or two central distilleries and the subsequent distribution of the spirit over the localities to be served from them would be costly and inconvenient.

The question is complicated, besides, by our relations with the Portuguese Government, which is bound by Article XIII of the Treaty to assimilate its Abkari arrangements in Goa to those of the adjoining British districts, to those, that is, of the Ratnagiri district generally, and the Malwan and Vengorla talukas in particular on the north, and the sea coast talukas of Kanara on the south. This undertaking is to be interpreted, according to the principle laid down in the Government of India's letter No. 689 of 26th April 1882, as—

"Coupled with an obligation on our part to consider as a whole the circumstances of the territories affected not to insist upon alterations of rates which are sudden, excessive, and of questionable expediency, and to condone.....a certain inferiority in Portuguese to British rates for a time at least and as long as the Portuguese Government are making reasonable efforts towards assimilation."

Under existing arrangements a revenue is derived from raw toddy in the shape of a tree-tax of R4 on each cocoanut and brab, and R2 on each date tree in Goa territory and in the sea coast talukas of Kanara to the south, and the Malwan and Vengorla talukas of Ratnagiri which adjoin the Goa frontier to the north, and a duty on the spirit made from toddy is recovered in the shape of proceeds of the outstill farms and shop fees in Ratnagiri and Kanara, and of license fees for the privilege of manufature and sale in Goa territory. The Portuguese Government has raised its tree-tax rates considerably since the beginning of the treaty to suit ours. Its system is in reasonable accord with ours, and so radical a change as the imposition of a separate still-head duty on toddy spirit cannot be introduced in the talukas above named until Government is prepared to demand the introduction of a similar reform in Goa territory.

In the northern talukas of Ratnagiri which are some distance from the Goa frontier, the tree-tax rates are R5 and R2-8 instead of R4 and R2 for cocoa and brab and for date trees respectively, and, so far as Goa is concerned, there would be no objection to the introduction of independent reforms, but the difficulties as to concentration of manufacture and distribution of spirit from the distilleries above referred to remain, and there are obvious objections to the maintenance of two separate systems involving the collection of duties at widely different rates in localities adjoining each other and subject to the same local conditions.

(3) The above ghaut talukas of the Kanara district in which the outstill system is still maintained are Yellapur, Sirsi, and Sidapur. The country is hilly and covered with jungle, and two of the three talukas border on the Mysore territory. These difficulties have hitherto stood in the way of any special steps for the reform of the Abkari system in the talukas named. The central distillery system was introduced from 1st August 1883 into Halial and Supa for the protection of the Abkari revenue of the Belgaum district, to which these talukas are adjacent. From the 1st August 1884 it was introduced into the Dharwar Collectorate which adjoins Yellapur, and this has raised the question of introducing it into that taluka also. The Collector's proposals on the subject were invited, but the scheme had not been matured before the outstill farms were sold last July. In all probability, however, the present system will be abolished from the 1st August next in Yellapur, and perhaps also in Sirsi and Sidapur.

4. The conditions under which the farms are given in the districts where the outstill system is still maintained are different in different localities, but it is not quite easy to refer them decisively in any case to any one of the three classes of outstill systems described in paragraph 3 of the Government of India's letter. I append copies of the licenses issued to the farmers in—

(1) Dohad and Jhalod.
(2) Ratnagiri.
(3) The Sea Coast Talukas of Kanara.
(4) The above ghaut talukas in Kanara respectively.

5. From the first it will be seen that in Dohad and Jhalod the farmer guarantees to pay a certain amount of revenue in respect of a defined tract, and that no *direct* control over the quantity to be manufactured is exercised. On the other hand, the number of stills to be worked, their capacity and the hours of working are all fixed. The farmer is required to furnish a return of the quantities distilled and sold, and the strength of the spirit manufactured and the correctness of the returns furnished are subject to test and check by Government officers. Of the three classes of systems indicated by the Government of India, that described as the "contract outstill system" is the one to which the arrangements above described most nearly correspond, though they partake to some extent of the characteristics of all three.

6. The Ratnagiri license (No. 2) gives the farmer the monopoly of the manufacture and sale of toddy spirit, and of the sale of raw toddy at shops, as distinguished from sales at the tree foot, in a certain specified tract. The number and capacity of the stills and the number and positions of the shops, at all of which both spirit and raw toddy must be kept on sale, are limited, and the stills are worked within certain fixed hours under direct Government supervision. A duty at a fixed rate per tree is levied on all trees tapped, whether for distillation or for supply of raw toddy, and the farmer pays besides a lump sum, the amount of which is fixed by competition, and which may be taken as representing the additional duty on the spirit and the license fees for the shops.

7. The conditions of the outstill farms in the coast districts of Kanara (license form No. 3) are similar, except that the capacity of the stills is not fixed, and that the farmer is bound to tap not less than a certain fixed number of trees to ensure that the supply of raw toddy kept at the shops shall be sufficient to meet the wants of the public, as it was found that licenses for sale at the tree foot were not taken up in Kanara with the same freedom as in Ratnagiri. The systems described in this and the foregoing paragraph approach most nearly to the "regulated outstill system" of the Government of India's classification.

8. In the above ghaut talukas of Kanara (license form No. 4) the spirit is chiefly made from molasses. The distilleries are fixed and are worked under Government supervision within certain specified hours, but the number and capacity of the stills is not limited. The farmer buys the monopoly of manufacture and sale in a certain tract for an amount fixed by competition, and the arrangement practically corresponds to the "pure farming system" described by the Government of India.

9. In connection with these arrangements the Government of India particularly desires to know how far they are such that more than a limited quantity of liquor cannot be produced at each outstill, and that the price of outstill liquor cannot be unduly reduced.

10. From the descriptions above given it will be understood that in Dohad and Jhalod and in the Ratnagiri district the quantity of spirit which can be produced is effectively limited, and the price cannot be unduly reduced without loss to the farmer, who must charge enough on the quantity he can turn out to repay the cost of his farm and other expenses. In the case of Ratnagiri where toddy spirit is consumed, the tree-tax he has to pay on the raw material is a further check on undue reduction of price, and there is besides a direct stipulation fixing the rates at which only spirit is to be sold.

11. In Kanara there is nothing to prevent the farmers from distilling as much spirit as they please. In the Sea Coast districts they have to pay tree tax, and both there and above the Ghauts the selling price is fixed by the terms of the license as in Ratnagiri. No assistance, however, can be expected from the public in keeping them from selling at less than the legal price, and it is difficult to enforce observance of this stipulation, when it is to the farmer's interest to disregard it.

12. With reference to paragraph 5 of the Government of India's letter, I beg to append, in addition to the license forms relating to outstill arrangements mentioned in paragraph 4 above, copies of the recently issued compilation of Rules and Notifications having the force of law under the Bombay Abkari Act, and of the rules issued under the authority of Government Resolution No. 6664 of 17th August 1885, for the guidance of Revenue and Police officers in the examination of liquor shops. These are the only Excise Rules and Circulars at present in force. I understand that copies of license forms connected with the central distillery and still-head duty system are not required.

HYDERABAD ASSIGNED DISTRICTS.

No. 515 G., dated 5th December 1888.

From—G. S. FORBES, Esq., Secretary for Berar to the Resident, Hyderabad,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge your letter No. 4394, dated the 11th August 1888, regarding the administration of the excise revenue in Berar.

2. The first question regarding which information is required by the Government of India is the form of "outstill system" employed in Berar—whether the pure farming system, the contract, or the regulated outstill system. As will be seen from the Officiating Commissioner's letter No. 393 G., dated the 18th September last, a copy of which is enclosed, the first of these three, or pure farming system, is the form prevailing in the Hyderabad Assigned Districts. The monopoly of vend within a given area is put up to auction and disposed of to the highest bidder, but the number of retail shops is limited and regulated by the Government. In this way a certain control over the quantity is, though not directly, yet indirectly exercised. Each licensed shop has usually its own "still" except in thickly populated places, where one still serves two or three shops.

3. The next question refers to the reasons for preferring this system to the more perfect system of the central distillery. The reasons given by the Officiating Commissioner relate (*a*) to the loss of excise revenue owing to the facilities which the latter system afford to fraud on the part of the Excise officials; (*b*) to the deleterious adulteration of the liquor sold practised by the vendors to recoup the loss by transit charges, and (*c*) to the fact that the high cost of central distillery liquor puts a premium on illicit manufacture and smuggling. These reasons

may be somewhat too strongly urged by the Commissioner, but Mr. Howell agrees in the main in preferring the present to the central distillery system. In his opinion the abkari administration, as it is now worked, tends to secure to Government the maximum amount of profit from the liquor that would in any case be consumed, while the drinking classes get a sound liquor for their money and are not driven to illicit supplies.

4. Finally, a copy of the Abkari Rules for the Hyderabad Assigned Districts is enclosed; and Circulars No. 7 of 1878 and No. 9 of 1879 form accompaniments of the Commissioner's letter. A copy of the Provincial Excise Revenue Report for 1880-81, referred to in paragraph 8 of that letter, is not fo warded as therein requested; it is already on record in the Financial Department, and the General Orders printed as one of its appendices do not bear directly on the present reference.

5. In conclusion, I am to apologise for the delay that has occurred in replying to your letter. This was mainly due to the fact that the Resident thought he could offer a more confident opinion after reviewing the Excise Administration for the year.

No. 393 G., dated 18th September 1888.

From—Colonel H. C. Szczepanski, Officiating Commissioner, Hyderabad Assigned Districts,

To—The Secretary for Berar to the Resident, Hyderabad.

I have the honour to acknowledge the receipt of your endorsement No. 2408 R., dated 28th August 1888, and to submit information on the several points referred to by the Government of India in their letter No. 4394, dated 11th idem.

2. The system of the administration of excise revenue in the Hyderabad Assigned Districts is what is called the farming system, whereby the monopoly of vend within a given area is put up to auction, and is disposed of to the highest bidder. The number of retail shops for country spirits is limited to what is considered the requirements of the people, and the contractors are on no account allowed to increase the number without the special sanction of the Deputy Commissioner. The object of this restriction is to obtain the highest amount of revenue distributed among the smallest number of places of vend: or in other words, to heighten the price of liquor, as far as possible, without increasing facilities for obtaining it. Thus, the system of abkari administration which obtains in Berar falls under clause (*a*), paragraph 3 of the Government letter referred to above.

3. The reason for which this system is preferred to the sadr distillery system, which is apparently considered by Government to be more perfect, may, I think, be best explained by reproducing the opinion of Colonel Nembhard, formerly Commissioner of the Hyderabad Assigned Districts, who had long served in the Central Provinces, and who possessed the advantage of having worked both the distillery and the farming systems. Colonel Nembhard was convinced, as the result of his experience, that the distillery system was ruinous to the excise revenue—opened the door to practically unlimited corruption, led to deleterious adulteration of the liquor sold, which in turn encouraged smuggling and illicit distillation. The revenue was practically at the mercy of the underpaid subordinates, who kept the accounts or were otherwise employed at the sadr distilleries.

The writers, Colonel Nembhard observed, who receive the still-head duty have it in their power to rob the Government to any extent they choose. It was practically impossible to exercise any effective check over them. Their books show that so many gallons passed out during the day, and of course their cash tallies with the books; but how can we possibly tell but that double or treble the quantity of liquor shown in the books passed out, the duty paid on the surplus having all been embezzled?

4. Next, many shops were necessarily miles distant from the distilleries, and consequently never-ceasing long journeys were required, and the expense of carrying the liquor over such distances, added to the retail cost *plus* the Government duty, brought it up to a price which left but little profit to the vendor. To indemnify himself the vendor would buy the strongest liquor at the distillery as being the most suitable for adulteration. When he arrives at his shop "he adds," writes Colonel Nembhard, "two parts of water to one part of liquor. Thus diluted the liquor does not 'bite the throat' as the saying is, and the public won't have it; so to make it 'bite,' and therefore to ensure its ready sale, he adds the juice of pepper and a solution of tobacco and hemp, while the root of dhatoora is allowed to soak in the liquor for 12 hours, after which it is taken out. This is the vile and poisonous compound which, at a cost to the State of many lakhs of rupees, is given to the liquor-drinking public."

5. But it frequently happens that the public refuse to be poisoned. Mowha fruit abounds everywhere, and the apparatus for distilling liquor therefrom is by no means expensive, for it consists of 2 "ghurras" or earthen pots, and a bamboo to serve as a conducting pipe from one vessel to the other. As the sympathies, not only of the consumers, but also of the retail vendors are of course dead against us, quantities of liquor are surreptitiously distilled. Paying no duty, the public get it both pure and cheap, while the profit to the manufacturer is large enough to induce him to incur many risks. But after all there are no risks for him to incur, for in the whole length and breadth of the district who is there of whom he need be afraid? There is one darogah it is true, but is the darogah impossible to bribe? There are the distillers within the enclosures, but do they not also keep retail shops, and does all the liquor sold at those shops pay still-head duty to Government?

6. While the whole liquor-drinking public (which means in Berar the whole population) on the one hand and the liquor sellers on the other are, as before stated, dead against us, what on earth is to prevent them doing just exactly as they please? Are we to employ an army of patrols to keep perpetually on the move, entering at all times the houses of private individuals to see whether stills are at work or not?

The great advantage in the farming system is this, that we thereby enlist the whole body of liquor manufacturers and sellers on our side to help us in keeping down smuggling. In fact, so thoroughly is it kept down that we do not spend a shilling for any establishment to assist them. The sadr distillery system, on the other hand, puts a premium on smuggling; it makes it directly to the interest of the manufacturers and vendors to smuggle, or to surreptitiously distil as much liquor as they possibly can; while it is also to the interest of every liquor drinker in the country to connive at, if not to directly assist in, illicit distilling, for he thereby gets pure liquor, whereas, if he helped to put down smuggling, he would have to consume liquor which must be adulterated to make it pay.

7. As there are no outstills in Berar, the remarks extracted from the Secretary of State's despatch and referred to in paragraph 4 of the Government letter under reference, are not applicable to Berar.

8. The following enclosures accompany this letter:—

Commissioner's Circular No. 7, dated 11th January 1878 (with enclosures).
Do. do. No. 9, dated 15th January 1879.

And I beg that the undermentioned papers may be supplied by your office as no spare copies are available here:—

The Berar Abkari Rules.
The Report on the Excise Revenue of the Hyderabad Assigned Districts for 1880-81.

Bengal.

No. E. P.—55, dated 6th December 1888.

From—H. J. S. Cotton, Esq., Offg. Secretary to the Govt. of Bengal, Financial Department,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of the orders of the Government of India No. 4394, dated 11th August 1888, on the subject of the administration of the Excise Revenue and in reply to submit a copy of a report from the Board of Revenue, No. 835B., dated 7th November 1888, which furnishes an account of the outstill system in force in Bengal, and will, it is hoped, supply all the information desired by the Indian Government.

2. It is particularly requested in your letter that copies of all the Excise Rules and Circulars in force may be sent, and attention drawn to such as bear on the questions now raised, and with reference to this request the Lieutenant-Governor now transmits all the elaborate enclosures of the Board's letter, as well as a copy of the several orders of Government which are alluded to. A list of the enclosures is annexed to the Board's letter.

3. As the papers are already unduly voluminous, the Lieutenant-Governor does not think it necessary to add to them by any detailed exposition of the policy adopted in these Provinces. I am, however, to invite attention to the remarks recorded by the Lieutenant-Governor in the Resolution on the Board's Excise Administration Report for the year 1887-88, a copy of which has been separately submitted to the Government of India. It may be briefly said that it is the object of the Lieutenant-Governor to give effect, as far as possible, to the recommendations of the Excise Commission in regard to the outstill system, and that every effort is now being made in Bengal to render the description of that system, which is given in paragraph 8 of the Government of India's despatch of the 25th June 1887 to the Secretary of State, strictly correct. That description is as follows:—

"The outstill system, as it is understood in India, is not a system by which, on payment of a lump sum, the distiller is free to brew as much spirit as he likes, and sell it whenever he likes. The duty is levied upon a strict calculation of the number of gallons which the still can produce, and the conditions, both of distillation and sale, are carefully regulated with reference to the existing local demand."

This system is still on its trial, and in face of all the difficulties which have accompanied its introduction, it cannot be alleged that it has everywhere been successfully enforced. Enquiry has indeed shown that it has lamentably failed in the metropolitan districts of Hooghly and Howrah, in which, as is now seen by the light of experience, it would probably have been better if it had never been tried. In such a tract the central distillery system is probably preferable to the outstill or contract system, and the question whether it would not be better to restore the sadr distilleries in this locality is still under consideration. But as a general rule, the system is understood to have met with a fair measure of success. The operations at the outstills, though liable to inspection, testing, and correction at the hands of Government officers, are not yet absolutely under control, and the transition from a system of unrestricted outstills to one of rigid regulation admits only a gradual accomplishment. At the same time the Board have officially recorded their opinion that the feasibility of the system of the Excise Commission has been amply demonstrated. They add in words of warning that it is likewise manifest that the success of the system depends a great deal on the tact and intelligence displayed by the officers engaged in the administration

Paragraph 127 of the Annual Excise Report for 1887-88.

of excise, and that, without very close supervision and personal attention to details, there is every risk of the revenue being sacrificed without in any way checking drunkenness. In their present letter they observe—"To render the new system of restrictions fully successful, time is required; the active attention of the executive and constant supervision are indispensable." With these remarks the Lieutenant-Governor entirely agrees, and he desires to assure the Government of India that every possible measure will be resorted to by this Government to ensure the success of the system.

4. In regard to the remark made in the close of the extract quoted in the second paragraph of your letter, that the local demand should not be fully satisfied, but should not be restricted, and that this principle is clearly the only proper basis of a sound Excise administration, I am to say that the Lieutenant-Governor agrees with the Board of Revenue that this is a doubtful principle to enunciate. If the capacity of stills and vats is restricted to such a degree as altogether to fail in satisfying the local demand, it is an inevitable consequence that the people will have recourse to illicit distillation, or to some drug more noxious than country spirit.

5. It will be observed that the regulated outstill system has not been enforced in the three districts of the Chittagong Division, in Darjeeling, and in Lohardugga. As explained by the Board, the consumption of country spirit in the Chittagong Division, which is most inhabited by Mahomedans, is very small, while the circumstances of Darjeeling are altogether exceptional. The extension of the new system into Lohardugga is under contemplation.

6. The sadr distillery system is in force throughout the Sonthal Pergunnahs and in Calcutta, and in the following towns:—Berhampore, Lalbagh, Dacca, Patna, Arrah, Gya, Bettiah, Chupra, Durbhanga, Mozufferpore, Bhagulpore, Jamalpore, Monghyr, Cuttack, Pooree, Balasore, Hooghly, Burdwan, Howrah, and Giridi.

No. 835B., dated 7th November 1888.

From—C. E. Buckland, Esq., Secretary to the Board of Revenue, Lower Provinces,

To—The Secretary to the Government of Bengal, Financial Department.

I am directed by the Board of Revenue to acknowledge the receipt of Mr. Cuthbertson's endorsement No. E.P.—5-2, dated 10th September last, forwarding for report a copy of the letter No. 4394, dated 11th August 1888, from the Government of India, in the Department of Finance and Commerce, on the subject of excise administration. In reply I am to furnish the following account of the outstill system in force in Bengal, together with a set of the papers mentioned in the accompanying list, which will, it is hoped, convey to Government the full information required by the Government of India.

2. It appears to the Board unnecessary to recapitulate the history of excise administration in Bengal previous to the report of Mr. Edgar's Excise Commission of 1883-84. It may be said, by way of preface, that the efforts of the Board since that date have been directed towards carrying out the recommendations of that Commission, as approved by Government in the Resolution of the 10th March 1886 and Mr. R. H. Wilson's letter No. 987 of the same date. The cardinal principle laid down by Government on the Commission's report was—"An outstill system properly regulated is the most suitable for the country in general, but where special means of close supervision exist, and a large drinking population is found in a small and well-defined area, central distilleries, in which alone a uniform tax can be levied on spirit according to its strength, should be established." The consequence of the measures adopted with regard to central (*i.e*, sadr) distilleries has been that the number of distilleries and distillery shops has increased from 21 and 479 in 1884-85 to 25 and 570 respectively in 1887-88 (although those in the Sonthal Pergunnahs have been reduced from 9 to 5, and those in Hooghly-Howrah from 5 to 2), while the number of outstills has been diminished from 8,943 in 1884-85 to 3,535 in 1887-88. It may be mentioned, in passing, that in 1870-71 there were 6,384 shops under the sadr distillery system besides 288 outstill shops in Bengal; in 1863-64 and 1864-65 there were 9,329 and 9,913 shops altogether, *i.e.*, under both the systems. Central distilleries have been established in all the districts named by the Excise Commission.

The outstills, according to present arrangements, conform rather to the type of "regulated outstill system" mentioned in (*c*) than to those referred to in (*a*) and (*b*) of paragraph 3 of the Government of India's letter of 11th August 1888. At the same time I am to observe that the operations at the outstills in Bengal, though liable to inspection, testing, and correction at the hands of Government officers are not absolutely under their control, and never have been so, and the principle of levying a duty practically by the quantity distilled is the object which the Board have had in view, and aimed at for the last three years, rather than the result which they can assert to have been positively attained hitherto. The transition from a system of unrestricted outstills to one of rigid regulation admits only of gradual accomplishment.

3. The points with which the Board are required to deal are as follows:—

(1) the precise facts as to the extent to which the regulated outstill system is employed;

(2) the reasons for which it is preferred to the central distillery system;

(3) how far the description given in paragraphs 1 and 2 of Mr. Shirres' letter correctly describes the effect of the arrangements made for regulating the manufacture and supply of liquor from the outstills;

(4) how far the arrangements are such that more than a limited quantity of liquor cannot be produced at each outstill, and that the price of outstill liquor cannot be unduly reduced.

In the extracts quoted in Mr. Shirres' letter, it is stated that—"it is the interest and in the power of the distiller to make as much spirit and to push the sales thereof by cheapening liquor as far as he possibly can."

In another extract a doubt is raised whether it has been the rule to fix the duty with reference to the outturn of the still, and not to leave the distillers (*i.e.*, the outstill licensees) a free hand on payment of a lump sum

A third point discussed is, whether the conditions of distillation and of sale are regulated with reference to the existing local demand.

4. The regulated outstill system is in force in all the districts of Lower Bengal, except in the three districts of the Chittagong Division, Darjeeling, and Lohardugga; the new system of restrictions has not yet been applied to the outstills in those districts; the consumption of country spirit in the Chittagong Division is very small; the circumstances of the Darjeeling district are peculiar, and the local officers have always advocated the postponement of any change; Lohardugga is the largest district in the province, and sparsely inhabited. An Excise Deputy Collector has recently been sanctioned for the district last mentioned, and the extension of the new system is under contemplation.

The sadr distillery system is in force throughout the Sonthal Pergunnahs and in Calcutta and the towns named in the margin.

Berhampore—Lalbagh, Dacca, Patna, Arrah, Gya, Bettiah, Chupra, Durbhanga, Mozufferpore, Bhagulpore, Jamalpore—Monghyr, Cuttack, Pooree, Balasore, Hooghly, Burdwan, Howrah, and Hazaribagh.

Of the revenue (₹52,05,122) derived from country spirits in Bengal in 1887-88, the sum of ₹31,91,384 was obtained from the license fees of 3,535 outstills, and the remainder (₹20,13,738) from the sadr distillery system, *i.e.*, from the distillery fees, the license fees of the 570 distillery shops, and still-head duty on the liquor manufactured thereat. A comparison of the areas over which the two systems respectively are in force might convey an erroneous impression, as the sadr distillery system has hitherto been intentionally limited to towns and thickly inhabited tracts. Briefly, more than five-sixths of the country liquor shops are under the outstill system, and more than three-fifths of the revenue from country liquor is collected from them.

5. The preference now shown for an outstill system in comparison with the more perfect system of the central, *i.e.*, sadr distillery system, has not always obtained in Bengal. From Chapter II of Mr. Edgar's Excise Report of 1883-84, and paragraph 4 of the Government Resolution of 10th March 1886, it will be seen that from time to time official opinion has oscillated from one system to the other: the last change from sadr distilleries to outstills commenced in 1871-72 and attained its fullest development in 1880-81. Under the sadr distillery system duty should be paid on every gallon of liquor issued and consumed. In practice it was found that, with the establishments then sanctioned, this object could not be attained except at head-quarters and in populous towns. The sadr distillery system had been applied to all parts of the country without sufficient establishments to ensure its proper working: some distilleries did not even pay their expenses: spirit was smuggled out of the distilleries duty-free, or on payment of insufficient duty, with the connivance of the Excise subordinates, as well as smuggled into the distillery areas: illicit distillation admittedly was prevalent. To meet these objections it was determined to introduce outstills, trusting to the self-interest of the outstill-holder to keep down illicit distillation and to check smuggling into the tract supplied from his shop. Sadr distilleries were therefore reduced in number, but never entirely abolished. The Excise Commission recorded an opinion that outstills had been re-introduced to too great an extent, and the acceptance of their views by Government has led to the re-establishment of several sadr distilleries, as already mentioned. Under the outstill system, previous to the Excise Commission's report, when the license-holder had obtained his shop at auction, he could, so long as he paid the license fee settled at the auction, distil (during the day and from his one still) any quantity and quality of liquor, and sell it to residents of any place so long as the liquor was not introduced into sadr distillery limits. Since the report of the Excise Commission, the policy adopted has been to restrict the capacities of the stills and fermenting vats of the outstill-holders to sizes sufficient to meet the local demand, and at the same time to raise the price of liquor by raising the upset prices (*i.e.*, of the license fees) of the shops at auction, and fixing a minimum price of liquor in each district below which it might not be sold. This is the regulated outstill system which is at present preferred in Bengal to the sadr distillery system for the greater part of the country. It is held to secure the co-operation of the outstill-holders with the excise authorities in the suppression of illicit distillation; the restriction imposed on the capacities of stills and vats are intended to prevent overproduction, and the raising of the price of liquor is trusted to check the increase of consumption and the smuggling of outstill liquor into sadr distillery areas. As the license fees of outstills are paid in advance, every gallon of liquor issued from an outstill must be taxed to some extent; whether the incidence of the fee on each gallon of liquor is sufficient, according to an ideal standard, or equal to the rate of duty charged, or that could be charged on sadr distillery liquor, must depend upon the effectiveness with which the new system of restrictions can be enforced. The difficulties inherent in the present policy will appear from the details which I am now to give.

6. The new system has been briefly called the Patna system, because it was first carried out in that d[illegible]ict, *viz.*, from the 1st April 1886, under the orders of Government. The fixing

of the number of outstills to be allowed for a district is not determined on any settled principles. There is a standing order that no shop is to be sanctioned unless there is a *bonâ fide* local demand for it, ascertained by enquiry and proved by applications for it at an adequate fee. The arbitrary rule, nominally in force, is that an area of 20 square miles and a population of 10,000 persons are to be allowed to each outstill. In fact, each outstill serves, on the average, a much larger area and population than those above indicated. As soon as the numbers of the drinking population supplied from each shop have been more exactly estimated, it will be possible to regulate the number of outstills in a district with greater accuracy. When the number of outstills had been fixed, the first step was to ascertain the monthly local demand of each outstill shop, calculated in gallons of London-proof liquor. For this information the Board had to look to the District Officers, who in their turn were obliged to depend upon the Excise Deputy Collector and the Inspecting staff. In the absence of correct accounts it was most difficult to ascertain accurately the number of drinkers supplied by each outstill and the quantities consumed: no previous attempt had ever been made to obtain such statistics. After constant pressure, most District Officers have reported that they believe the statistics furnished by them to be correct and trustworthy for all practical purposes.

The local monthly demand having been estimated, the next step was to calculate the capacity of stills and vats required to meet that demand. The Board on the strength of experiments which had been conducted on their behalf, and information in their possession, instructed District Officers to frame their calculations on certain data as follows:—A maund of mohwa was to be held to yield on an average 2 gallons, and a maund of goor, molasses or rice to yield 3 gallons, of spirits London-proof. A gallon was to be held to contain about 5 seers of water; or 4 seers of materials and spirits. It was held that a metal still could work on an average six times, and a clay still three times daily The working capacity of a still was to mean the maximum quantity of raw materials with which a still can be worked. It was held that for each seer of working capacity 1½ gallons of liquid capacity would be required. For purposes of proper distillation, it was laid down that one-third of the liquid capacity of a still should be kept vacant. Stills were ordered to be of a liquid capacity of round numbers of gallons. With regard to fermenting vats, it was laid down that one gallon liquid capacity was required for the fermentation of one seer of material.

The Board directed that no deviation from these general principles should be allowed without their sanction. Even with these data assumed to be correct, the calculations of the sizes of stills and vats required to meet the local demand is not by any means an easy problem; nearly all the factors are liable to variation. For instance, metal stills have been worked as often as ten times a day, and clay stills as often as five times a day: again the number of distillations possible in a day depends upon the season of the year, the climate, the temperature, the length of the day, the slowness or heat of the firing, the greater or less density of the solution used. Again the quantity of the outturn depends upon the nature of the water and the material used, and the skill of the manufacturer. To show the District Officers how they should calculate the sizes of stills and vats required to meet the local demand of liquor, the Board framed illustrations of the principles enunciated, and issued circulars for their guidance. Thus, for instance, if the local demand was ascertained to be, say, 6,000 gallons of spirit London-proof a month in a mohwa country, 3,000 seers of mohwa would be required, *i.e.*, 100 seers a day. In a metal still, working six times a day, 16⅔ seers would have to be worked off at each distillation, and the liquid capacity of the still required would be 25 gallons. To prepare the wort from 100 seers a day fermenting vats of an aggregate capacity of 600 gallons would be required, where and when fermentation takes six days, *i.e.*, as 100 seers of material must be ready each day, and for 100 seers a liquid capacity of 100 gallons is required, the total would be 600 gallons. If the assumptions upon which these calculations are based are correct, the outturn would be restricted to 200 gallons daily. It is unnecessary to multiply examples. Further illustrations are given in paragraphs 8 and 19 of the Board's letter No. 1037 B., of 30th December 1886, paragraph 8 of their Resolution of 20th January 1887, and their letter No. 279 B., dated 25th February 1888.

The District Officers were instructed to allow in their calculations for the variations possible in the above data, and to sanction stills and vats accordingly with capacities calculated sufficiently large to meet the local demand. To meet the objection raised in some quarters that stills of smaller liquid capacity than 10 gallons could not be properly worked, and the objection raised elsewhere that stills could not be procured of the exact size required to meet the local demand, the Board were obliged to allow the use of stills of 10 gallons capacity in most districts, and to approve the use of stills of capacities of multiples of five gallons. In such cases, where the possible outturn would not have corresponded with the local demand, the restriction of the aggregate capacity of vats allowed was to be adopted as a further method to limiting the outturn of liquor.

The Board have annually compiled statements showing the aggregate capacities of the stills allowed for each district. From the statement noted in the margin, the following figures have been taken:—

Appendix C to Board's Annual Excise Report, dated 31st August 1888.

	Number of outstills allowed.	Liquid capacities of outstills in gallons.
1886-87	3,598	111,538
1887-88	3,560	74,788
1888-89	3,444	62,368

These show that the capacities of the stills have been very materially reduced during the last three years.

7. Thus there were sufficient principles laid down, and orders issued by the Board, to the effect that only a limited quantity of liquor should be produced at each outstill. The obvious questions are—whether the arrangements have been carried out, and whether they are such as can be relied upon to be constantly maintained. For the executive working of such a scheme, the Board must necessarily rely upon the local officers and their subordinates. There is nothing in the arithmetical calculations too difficult for ordinary comprehension, but the Board have had reason to believe that at first they were not properly understood. Orders have repeatedly been issued, insisting on the Excise Deputy Collectors inspecting a certain number of the outstills, and the Inspecting staff have been directed to visit each outstill at least once a quarter. Instances have been reported to the Board in which abkars have been punished for possessing a still or vats larger than those allowed them in their licenses; and the Board have also been informed of cases in which the abkars have been caught replacing excess stills and vats broken up by Inspecting officers. Whether the arrangements actually in force for the limitation of the outturn of liquor are in each and every case absolutely effective, it is impossible for the Board to say, without calling for reports from District Officers, and these would necessarily be based upon information supplied by the subordinates who are charged with the duty of seeing that orders are carried out. The Board have only one officer at their disposal capable of carrying out inspections independently. On the one hand, the increase noted in the margin of the excise revenue from country spirits made at outstills conveys the impression that no great pressure has been felt by the abkars after they recovered from their apprehensions of the effects of changes of system. The reduction in the number of outstills, and some of them very important ones, must be borne in mind On the other hand, it might be argued that the price of liquor has been raised, which has enabled the licensees to pay higher fees for the shops. The Board are aware that there are means of evading the restrictions imposed and rendering them inoperative, for instance, by concealment of unlicensed stills and vats; by distillation at nights by using too dense a wort. Such abuses are to be overcome only by the vigilance and strengthening of the inspecting staff, which will require perhaps a considerable increase of establishment.

	R
1884-85	34,66,702
1885-86	29,76,455
1886-87	29,61,752
1887-88	31,91,384

8. The next question is how far the arrangements are such that the price of outstill liquor cannot be unduly reduced. As Government are aware, there is no duty, properly so termed, on outstill liquor. The price at which the outstill-holder can afford to sell must, after he has recovered the cost of manufacture, depend upon the amount of the monthly fee paid for his shop. Thus, if the demand which he may expect to supply has been correctly ascertained to be 300 gallons a month, and his outturn has been limited to that amount, he will, if he pays R450, R1-8 a gallon, R150 for his shop, have to charge 8 annas a gallon; and if he pays R450, R1-8 a gallon, besides, in each case, the cost of manufacture. It is of the greatest importance, therefore, to obtain the highest possible fees for the shops. The principle laid down by the Excise Commission and adopted by Government was that the upset price of each still should be proportionate to its capacity when restricted, and calculated on the basis of the duty which could be levied by Government on its outturn at a given strength. The Board laid down three methods by which the upset prices of the shops might be calculated with reference to the liquor produced therein and the profits derived from its sale, and they at first directed that no bid for a shop should be accepted below the highest of the figures arrived at by these methods. It has been found impossible in practice to maintain this strictness in all cases. The average amount of the license fee paid for each outstill has been gradually raised since the development of the new system, as the following figures prove:—

Paragraph 14 of Board's No. 1037 B., dated 30th December 1886.

	Number of outstills.	Total Revenue.	Incidence of annual fee per outstill.
		R	R
1884-85	3,945	34,66,702	879
1885-86	3,614	29,76,455	820
1886-87	3,608	29,61,752	820
1887-88	3,535	31,91,384	902
1888-89	3,444	34,82,584	1,011

The upset price of a shop does not represent its fair value but only the irreducible minimum at which the establishment of an outstill at all can be allowed. The Board have always maintained that the fair price for a still can only be determined by active competition at auction. Experience shows that through the absence of competition, either in consequence of the combination of abkars, or the imperfect arrangements made for the auction, the upset prices are often not obtained, and constant applications for their diminution come before the Board which it is difficult to resist. While, on the one hand, reliance is placed on upset prices for the raising of the price of liquor, an attempt has, on the other hand, been made to prevent its being unduly lowered by fixing a minimum price for the cheapest kind in each district. In the districts where there are also sadr distilleries, minimum prices are fixed for the inner circle of outstills, *i.e.*, those nearest to the sadr distillery, and other minimum prices for the outer circle of outstills. The fixing of a minimum price was one of the recommendations of

the Excise Commission. In paragraph 12 of Mr. Wilson's letter No. 987 of the 10th March 1886, Government desired an experimental trial of such a rule in Patna. The Board for some time hesitated to accept the principle. In submitting the settlement proposals for 1888-89, the Board reported that, so far as the scheme of fixing a minimum price had been tried in Patna, there was every reason to be satisfied with the result. They have accordingly fixed, during the course of the year, minimum prices for all the 19 districts noted in the margin, in which there are both sadr distilleries and outstills. It is in contemplation to extend the fixing of minimum prices to other districts in which there are only outstills.

1. 24-Pergunnahs.
2. Moorshedabad.
3. Dacca.
4. Patna.
5. Shahabad.
6. Gya.
7. Champarun.
8. Chupra.
9. Durbhunga.
10. Mozufferpore.
11. Bhagulpore.
12. Monghyr.
13. Cuttack.
14. Pooree.
15. Balasore.
16. Hooghly.
17. Burdwan.
18. Howrah.
19. Hazaribagh.

9. In the first extract quoted in Mr. Shirres' letter, it appears to be put forward, as a disparagement of the outstill system as compared with the sadr distillery system, that it is the interest and in the power of the distiller, *i.e.*, the outstill-holder, to make as much spirit, and to push its sale by cheapening liquor as far as he can. The Board have no doubt that the outstill licensee is actuated by such motives, but these are the ordinary motives which influence any person engaged in trade. Manufacturers of sadr distillery liquor also endeavour to diminish the cost of manufacture, so as to cheapen the article supplied at their shops or at the shops of the other vendors to the public. There is no limit as to the amount or strength of the liquor which may be distilled at, or issued from, the sadr distilleries. The real difference between the two systems is of course that, in case of sadr distilleries, the Government realise their duty at once on all the liquor issued,—but it has been held that sadr distilleries are not suitable to such tracts of country and places as present facilities for illicit distillation and smuggling;—on the other hand, no little exertion is required to raise the incidence of the fee per gallon of outstill liquor,—but an outstill system has been held to be better adapted to the suppression of smuggling and illicit distillation. The object of all the regulations recently adopted has been to prevent the outstill-holder from having it in his power to make as much spirit and push its sale as he would like to do.

10. With reference to the next extract alluded to in paragraph 3 of this letter. the previous remarks will have shown that the aim of the recent changes has been to secure, as far as possible, an adequate license fee in proportion to the restricted outturn of the outstills. So far as the restrictions have been effectively enforced, the outstill licensees have not been allowed a free hand, after paying a lump sum, to distil any amount of liquor of any strength and at any price.

11. With regard to the question whether the conditions of distillation and of sale are regulated with reference to the existing local demand, it may be admitted that this has been the object of the action taken by the Board. They have been guided in this direction by paragraph 12 of the Government Resolution of 10th March 1886, in which the following words occur :—

"And this leads to the consideration of the third recommendation made by the Commission that the capacity of the still should be limited to the existing demand for liquor in the area to be supplied by it," and again "the proper limit to be fixed in each district can only be ascertained by detailed local enquiry as to the extent of the demand for liquor and the daily average number of distillation."

It seems to the Board essential that they should have information of the extent of the local demand; hitherto they have understood the policy of Government to be that the local demand should be met; they can equally endeavour, if so desired, to restrict the capacities of stills and vats to any degree, so that the local demand cannot be satisfied. The question will then arise whether the people will not have recourse to illicit distillation or to some drug more noxious than country spirits.

12. In the preceding paragraphs the questions raised in the correspondence under reply have been answered as succinctly as the nature of the case admits. A number of comparatively minor matters which have engaged the Board's attention have not even been glanced at They have issued orders, for instance, regarding the selection of sites of outstills, the material and the working of stills, bartar, and sales to children, the time of closing, and the keeping of accounts. The last mentioned subject is of great importance. Forms of accounts to be kept at each outstill have been prescribed, to show the quantities of raw materials used, the spirits distilled, and the amounts sold. If these are correctly maintained and properly inspected, satisfactory information should always be available. Thus, the Board have endeavoured by every means in their power to ensure the success of the Patna system, based upon the recommendations of the Excise Commission. No practical methods other than those worked out by the Board have ever been suggested to them either by the Government, or the Excise Commission, or the District Officers. To render the new system of restrictions full successful, time is required; the active co-operation of the executive and constant supervision are indispensable.

13. The papers indicated in the accompanying lists are divided into (1) the Board's Resolutions, Circular Orders, and letters to Government, Commissioners, and others; (2) the letters received from Government, and Government Resolutions. It does not appear necessary for the Board to enclose copies of the papers enumerated in list (2). The form No. 25 in use for outstill licenses will be found attached to the Board's letter No. 1037 B., dated 30th December 1886.

In connection with the subject of the action taken by the Board towards carrying out the proposals of the Excise Commission, I am to invite attention to the following sections of the Board's Annual Excise Reports :—

Section XIII of 1885-86.
" " " 1886-87.
" XIV " 1887-88.

14. The rules generally in force for the Regulation of the Excise Administration are, as Government are aware, collected in the Board's Excise Manual, 1884.

PUNJAB.

No. 141, dated 14th January 1889.

From—H. C. FANSHAWE, Esq., Junior Secretary to the Government of the Punjab,

To—The Offg. Secy. to the Govt. of India, DEPARTMENT OF FINANCE AND COMMERCE.

In compliance with the request contained in your letter No. 4394, dated 11th August last, I am directed to submit, for the information of the Government of India, a copy of a letter No. 874, dated 10th December 1888, from the Financial Commissioner, Punjab, with enclosures, containing an account of the outstill system which is in force in the Punjab.

2. It will be seen that this system is in force in a portion of one district of the Province only. It was introduced with a view to check the smuggling of liquor from the Native States adjoining the Kulu and Hamirpur Tahsils of the Kangra district. From the correspondence* which took place at the time, copies of which are forwarded herewith, will be seen that the question of its introduction was not decided without due enquiry and deliberation, and that the working of the system has since its introduction been carefully watched by Government. The conditions under which outstills are licensed in Hamirpur and Kulu, more especially that which requires each licensee to maintain only one still capable of distilling a maximum of 5 gallons of liquor at a time, provide, in His Honour's opinion, an effectual limitation to the amount of liquor which can be produced, and this limitation does in itself operate to prevent the price of liquor being unduly reduced through over-supply.

* Proceedings, Punjab Government, Financial Department—
No. 4 of April 1883.
Nos. 2-3 of October 1885.
Nos. 15-16 of April 1887.
Nos. 17-18 of November 1887.

3. As desired in paragraph 5 of your letter, a collection of Excise Rules and Circulars is forwarded herewith For the reason explained by the Financial Commissioner these contain no reference to the outstill system. A useful account of the Excise system of this Province will be found in the prefatory note to the Provincial Excise Report for the year 1887-88.

4. In conclusion, I am to add that the introduction of the outstill system in the above tahsils of the Kangra district is entirely an experiment, and that the Punjab Government is not committed in any way to the maintenance of the system. The attention of the Commissioner of Excise will be specially given to this experiment, and the Lieutenant-Governor will be able to judge better of its exact merits when he is in possession of the matured views of the Commissioner on the subject.

No. 874, dated 10th December 1888.

From—D. C. JOHNSTONE, Esq. Senior Secretary to the Financial Commissioner of the Punjab,

To—The Junior Secretary to the Government of the Punjab.

I am directed to reply as follows to your No. 366 S., dated 16th August 1888, at the same time forwarding copies of all the Circulars in force in the Punjab regulating the administration of the excise on liquors, and copy of certain demi-official correspondence with Deputy Commissioner, Kangra.

2. As the outstill system, which forms the subject of your letter under reply, is in existence in only a part of one of the districts of this Province, *viz.*, Kangra, there are no circulars dealing with that system. The correspondence, however, contained in Punjab Government Proceedings No. 4 of April 1883 and No. 2 of October 1885, together with the accompanying translation of the form of license now in use in the tahsils of Hamirpur and Kulu, in the district of Kangra, sufficiently explain the details of the system.

3. It will appear in the first place from a perusal of the papers named that the Kangra system does not fall exactly under any of the classes mentioned in paragraph 3 of the letter No. 4394 of 11th August 1888, which has given rise to the present reference. It does not come under class (*a*) because the number of stills and shops is limited, and the capacity of each still fixed at 5 gallons. It does not come under class (*b*) because the duty is not levied upon estimated outturn. The amount of the annual duty on each still (or rather upon each still and its ancillary shops) depends on the competition at the auction of the right to keep that still and (those shops). It does come under (*c*) because the operations at the outstill are not tested and controlled by Government officers.

4. The facts are as follows. The system was introduced into the three tahsils of Hamirpur, Nurpur, and Kulu in 1884; but, as the outstills in Nurpur have been abolished, nothing further need be said as to that tract except to invite attention to the grounds on which

the abolition was effected, namely, that the people were not addicted to the use of spirits, that the facilities for smuggling were not great, and that actual smuggling from Native States was not common even when the price of liquor was comparatively high.

5. In Hamirpur 4 stills at fixed localities were authorized with 9 shops also at fixed localities, and in Kulu 3 stills with 6 shops. The important conditions in the licenses are four in number :—

1st.—That the still be worked only between sunrise and sunset.

2nd.—That only one still be used at each place and that the still do not exceed 5 Imperial gallons in capacity.

3rd.—That the liquor made in a still be sold only in the shop or shops specified in the license for that still.

4th.—That not more than a fixed quantity be sold by the licensed vendor to one person at one time.

6. The Financial Commissioner, I am to say, freely admits that with the excise establishment at their disposal it would be impossible for either the Deputy Commissioner of Kangra or the Assistant Commissioner of Kulu to detect breaches of the first of these conditions, but he thinks there is no reason to suppose that the second or third of the conditions is evaded, as detection would be easy, and yet actual breach does not appear ever to have been proved. The fourth condition is not peculiar to the outstill system. Whether a shop is supplied from an outstill or from a central distillery, the sales in it should be by retail only, and the difficulty of ensuring this appears to Mr. Elsmie to be equal in both cases.

7. The condition included in the license that the distiller shall not sell less than a certain amount to a licensed vendor is in practice nugatory, as stills and the shops attached to them are as a rule in the hands of the same persons.

8. From the preceding it will be seen that production is limited in two ways,—by the limitation of the number and capacity of the stills, and by the amount of the demand for country spirits. The demand, the Financial Commissioner remarks, depends on the habits of the people, on their agricultural prosperity from year to year, on the facilities for obtaining spirits, and on the price at which liquor is supplied to them at our shops. The inhabitants of Hamirpur tahsil and of Kulu proper are notoriously given to the use of intoxicating liquors, opium and the hemp narcotics not being in fashion; and their prosperity during the last three or four years has not been below the average. As to the facilities for obtaining spirits, the fact that the Hamirpur tahsil, with an area of 644* square miles and a population of 176,609* souls, has only 9 spirit shops; while Kulu,† with 1,934† square miles and a population of 100,259,† is allowed 6 shops, shows, in Mr. Elsmie's opinion, that in the arrangements care has been taken not to do more than to meet the reasonable requirements of those tracts.

* Census of 1881.

† Excluding Lahul and Spiti—see Gazetteer.

9. It remains to consider the actual outturn of country spirit of late years and the price at which it has been sold. In connection with this I am to refer you to Deputy Commissioner, Kangra's No. 313 of 25th June 1887, copy of which accompanied this office No. 60C. of 9th August 1887, to Deputy Commissioner's No. 1018 of 29th July 1885, which will be found printed in Punjab Government Proceedings No. 2 of 1885; and to the demi-official correspondence whereof copy is now submitted. The figures (in gallons) of licit consumption are as follows :—

	1883-84.	1884-85.	1885-86.	1886-87.	1887-88.
Hamirpur	345	5,371	7,598	7,812	6,949
Kulu	176	1,796	1,699	1,636	1,939

The increase in these figures from the time of introduction of the present system is undoubtedly great; but if the reasons of this be fairly considered, Mr. Elsmie, I am to say, thinks it will be seen that a *pro tanto* actual increase of consumption has not occurred. In the first place, one of the chief grounds for the trial of the new system was that the central distillery liquor could not compete with the smuggled liquor from the Native States bordering on Kulu and Hamirpur, and that it was necessary, in order to secure to Government its fair revenue, to put a stop to the smuggling. In fact, Financial Commissioner remarks, the issues from central distilleries represented, it was well known, only a fraction of the total consumption of spirits. In the second place, the strength of the liquor must be taken into account. The outstill liquor is distilled very weak indeed; and calculating on the information given in the correspondence of 1887 already alluded to, it may be taken that the gallonage *reduced to London proof* was not more than the following :—

	1884-85.	1885-86.	1886-87.	1887-88.
Hamirpur	1,565	2,214	2,276	2,036
Kulu	524	498	477	566

This implies, in 1887-88, an allowance of one quart bottle of proof spirit to every 14 persons in Hamirpur and to every 29 persons in Kulu.

10. The liquor is sold at prices varying from 2 annas to R1 per quart bottle. The strength of the cheapest liquor is between $\frac{1}{4}$ and $\frac{1}{5}$ of the strength of proof spirit; and it is estimated that $\frac{7}{10}$ at least of the whole of the issues from the outstills is of liquor as weak as this. For the purpose of preventing undue reduction of price, reliance is placed on the free competition for the licenses; and it seems clear that this competition will suffice in the future, as it has sufficed in the past, to keep the price at the highest figure compatible with absence of smuggling.

11. In the Government of India letter under consideration it is asked what are the reasons for preferring the outstill system to the central distillery system in the tracts into which the former has been introduced. The reasons are explained in the correspondence of 1883 and may be briefly summarised thus—

(1) That the central distilleries did not even pay their own expenses.

(2) That the high price of licit liquor, while it did not check *real* consumption, led to smuggling, which not only caused diminution of the Government revenue, but was demoralizing to the people.

North-Western Provinces and Oudh.

No. 41—XIII-38, dated 31st January 1889.

From—R. Smeaton, Esq., Secy. to the Govt. of the N.-W. Provinces and Oudh, Finl. Dept.,

To—The Secretary to the Government of India, Department of Finance and Commerce.

With reference to your letter No. 4394, dated 11th August 1888, and subsequent reminders, I am directed to forward, for the information of His Excellency the Governor General in Council, the marginally noted papers regarding the working of the outstill and farming systems in the North-Western Provinces and Oudh.

(1) Copy of this office letter No. 185—XIII-28, dated 22nd August 1888, to the address of the Board of Revenue, North-Western Provinces.
(2) Copy of the Board of Revenue's reply No. 92V.S., dated 30th January 1889, to the above.
(3) Copy of a Report No. 246E.—IX-4, dated 23rd January 1889, by the Commissioner of Excise, North-Western Provinces and Oudh, and its annexures.
(4) Copy of the Excise Manual, North-Western Provinces and Oudh.
(5) Copies of Circulars issued since the publication of the Excise Manual.

2. I am to explain that the papers are sent on without comment, owing to the fact that the reply by the Board of Revenue to my letter of 22nd August was only received yesterday, and that, in my telegram to you of 24th instant, a reply was promised by the end of the month.

3. I am to say, however, that the points raised in that report and its annexures will be at once taken into consideration, and this Government's views thereon communicated for the information of His Excellency the Governor General in Council with as little delay as possible.

No. 185—XIII-28, dated 22nd August 1888.

From—The Secretary to the Government of the North-Western Provinces and Oudh, Finl. Dept.,

To—The Secretary to the Board of Revenue, North-Western Provinces.

I am directed to forward copy of a letter No. 4394, dated 11th August 1888, from the Government of India, and to ask that the Board will furnish a full report on the points mentioned in paragraphs 4 and 5. The farming and outstill system in these Provinces is exceptional, being employed only in thinly-populated and forest tracts, or on the frontier of native territory, where the distillery system cannot cope with smuggling. A tabular statement of such tracts might be submitted showing the areas under the farming and the outstill systems, the population of these areas, the ordinary retail price or prices per gallon of the liquor supplied, its strength with reference to the London proof standard, the revenue realised from farming and outstill licenses, and the incidence per head of the population.

2. In both the farming and the outstill system, the checks on the retail price of liquor should be fully stated, whether they are direct or indirect. The wording of the first line of Rule 85 of the Excise Rules (page 53, revised Excise Manual) makes it doubtful whether the capacity of outstills is fixed in all districts; and this should be explained.

3. The Board will observe that paragraph 4 of the Government of India's letter requires it to be reported, in respect of each area under the farming or outstill system, why one or other of these systems is considered preferable to the central distilling system. The general reasons have been referred to in the first paragraph of this letter, but specific information as to each tract or district is required. With regard to paragraph 5, copies should be given of all existing rules and circulars which are not included in the Excise Manual (1887).

No. 92—27.S., dated 30th January 1889.

From—The Secretary to the Board of Revenue, North-Western Provinces,

To—The Secretary to the Government of the North-Western Provinces and Oudh, Finl. Dept.

I am directed, in reply to G. O. No. 185—XIII-28, dated 22nd August 1888, and subsequent reminders, to submit the enclosed copy of a report and annexures, as marginally noted, on the working of the outstill and farming systems in the North-Western Provinces and Oudh, lately received from the Commissioner of Excise

No. 246E—IX-4, dated 23rd January 1889, and annexures A and B, together with circulars submitted by the Commissioner of Excise.

2. I am to point out that there has been great delay in the submission of the report by the Commissioner of Excise, whose report did not reach this office until 25th instant. In consequence of the Junior Member being on tour, it was impossible to forward the Commissioner's report to Government at once; the slight delay which has occurred in this office being due to the fact that the papers connected with the case had to be sent to the Junior Member's camp. As Mr. Robertson is aware that a reply is very urgently required, he desires me to submit the Excise Commissioner's report with the following remarks, and to convey his apologies to Government for any shortcomings therein, due to the necessity of transmitting to Government the Commissioner's report with the least possible delay.

3. The Junior Member observes that, although without doubt it was originally intended that the farming and outstill systems should exist only in thinly-populated and forest tracts, or on the frontiers of native territory, and the Excise Commissioner in the concluding portion of his 3rd paragraph states this to be the case, a glance at the map of the North-Western Provinces and Oudh which accompanies the Excise Administration Report for the year 1886-87, and at annexure B of the report now submitted by the Excise Commissioner, to say nothing of the Junior Member's personal knowledge of the country, shows that the principle has in some instances been departed from. For example, the Pawayan tahsil in the Shahjahanpur district, and the Bisalpur tahsil in the Pilibhit district, both of which are under the outstill system, in no way come under the definition of thinly-populated or forest tracts, nor do they adjoin Native States. These and other similar tracts should, in Mr. Robertson's opinion, certainly be brought under the distillery system; and I am to say that a report has recently been called for from the Excise Commissioner with a view to remodelling the systems of excise prevailing in them.

4. The Junior Member thinks it clear that in the introduction of the farming or the outstill system into local areas in these Provinces, the mistake has generally been made of unnecessarily enlarging the area over which such system should extend. This has been done owing to the fear that smuggling might take place over the border of the outstill or farmed tract into the neighbouring distillery tracts, *e.g.*, the outstill system being properly in existence in A, a thinly-populated tract, it is urged that unless it is extended to the adjoining tract B, which may be highly cultivated, there is likely to be smuggling from A to B. It is obvious, however, that such an argument if pushed to excess could be made to cover the whole country for the same considerations which would lead to the establishment of the outstill system in tract B, would apply equally to its extension to the adjoining tract C, and so on.

5. Mr. Robertson has no doubt that the proper system for thinly-populated or forest tracts, or for areas bordering on Native States, is either the farming system or the outstill system; but he would confine these systems to such tracts only, and, moreover, in the case of outstills, would insist on the conditions of Rule 83 (Excise Manual) being enforced. He agrees with the Excise Commissioner that the requirements of paragraph 3 (*c*) of the Government of India letter No. 4394 of 11th August 1888, could not be enforced with any practical success in tracts in which the outstill system is properly established; for it appears clear that if the local conditions are such as to make available the agency required for the strict supervision contemplated by the Government of India, the circumstances of the tracts would necessarily be such as to render the distillery system applicable.

6. As regards the consumption of liquor, Mr. Robertson agrees with the Excise Commissioner in believing that neither the farming system nor the outstill system can be held to cause greater consumption. The fact brought prominently forward by the Excise Commissioner that under these systems the liquor is generally far weaker than that issued from ordinary distilleries, should be kept in mind in dealing with his subject.

7. I am to point out that Rule 83, Excise Manual, requires that leases of outstills shall state the number of stills concerned, and their capacity, while the form of license (Appendix XVIII) contains a condition that the capacity of such stills shall be stated. The Junior Member notices that, although the Excise Commissioner in paragraph 2 declares that this condition forms part of the outstill licenses granted in the districts of Shahjahanpur, Basti, and Lalitpur, he is doubtful if it can be enforced. Seeing that the rule in question was framed by the present Excise Commissioner, Mr. Robertson does not understand his argument as to its being unworkable; but he is able to say from personal observation that the Excise Commissioner has been misled in making this statement as regards the outstills in Shahjahanpur. During his recent tour in that district and Pilibhit, the Junior Member ascertained that in neither district is any such condition attached to the outstill licenses, and I am directed to enclose, for the information of Government, a copy of a note recorded by Mr. Robertson on 14th December 1888, which, *mutatis mutandis*, applies to outstills in Pilibhit as well as Shahjahanpur. In fact, it appears clear that the outstill system, as there worked, is practically the same as the farming system, no more restrictions being imposed in the one than in the other. Mr. Robertson desires to point out that this is of course wrong; but, pending the receipt of a reply to an enquiry which has been made from the Excise Commissioner on the lines of his note of 14th December, he thinks it premature to offer an opinion as to the circumstances under which the conditions of the outstill licenses came to be altered. The Junior Member, however, feels bound to bring the matter to the notice of Government in making the present reference.

8. Briefly, the Junior Member is of opinion that the farming and outstill systems can and should be curtailed by eliminating all tracts which do not come within the definition given in paragraph 1 of the Government order under reply; and in the case of outstills would require enforcement of the conditions laid-down in Rule 83, Excise Manual, as to the number and capacity of stills.

Copy of a Note, dated 14th December 1888, recorded by the Junior Member of the Board of Revenue, North-Western Provinces, in connection with outstill licenses.

Being encamped at Padaria Jalalpur, in Pawayan, I sent for the license of the outstill existing here. In many points it differs from the form given in Appendix XVIII of Excise Manual, and it omits altogether, among other matters, the part of Rule 4, Appendix XVIII, which states the number of stills concerned and the capacity of the stills, an essential point of the outstill system (Rule 83). The lessee had only one still, but he admitted that if he chose he could have more, and that there was no restriction upon his turning out any quantity of spirit that he chose to produce. Commissioner's attention should be called to this and he should be asked how a different form of license to that given in Appendix XVIII has been adopted whether it prevails elsewhere, and should insist in future on this form being adhered to wherever the outstill system is in force. In fact it must be understood that, as regards every kind of license, District Officers must adopt those forms laid down in Excise Manual, and no others. As regards my note asking about institution of outstills in Pawayan, please ascertain when and under what circumstances it was started in the whole tahsil comprising Khotar and Baragaon, and also the same as regards Mohamdi in Oudh. The Pawayan tahsil, except a small portion of Khotar, is highly cultivated, and presumably Mohamdi is much the same, or at any rate is not such a jungle tract as Lakhimpur, where ordinary distillery system is in force.

See also rough plan annexed and ask if localities of outstills and shops were fixed under order of Commissioner and, if so, on what principles.

No. 246E.—IX-4, dated 23rd January 1889.

From—The Commissioner of Excise, North-Western Provinces and Oudh,

To—The Secretary to the Board of Revenue, North-Western Provinces.

In reply to Board's endorsement No. 1312N.—V. S. 60, dated 3rd September 1888, and enclosures, I have the honour to submit the papers marginally noted and to report as follows:—

Annexure A.
Do. B.

The definition of the "outstill system" given in paragraph 3 of G. G. O. No. 4394, dated 11th August 1888, is not quite accurate as far as the North-Western Provinces and Oudh are concerned. Outstills* in these provinces are farms of single stills and practically differ from farms, only in that a farm ordinarily extends to a whole district, and includes scores of stills, whereas an outstill ordinarily means a single still, at which the rights of manufacture and vend form the subject of a single license.

* See Chapters VII and VIII, pages 52 to 55, Excise Manual.

2. The number of stills which the licensees are allowed to use under the farming and outstill systems is fixed; and the number of shops at which country spirits manufactured under either of those systems can be sold is also fixed; but although in Shahjahanpur, Basti, and Lalitpur the capacity of the outstills is fixed in the license, I do not see how the restriction can be enforced, and even in those districts in which the capacity of the still is fixed, the number of distillations and the strength† at which liquor can be distilled are not and cannot be fixed, and it would be useless to attempt to fix them unless a supervising establishment were provided, the cost of which would be prohibitive, while it would open a door to widespread exaction and fraud. It would in fact be an expensive sham. But although these things are not fixed, it by no means follows that the price of outstill liquor in the North-Western Provinces and Oudh can be so reduced as to make it other than a comparatively expensive luxury, having regard to the low alcoholic strength at which it is ordinarily made and sold, and the purchasing power of the mass of its consumers. It will be seen from annexure A that the average strength of the cheaper quality of outstill liquor throughout these Provinces is about 59·4° below London proof, that in five districts it falls at or below 80 under proof, in the Shahjahanpur district it is, at times, as low as 95 below proof, that is to say, the so-called "liquor" contains no more alcohol than a well diluted whisky and soda "peg."

† The alcoholic strength is not restricted even under the distilling system in the North-Western Provinces and Oudh.

3. The outstiller, it is true, pays no separate still-head duty on the liquor which he manufactures, but *per contra*, the outstill license fee is ordinarily far greater than could be obtained for a license coupled with the condition that the liquor manufactured should pay a separate still-head duty of R1 per gallon, and the difference is practically a still-head duty in a lump form. The heaviness of the outstiller's license fee coupled with the cost of materials and management of his still limit the price below which it would not pay the licensee to manufacture or sell outstill liquor. The retail price at which outstill liquor can be sold so as to leave the necessary margin of trade-profit is fixed (1) by open competition for the licenses at the excise settlements; and (2) by competition with other outstillers. Self-interest compels the outstiller to sell dear enough to enable him to pay his way and live, and cheap enough to attract customers and to prevent his being undersold by his neighbours, and these after all are the main checks which limit the retail price of liquor under the distillery system also, for there is a wide range in the strength at which liquor is manufactured under the distillery system. In some cases it is issued at a strength of 25° over proof, while in other‡ cases it is issued at a strength below 25° under proof.

‡ Distillers are allowed to manufacture liquor at any strength they please.

A glance at the excise map published with the Excise Report for the year ending 30th September 1887, and at annexure A, will show that in the North-Western Provinces and Oudh the farming and outstill systems are confined to tracts which fulfil the conditions mentioned in paragraph 1 of G. O. No. 185—XIII-28, dated 22nd August 1888.

4. With reference to paragraph 2 of the same G. O. the checks under retail price of liquor are indirect checks. The two-fold competition above referred to places a limit on the retail price below, which country spirits cannot be made or sold under either the farming or the outstill systems. Settlements under the farming and under the outstill systems are just as liable to break down as settlements under the distillery system, with this difference that a break down is apt to entail more serious loss to the outstiller or the farmer than it does to the ordinary distillery vendor.

5. With regard to the outstiller's power to push the sale of his liquor, I do not see that he has any more power to do so than a retail vendor under the distillery system. Both classes of vendors can sell on credit, when times are bad; all retail vendors, whether under the distillery, the farming, or the outstill system, are obliged to reduce their prices to the lowest point at which it will pay them to continue their trade; undoubtedly the farmers and the outstillers having so to speak paid their still-head duty in advance by means of enhanced license fees, are more liable to loss in bad times than the retailer under the distillery system, and would therefore be interested in continuing their trade even at unremunerative prices for some time, rather than incur the serious loss of throwing up their contracts, but I do not see how they could push the sale of their liquor otherwise than by reducing their prices and giving long credit, and these expedients would soon come to an end; the remedy would be worse than the disease. I have read in old reports of farmers keeping gangs of touts in order to induce people to drink. I cannot say what may have occurred in former times, but I do not think that any such practice exists, or would pay, at present. It is true that a farmer or an outstiller has a free hand in so far as he is at liberty to distil as much liquor as his stills will turn out, and at any strength he can, during the year of his contract; but the double competition referred to in my 4th paragraph places a considerable restriction on his freedom in this respect, and practically puts him in much the same position as any other retailer who has to pay a license fee which is fixed by open competition and, therefore, a full fee and also to live by his trade; while, as shown in paragraph 4, the outstiller and farmer are liable to heavier loss than the licensed vendor under the distillery system in the event of bad times, and are, therefore, compelled in self defence to realise as large a profit as practicable from their daily sales; in other words, to keep the retail price of their liquor at as high a pitch as the demand and the competition of rival vendors will allow them to keep it.

6. Price alone is an insufficient test of cheapness; alcoholic strength has also to be considered. Liquor of a strength of 95° under proof, when sold at three or four pice per quart bottle, may be quite as dear; if not dearer, than fairly strong liquor, sold at eight or ten times that price; and the bulk of the liquor sold under the farming and outstill systems is generally so weak that the term "liquor" becomes a misnomer; it would, in fact, be more correct to call it "weak grog." A small wine glass (two ounces) of Benmore whisky (15·9 under proof) with cold water added sufficient to fill a long peg tumbler (holding 21 ounces) gives 92·7 under proof. Mainpuri country spirits costing (retail) 13 annas the (reputed) quart bottle (20° under proof) with five times as much cold water added, gives 90°5 under proof. This Mainpuri liquor, though it is one of the dearest kinds of distillery-made country spirits in the United Provinces, is not dearer than the bulk of the outstill liquor, and outstill liquor is far dearer than liquor made under the distillery system in some of the Oudh districts in Rae Bareli, for instance, where distillery-made liquor is about 10 under proof, and is sold (retail) at five annas per (reputed) quart bottle (24 ounces).

7. The reason why one or other of the two systems under report is considered preferable to the distillery system will be found stated in annexure B. It is sometimes expedient to substitute the outstill system for the farming system in cases where large capitalists are few, and where consequently combination occurs among the few contractors, and it becomes necessary to break up the combination by sub-dividing the farm, and so bring the contracts within the reaches of smaller capitalists. On the other hand, cases may occur in which it would be advisable to break up a clique among the outstillers of a particular tract, by amalgamating a group of outstills and settling them in one contract with a single farmer.

8. It will be seen from annexure A that the excise revenues derived from farm of country spirits and from outstills are as marginally shown, and that the excise derived from both these systems amounts to less than one-sixth of the total revenue which is obtained from country spirits in the North-Western Provinces and Oudh. If the farming and outstill systems were abolished throughout the North-Western Provinces and Oudh, one result would be that in the sub-montane districts, where, owing to the moisture of the soil, and the malarious climate, the use of aclohol is more or less a necessary of life, where the people are generally poor, and means of communication imperfect, the villagers would be forced to use illicit liquor, or do without what many of them consider to be more or less necessary to the preservation of health, and the consequence would be a gratuitous loss of excise revenue, for the cause of temperance would be injured rather than benefitted by the change; liquor would be imported from Nepal or other Native States, or else manufactured locally under circumstances which would practically defy detection, and in either case illicit liquor would be obtainable at prices far lower than the

	R
Farms of country spirits	1,95,909
Outstills	4,07,907

present retail prices; for the manufacturers and vendors would not be under the necessity of paying the heavy license fees which now serve to prevent the retail price of liquor from falling below a well-defined limit.

9. With reference to paragraph 5 of G. O. No. 4394, dated 11th August 1888, I beg to state that no rules concerning the farming or outstill system have been issued since the publication of the revised edition Excise Manual, dated 10th September 1887. As directed, copies of all Excise Circulars issued since that date are herewith submitted. This report has been delayed by the late arrival of a district report.

ANNEXURE. A.

Statement showing the Tracts under Farming and Outstill Systems in the North-Western Provinces and Oudh, Areas under each System, Population and ordinary price per gallon of the liquor supplied, its strength, &c.

DISTRICT.	Tracts under farming and outstill systems.	Area (in square miles) under each system.	Population of these areas.	Ordinary retail price or prices per gallon of liquor.	Strength of the liquor, London-proof standard.	Revenue in 1887-88.	Incidence per head of population.	REMARKS.
	N.-W. PROVINCES.			R a. p.		R a. p.	R a. p.	
	Farming.							
DUN	Kalsi town	2	854	5 8 0 2 12 0	15° U.P. 20° "	725 0 0	0 13 7	
	Chakrata Cantonments	...	1,828	...	48·9 "	2,030 0 0	1 1 9	
	Farming.							
TRA	In parts of Pergunnahs Muttra, Chatta and Kosi, bordering on the Bhartpur State.	315·16	107,323	4 8 0 3 0 0	12° " 39·7 "	580 0 0	0 0 1	
	Farming.							
	Tahsil Fattehabad	241·	104,762	1 8 0	20° to 70°	1,475 0 0	0 0 2½	The District Officer reports that the liquor made varies so much that no average price or strength can be estimated fairly.
	" Fatehpur Sikri	272·	107,212	2 4 0		1,175 0 0	0 0 2	
	" Kheragarh	309·	118,134	...		600 0 0	0 0 1	
	" Pinahat	341·	125,529	3 0 0		1,950 0 0	0 0 3	
	Outstills.							
AWAH	Tahsil Bhartna across the Jamna.	...	...	...	...	200 0 0	0 0 3	
	Tahsil Amaiya across the Jamna and Chambal.	227·3	44,798	1 4 0	86·4 U.P.	100 0 0	...	
	Tahsil Etawah across Jamna	...	...	...	69·1 "	425 0 0	...	
JNOR	*Outstills.*							
	Pergunnahs Dhampur, Afzalgarh, Barhapura and Najibabad.	755·6	476,360	1 8 0	11·6 "	13,662 0 0	0 1 3	
ORADABAD	*Farming.*							
	Pergunnah Moradabad 3 shops in the villages bordering on Rampur State.	15·	9,302	(a) 0 12 0 (b) 1 8 0	45·7 " 16·3 "	735 0 0	0 1 3	(a) Once distilled. (b) Twice distilled.
DITTO	*Outstill.*							
	Pergunnah Thakur Dwara	239·02	109,596	1 6 6 1 12 0	58·6 " 34·6 "	1,744 0 0	0 0 3	This Pergunnah was under farming system from 1872 to 1882.
BAREILLY	*Outstill.*							
	Tahsil Mirganj	151·596	100,939	0 12 0 1 8 0 0 12 0 1 2 0 1 8 0	67·08 " 38·0 " 59·0 " 33·9 " 30·6 "	4,690 0 0	0 0 9	The liquor tested was obtained from the towns of Mirganj and Baheri.
	" Baheri	349·198	218,487			11,660 0 0	0 0 10	
	Farming.							
	Tahsil Puranpore	478°	88,907	0 12 0	73·9 " 73·2 " 73·2 "	9,600 0 0	0 1 9	
PILIBHIT	*Outstill.*							
	In parts of Pergunnah Pilibhit bordering on Puranpur and Tarai and in Tahsil Bisalpur bordering on Puranpur, also on Shahjahanpur district where outstill is in force.	278° 205¼	114,983 115,498	0 12 0 0 12 0	3·6 O. P. 28·8 U. P. 22·9 "	8,822 0 0 5,180 0 0	0 1 3 0 0 9	
SHAHJAHANPUR	*Outstills.*							
	Tahsil Powayan	596·64	245,454	1 2 0 0 9 0	60· " 80· " 87· "	13,590 0 0	0 0 11	
ALLAHABAD	*Farming.*							
	Pergunnah Bara Chankhandi	2·151	1,477	0 12 0	72·5 "	55 0 0	0 0 7	

Tabular Statement showing the Tracts under Farming and Outstill Systems in the North-Western Provin Oudh, &c.—contd.

DISTRICT.	Tracts under farming and outstill systems.	Area (in square miles) under each system.	Population of these areas.	Ordinary retail price or prices per gallon of liquor.	Strength of the liquor, London proof standard.	Revenue in 1887-88.	Incidence per head of population.	REMA
	Outstill.			R a. p.		R a. p.	R a. p.	
ALLAHABAD.	Bara (Circle Sankergarh)	121·	24,962	0 12 0	58·80 U.P.	2,200 0 0	0 1 5	
	Meja (Circles Khen Koraon and Barakhar).	459·	134,563	0 12 0	82· „	4,100 0 0	0 0 6	
	Outstills.							
HAMIRPUR	Whole district	2,289	507,337	0 12 0	68· „	26,431 0 0	0 0 10	
	Farming.							
BANDA	Sub-division of Karwi	1,242	241,158	0 6 0 to 0 9 0	71·9	26,626 8 0	0 1 9	
	Outstill.							
DITTO	Remaining parts of the district.	18·22	457,450	0 6 0 to 0 12 0	55·9	27,294 0 0	0 0 11	
	Outstill.							
GORAKHPUR	Tahsils Maharajganj, Hata, Parouna, Deoria and 3 tappas of Sadr Tahsil.	3,483·95	1,845,389	0 3 5 to 1 3 5	90· U.P. 48·2 „	1,65,280 0 0	0 1 5	
	Outstill.							
BASTI	Tahsils Bansi and Domariaganj, north of Rapti.	696·	417,838	0 4 6 to 1 8 0	90· „ 40· „	32,549 0 0	0 1 3	
	Farming.							
MIRZAPUR	Tahsil Robertsganj, Pergunnahs Berhar, Agori, Bijaigarh, and Singrouli and Dudhi.	2,712·69	236,328	0 9 0 to 0 12 0	77· „	17,800 0 0	0 1 2¼	
	Tahsil Chunar, Saktegarh							
	Tahsil Mirzapur, part of Tappa Upradh, Pergunnah Kantil.	713·80	98,461	0 12 0	67·7 „	6,866 10 8	0 0 1 0 1 0¼	
	Tahsil Chakia Nangarh, Pergunnah Kera Mangror.	474·371	67,451	0 12 0	42·9 „	8,666 10 8	0 2 0¾	
	Outstill.							
BALLIA	Tahsils Ballia and Bansdih	738·02	632,725	1 2 0 to 1 8 0	91·8 „ 74·8 „	47,965 0 0	0 1 2¼	
	Farming.							
JALAUN	Whole district	...	383,625	1 8 0	57·87 „	16,261 0 0	0 0 8	
	Farming.							
JHANSI	Whole district	1,636·81	361,702	0 12 0 1 14 0 3 0 0	74· „ 49· „ 26· „	46,062 0 0	0 2 0	
	Outstill.							
LALITPUR	Pergunnah Lalitpur	437·51	61,181	(a) 0 4 8 to 0 6 0	36· „	5,970 0 0	0 1 7	(a) Dobai
	Farming.							
DITTO	Remaining 6 Pergunnahs of the district.	1,510·213	187,907	(b) 0 3 0 to 0 6 0 0 15 0 to 1 8 0	91·2 „ 72·3 „	9,266 0 0	0 0 9	(b) Rasi.
	Farming.							
...UN	Whole district	6,000	493,641	3 8 0	37·63 „	21,741 0 0	0 0 8	
	Farming.							
...VAL	Whole district	5,500	345,629	2 4 0	35° „	2,725 0 0	0 0 1¼	
	Farming.							
	Whole district	937·8	206,993	3 0 0	46·1 „ to 55·2 „	20,970 0 0	0 1 7	
	Outstill.							
...INI	Sub-division of Mohamdi	333·21	118,610	1 0 0	54·1 „	14,980 0 0	0 2 0	
	„ of Nighasan	1,256·20	268,306	1 0 0	69·9 „	21,150 0 0	0 1	

	Total Revenue, 1887-88. R a. p.
Outstills	4,07,992 0 0
Farming	1,95,909 13 4

R. WALL,

Commissioner of Excise, N.-W. P. a... nd Oud

ANNEXURE B.

Dehra Dun.—Farming system is in force in the town of Kalsi and Cantonment Chakrata since October 1870. Dystillery system would be impracticable at Kalsi or elsewhere in the Jaunsar Bawar.

Muttra.—Farming system is in force since October 1882, and it is preferable because the tracts in which the system is in force adjoin the Native territory of Bharatpur.

Agra.—Farming system has been introduced from October 1883 into those tahsils which border on the Native States of Gwalior, Dholpur and Bharatpur. Tahsil Fatehpur Sikri also marches with the farmed tract of the Muttra District and Tahsil Pinahat with the outstill tracts of the Etawah District. Moreover, during the rains the Pinahat and Khairagarh Tahsils are difficult of access owing to swollen rivers crossing the lines of communications and liquor could with difficulty be sent out from the sadr distillery, Etawah. In parts of this district the outstill system was introduced from October 1881, and it is preferable because the tract is thinly populated and borders on the two Native States of Gwalior and Dholpur, also because it is inaccessible during the rainy season and because it is always a difficult country for carts to traverse. These afford ample facilities for illicit distillation.

Bijnor.—Outstill system came into force in parts of the district from 1881. These tracts are thinly populated and abound with forests.

Moradabad.—Pergunnah Thakur Dwara, which was under farming system since 1872, has been brought under the outstill system from October 1882, and three distillery shops of Pergunnah Moradabad bordering on the Rampur State outstilled from October 1884. These tracts are adjacent to the Terai district where the farming system is in force; also Rampur Native State, where liquor is sold cheaper. Besides this the Ramganga River frequently stops communication between the outstill tracts and the distillery head-quarters for weeks at a time.

Bareilly.—Baheri and Mirganj Tahsils were brought under the outstill system from October 1881 and 1882 respectively. Both adjoin the Rampur State. Baheri also adjoins the Terai where the farming system prevails.

Pilibhit.—In Tahsil Puranpur the farming system is in force from a long time, and it is preferable, because the tahsil contains large jungles and the Nepal territory is on its border, also because the population is poor. The outstill system came into force from October 1883 into those portions of Pergunnah Pilibhit which lie on the borders of Puranpur and Terai under the farming system. In the same way the outstill in Tahsil Bisalpur is in force from October 1883 in the tracts bordering on the Puranpur Tahsil; also Pawayan Tahsil, of Shahjahanpur district, where the outstill prevails. Cheap liquor is liked by the people.

Shahjahanpur.—In Tahsil Pawayan the outstill system is in force from 1879-80 in the most northern part containing a good deal of forest and bordering on forest on the north, north-east and north-west thinly populated in parts. At first the system was extended to the whole of Pergunnahs Khotar and Pawayan and eventually to Pergunnah Baragaon (these three forming the Pawayan Tahsil), to Tahsil Jalalabad, in the extreme south of the district, and to portions of Tahsil Tilhar. In 1885, the outstill area was restricted. A further restriction is now under consideration, so that the system will remain in force only in Pergunnah Khotar and the north-west corner of Pergunnah Pawayan.

Allahabad.—Outstill and farming systems are preferable in the south of the district by reason of the neighbourhood of the Native State of Rewan.

Hamirpur.—This district is entirely under the outstill system since October 1881 in substitution of the farming system. The reason why this system is preferable is that the district is a primitive and sparsely populated tract and honeycombed with Native States.

Banda.—The whole district has been under the farming system since October 1871. In 1882-83, with the exception of Kirwi Sub-Division, the district was brought under the outstill system. The reasons assigned for Hamirpur are also applicable to this district.

Gorakhpur.—The outstill system was introduced in 1880-81 into those parts of Tahsils Deoria, Hata, Parouna and Maharajganj which directly border on Bengal and Nepal. In the following year some modification appeared necessary, and the system was extended throughout those four tahsils for the following reasons:—

(1) Suppression of smuggling from over the border.

(2) The great distance of many of the shops from the nearest distillery which amounted in some cases to as much as *60 miles.*

(3) The belief of the local authorities (which has since been abundantly justified) that a great increase in revenue would be gained without any injurious effect on the drinking habits of the population. This system was also extended in 1883-84 to the three tappas of the sadr tahsil which are cut up by overflowing nallas (streams) and are in close and uninterrupted intercommunication with the rest of the outstill areas.

Basti.—In 1880-81, parts of this district were brought under the outstill system. The advantages over the distillery system are as follows:—

(1) The tract under the outstill system is the Trans-Rapti country in the north of the district adjoining the Native territory of Nepal. The Nepalese have stills all along the frontier, they could easily undersell any distillery liquor.

(2) Revenue rose from R2,900 to R33,980 in the first year.

(3) The Sub-Himalayan tract north of the Rapti is damp and malarious and spirit-drinking is more or less necessary to health, and the distillery liquor is prohibitive.

(4) The whole of the tract is intersected with rivers, lakes and mountain streams and communications are defective. The distribution of distillery liquor would be difficult and insufficient which would encourage illicit distillation.

Mirzapur.—The farming system has been introduced in Tahsil Robertsgunj in 1868, in parts of Chunar and Mirzapur in 1878, and in parts of Tahsil Chakia in 1882. The main reasons for preferring the farming system in the upland portion of this district are (1) to the enormous distance from the distillery, often as much as *80 to 100 miles*, to the difficulty experienced in travelling over bad roads and across mountain streams, ravines and hills, and (2) the proximity to Native States, as well as to the many facilities which the peculiar physical condition of the country for illicit manufacture affords.

Ballia.—In 1881-82, the outstill system was substituted for the distillery system in Tahsils Ballia and Bansdih owing to the extensive consumption of illicit liquor both smuggled from the neighbouring districts of Shahabad and Saran and manufactured within the district itself.

Jalaun.—In this district the farming system is in force since British rule commenced in these parts. The reasons given in the G. O. No. 185—XIII-28, dated 22nd August 1888, apply to this district, the population being a scattered one and the whole of the western border of the district being bounded by Native State.

Jhansi.—Since the establishment of the district (1854), the farming system has been in force. The district is surrounded by and interspersed with Native States.

Lalitpur.—The farming system was in force throughout the district, but in 1881-82 Pergunnah Lalitpur was brought under the outstill system. With the exception of a small portion in the north facing Jhansi and in the south where it is bounded by the Sagar District (Central Provinces), Lalitpur District is surrounded by Native States: it is thinly populated and has large barren and forest tracts.

Kumaon and Garhwal.—It is not known when the present system of farming first came into force in these two districts, probably from the date of the conquest of the province. The conditions referred to in G. O. No. 185—XIII-28, dated 22nd August 1888, are applicable to these districts.

Terai.—The farming system is in force from April 1871. This system is suitable because the district is thinly populated and covered with forest bordering on the Native States of Rampur and Nepal. The distillery system was once tried but proved a failure. The climate of the district necessitates the consumption of native liquor which if not available is smuggled.

Kheri.—Outstill system was introduced in the Sub-Division of Mohamdi and Nighasan in 1883 and 1887 respectively. This system is preferable in Nighasan, because it adjoins the Nepal territory and is divided from the rest of the district by rivers which render the conveyance of liquor from the central distillery difficult and expensive during the rainy season. For the prevention of smuggling the adjoining outstill tracts, Tahsil Mohamdi has also been brought under that system. Beside that Mohamdi is situated at a long distance from the sadr distillery and it is divided by the Gamti River.

No. 31 (Revenue), dated 14th March 1889.

From—The Secretary of State for India,

To—The Government of India.

I have considered in Council Your Excellency's two letters Nos. 22 and 23, dated the 22nd January last, concerning Excise affairs in Bengal. The former of these letters forwarded a report by Mr. C. E. Buckland upon the Madras and Bombay Excise systems, as compared with the system in Bengal, and a proposal from the Bengal Government to appoint an Excise Commissioner on a salary of R2,500 to R3,000 a month. The second letter forwards seven memorials from Native Associations in Calcutta and its suburbs concerning the outstill system in Bengal.

2. I concur in the view that the Excise administration of Bengal requires detailed revision and skilful control. And, in the circumstances, I sanction the appointment of an Excise Commissioner on a salary of R2,500, rising to R3,000, for the period of three years, and subject to special report before the end of the third year. I have no doubt that Your Excellency's Government and the Lieutenant-Governor will give full weight to the considerations which tell in favour of placing the Excise Commissioner in direct communication with the Local Government, and not in subordination to the Board of Revenue. The former system appears to have answered well in Madras and Bombay, and there is much to be said for giving a selected Excise Commissioner a full authority in Excise matters, subject to the control of the Local Government.

3. The Lieutenant-Governor, when forwarding the seven memorials already mentioned, refers to the action taken on Mr. Westmacott's report concerning the outstill system in Hooghly and Howrah, and explains that he cannot decide or report upon the general questions raised in these memorials until he has received the opinions of the Board of Revenue and other

superior Revenue officers. I request that the seven Associations may be informed that I have received their memorials, and that the arguments urged by them are now under the careful consideration of the Bengal Government.

4. In connection with this subject, I desire to remind Your Excellency that, in my Despatch of the 19th April 1888 (No. 28, Revenue), I laid down the principles (1) that any extension of the habit of drinking among Indian populations is to be discouraged; (2) that the tax on spirits and liquors should be as high as may be possible without giving rise to illicit methods of making and selling liquor; and (3) that, subject to these considerations, a *maximum* revenue should be raised from a *minimum* consumption of intoxicating liquors. In other words, to quote from the report of a Committee appointed by the Government of Madras in the year 1884—

"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."

I am confident that Your Excellency's Government will adhere strictly to these principles in any measures which you may think fit to adopt, and that you will do all that lies in your power to ensure that they shall be observed by all who are engaged in the work of the Excise Department.

No. 38 (Revenue), dated 28th March 1889.

From—Her Majesty's Secretary of State for India,

To—The Government of India.

I have considered in Council Your Excellency's letter, Finance and Commerce Department (Excise), No. 55, dated 19th ultimo, with enclosures, concerning the administration of the Excise revenue under the outstill system.

2. I observe that this system obtains over the greater part of —

Bengal,	Assam,
The Central Provinces,	Berar,

and that it is adopted in comparatively small parts of other provinces. I recognise that the evils of this system might be greatly mitigated by—

(*a*) the careful limitation of the number of licensed liquor shops;
(*b*) the restriction placed on the capacity aud working of licensed stills;
(*c*) the enforcement of a minimum price below which liquor must not be sold.

But it appears that the two latter restrictions are not fully carried out in all provinces, and I notice that the Local Governments of Bengal and Assam are considering the advisability of partially re-introducing or extending the central distillery system, to the exclusion of the outstill system.

3. The past history of Excise administration in Bengal, the North-West Provinces, and the Central Provinces affords ground for the opinion that the outstill system was introduced or re-introduced into parts of those provinces because the central distillery system had, as then worked, promoted the illicit manufacture and consumption of liquor. But the experience of Madras and Bombay, where much attention has been successfully given to Excise matters, shows that the central distillery can be worked so as to keep down consumption and at the same time to enhance the revenue from and the price of liquor.

No. 157, dated 25th May 1889.

From—The Government of India,

To—The Secretary of State for India.

With our Despatch No. 67, dated 12th March 1889, we forwarded to Your Lordship copy of a letter from the Government of Bengal, containing its views on the questions of the maintenance of the outstill system and the introduction of a system of local option in Bengal. These questions had been raised in certain memorials which accompanied our Despatch No. 23, dated 22nd January

last. In accordance with the promise made in paragraph 2 of the Despatch of 12th March last, we now forward a series of reports from all Local Governments and Administrations showing the precautions taken, and the extent to which deference is paid to the wishes of the residents of the neighbourhood, before a license is granted to a shop for the sale of liquor.

2. In the memorials forwarded with our Despatch No. 23, dated 22nd January last, two separate and distinct questions were raised, that of the general abolition of the outstill system in Bengal and that of the introduction of a system of local option alluded to in the preceding paragraph. With the general nature of the outstill systems as administered in the several provinces of India, and the extent to which they are in force, Your Lordship has already been made acquainted by our Despatch No. 55, dated the 19th of February last, to which Your Lordship's reply No. 38 of the 28th of March has recently been received, and it is not our intention at present to enter on any further general discussion of this portion of the question. As regards Bengal, however, we stated in paragraph 12 of our Despatch that the excise system of that Province "must be still considered to be in an experimental stage," and that we had "requested the opinion of the Lieutenant-Governor on the question whether, instead of giving it a more extended trial, the outstill system should be generally abolished," and upon that opinion as recorded in the letter from the Government of Bengal which accompanied our Despatch of 12th March last, and the considerations upon which it is based, we beg to offer the following observations.

3. The proposal to resort to a general abolition of outstills throughout the Province is, as pointed out by Sir Steuart Bayley, not a new one. In paragraph 14 of our Despatch of the 19th February, we have already called Your Lordship's attention to the fact that since the year 1860 the excise system of Bengal had leaned at one time strongly towards the outstill system, and at another towards the entire suppression of outstills and the substitution for them of central distilleries. The table in that paragraph shows that the policy of suppressing outstills which is now under discussion was, more than a quarter of a century ago, deliberately adopted in Bengal. An outstill system, combined from the year 1813 in certain parts of the Province with a farming system, had been established as long ago as 1793, and was maintained with but slight interruptions and modifications for about 60 years, before it was condemned as leading in its then existing form to an increasing consumption of liquor with its attendant evils In 1859 the Government accordingly resolved to introduce the central distillery system in supersession of all others, and after four years of controversy, peremptory orders were issued in 1863 with a view to giving practical effect to this resolution. The result was that in the four years central distilleries increased in number from 96 to 264, and the outstills diminished from 6,655 to 165.

4. Though the outstill system began to recover ground in 1871, the experiment of the general establishment of central distilleries was practically allowed full scope for thirteen or fourteen years, by which time it was discovered that it had failed in realising the expectations with which it had been introduced. Its weak points were discovered to be (1) the facilities afforded for frauds by distillers in combination with the excise staff; and (2) the temptation given to illicit distillation in outlying districts, to which the transport of liquor from the central distilleries was a matter of difficulty, owing to want of proper means of communication and to the crude quality of the spirit which rapidly deteriorates and does not endure transport, and where the physical features of the country were such that unlawful production could not be suppressed. These evils gradually became so apparent, and the opposition to the system gained such strength, that the Government of Bengal, although not without much hesitation and reluctance, once more determined upon a reversion to the outstill system in all but central and populous places. The result was that in 1878-79 the number of outstills had risen to 3,911, while but 91 central distilleries were retained. These latter were further reduced by 1880-81 to 22, while outstills had increased to 5,657.

Vide paragraphs 12 and 13 of our Despatch of the 19th of February.

5. The effects of this sudden return to a system previously condemned were unsatisfactory: the price of liquor was lowered, and consumption increased.

A large share of this result was doubtless due to the order of the Bengal Board of Revenue issued on the 4th January 1879 directing that the condition of the license under which the capacity of the outstills was limited should be withdrawn. The evils of increasing consumption due to cheap liquor became apparent, and in December 1883 an Excise Commission was appointed, whose report, presented at the close of 1884, was reviewed by the Bengal Government in March 1886. Stated briefly, the recommendations of the Commission were in favour of the re-establishment of the central disillery system in all towns, and the introduction into outlying districts of a regulated outstill system, under which both the minimum price of liquor was to be fixed and its production strictly limited. These recommendations have been practically accepted by the Bengal Government, and their present efforts are mainly directed to working out an efficient excise system upon the lines indicated. The practical problem, on which the fate of the outstill system will in a great measure depend, is whether, under that system, production can be effectually limited, or security obtained that no part of the liquor produced shall escape taxation. As we have explained, Sir Steuart Bayley and his advisers are engaged in dealing with this question at the present moment, and, although it has been decided that the outstill system is one that should not be generally adopted, it would, in our opinion, be premature to pronounce a final opinion on that system as applied in parts of the Province of Bengal, until time shall have been allowed to the responsible authorities to test by observation the practical effect of the reforms now being introduced.

6. The lessons taught by experience support the conclusion that no one system of excise is suitable for a Province where the conditions are so complex. While, therefore, Sir Steuart Bayley is prepared to give every encouragement to the extension of the central distillery system to all suitable localities, and has recently abolished outstills in the districts of Howrah and Hooghly, he is not prepared to view favourably any proposal for their immediate and general suppression all over the Province. He is of opinion that "the mere abolition of outstills in tracts where central distilleries cannot be introduced would obviously not tend to diminish drunkenness," and that as the whole question of excise is now receiving an exceptional amount of attention, and every effort is being made to improve existing systems upon lines approved and adopted after the most mature and careful consideration, it would be highly impolitic and embarrassing to interrupt the course of the reforms now in progress by such a radical measure of change as that desired by the memorialists. This opinion we fully concur in; we doubt the expediency of uprooting the existing system while it is in process of reform and before it has been shown that a better system can be substituted, and we share the Lieutenant-Governor's hope that "the transition from a system of unrestricted outstills to one of rigid regulation," in those tracts to which experience has shown the outstill system to be most suited, may be attended with satisfactory results.

7. Turning now to the second and wider question raised by the memorialists, namely, that of local option, we are led by a careful consideration of the subject in all its bearings to the conviction that, under the circumstances which now exist, no such system could be successfully administered in any part of India. Any scheme of "local option" pre-supposes the existence of a highly developed system of local or municipal institutions, to which representatives are elected by the mass of the people and in which all conflicting interests command their due share of attention. In the communities in which such institutions are to be found, the necessary control over the actions of the representatives is secured by the right of periodical appeal to the judgment of the people. In India there is no representation of this character: the electoral system, so far as it has been introduced, rests upon the narrow basis of a restricted franchise and large masses of the people and those the least able to make their voices heard are without representation of any kind. No effective check could, therefore, be placed upon the capricious exercise of the power of granting or refusing licenses if it were entrusted to Municipal Committees or Local Boards.

8. "The peculiar conditions of society are," to use the words of the Lieutenant-Governor of Bengal, "such that it is altogether impossible to delegate to local bodies the power of dealing with the complex and difficult problems

connected with Excise administration. In the first place, it is not allowable for members of the Muhammadan community to openly countenance or tolerate in any way the consumption of spirituous liquors. The use of spirits is forbidden by the Koran, and the representatives of this community would undoubtedly, were it in their power, uniformly declare against the grant of licenses to sell alcoholic stimulants." And again, notwithstanding that many Hindu gentlemen are entirely free from all prejudice in the matter, the general feeling amongst them is adverse to the consumption of spirits, and they would in most instances join with the Muhammadans in negativing proposals to grant licenses. On the other hand, the lower classes who habitually resort to stimulants, and who seldom use them in immoderate or injurious quantities but in many cases as an antidote to the climatic influences to which they are exposed, are entirely unrepresented upon Municipalities and District Boards, and would, were their supply of liquor removed, be undoubtedly forced to have resort to illicit distillation and consumption. We are led by these considerations to the conclusion that it is altogether chimerical to expect that the lower classes could, by the removal of liquor shops, be driven to habits of strict temperance; and that the Government would be guilty of a dereliction of duty if it were to permit the creation of the class tyranny that would inevitably result from the adoption of a system of local option.

9. We fear that the advocates of temperance in England who press for the adoption of this system of administering the liquor traffic, are not well informed regarding the peculiar structure of Asiatic society in general, and of Indian society in particular. To attain even a partial success "local option" demands a certain homogeneity of character, tastes, and moral standards in the community into which it is introduced. In India this condition does not exist; society is not so much an aggregation of individuals as of classes, and, moreover, of classes whose habits, opinions, and views of right and wrong are widely divergent. On such elected bodies as exist there are no representatives of the great mass of the people, and if the licensing power, unaccompanied as it would be with any kind of responsibility, were entrusted to Municipal and District Boards, it seems very probable that it would be exercised without much forbearance or regard for the susceptibilities of those chiefly interested. It is idle to expect the difficult problem of the administration of the liquor traffic to be solved by the votes of representatives who are subject to these disabilities, and, in our opinion, no system of "local option" could be devised that would not, under the conditions that have to be dealt with, be doomed to failure.

10. Your Lordship is aware that even in countries where no violent differences of social habits and tastes exist, where representation is fully developed and political life most active, attempts to enforce abstinence under penalties have not been altogether successful or useful to the cause of morality; and we have little hesitation in coming to the conclusion that such attempts would be wholly unsuited to the existing conditions of this country, and that, even if representative institutions were more completely developed than they are, it would be exceedingly unwise to make India a theatre for experiments of this nature. These grave difficulties, which are not absent even in the most advanced cities of the Empire, would be especially felt in the smaller municipalities and outlying districts.

11. But while fully convinced of the impracticability and impolicy of introducing, or attempting to introduce, now or within any measurable distance of time, into this country any general system of local option, we are of opinion that no genuine expression of public opinion should be ignored in deciding whether a liquor license shall be given or not, and particularly in determining the location of a shop. To enable us to place accurately before Your Lordship the facts regarding the extent to which deference is now paid to local public opinion, we called for information from Local Governments bearing upon this aspect of the case. A brief summary of this information is now given.

12. In the district of Ajmere-Merwara, although no special rules have been drawn up upon the subject, the public in the vicinity are consulted as well as the police authorities previous to the opening of a new liquor shop; and the District Magistrate in his capacity of Excise Collector is the authority under whose permission all such shops are licensed.

13. The wishes of the residents of the neighbourhood are similarly con-

sulted in Coorg, in which Province it is stated that, since 1886-87, 35 shops have been closed with a view to checking an undue disposition to drink among the people, while only one new shop has been opened.

14. In the Hyderabad Assigned Districts the number of liquor shops is fixed for each district by the Deputy Commissioner in charge. No remonstrance regarding their location has apparently been ever received, though, "if it were, it would," we are assured, "undoubtedly meet with full consideration."

15. The Chief Commissioner of the Central Provinces reports that although, in his opinion, it is only in one or two of the larger towns in which there exists an educated community whose opinion is of any weight or consequence, nevertheless, if the residents in any locality were to petition for the closing of a shop, the local authorities would give attention to their wishes. But, it is added, that here, as in the Hyderabad Assigned Districts, no instance of such a petition can be recalled. The opening and closing of shops is left entirely to the discretion of the Deputy Commissioners, who are also the District Magistrates, and the excise authorities have no immediate voice in the matter.

16. From Burma it is reported that proper weight is always given to the expressed wishes of the neighbourhood concerning the location of liquor shops, though no rules have been issued upon the subject. The Chief Commissioner cites several instances which have come under his own personal observation of licenses refused or withdrawn in deference to the wishes of local bodies, and states that they might easily be multiplied upon a reference to the district authorities.

17. There is no separate Excise Department in Assam, the Deputy Commissioners and Magistrate having the control over matters of excise within their respective jurisdictions, under the general superintendence of the Commissioner of the Division in the Assam Valley, and the Commissioner of Excise (who is also the Inspector-General of Police) in the rest of the Province. Representations against the establishment or maintenance of shops, though rare, are on record; ief Commissioner reports that they "seem always to have received llest consideration." It is stated that "Agents of Tea Gardens have a word to say for or against the establishment of a shop in a particular ocality." We may add that the Chief Commissioner has been requested to make a careful enquiry into the cases referred to in the letters which accompanied Your Lordship's Despatch No. 13, dated 31st January 1889, regarding the alleged facilities for drinking afforded to, and increase of drunkenness among, tea garden labourers, and the opening of outstills and shops in spite of the protests of planters.

18. In Bengal more specific instructions have been issued for the guidance of the responsible officers in such matters. They have been instructed, in the circular quoted in paragraph 2 of the letter from the Government of Bengal, which forms one of the enclosures to this Despatch, to ascertain and to consider, though not necessarily in all cases to conform to, local opinion. Where municipalities exist, the Board of Revenue has been specifically directed to see that the Commissioners shall always be consulted; and remonstrances made by local bodies against the selection of the site for shops are never disregarded without good reason. It is further particularly ordered that, save for special cause, no liquor shops shall be opened near market places, schools, factories, and other places where they are likely to afford more than usual temptations o drink, or to offend public feeling.

19. In the North-Western Provinces, although, as in most of the preceding cases, no rules exist requiring that the opinion of local bodies should be btained upon the licensing question, the excise regulations provide that opportunity shall be given to zemindars and neighbours of objecting to the position f shops; and any representations made by them or by local public bodies ceive attention.

20. The excise rules of the Punjab distinctly lay down that no shop shall opened in a village the inhabitants of which object to its establishment; d as a consequence the Lieutenant-Governor reports that various instances ve occurred of the refusal to grant or renew licenses on these grounds. Nor a single instance recalled in which a shop has been opened in opposition to wishes of the inhabitants. The District Magistrate is here also the local d of the Excise administration, and no shops are opened or closed without knowledge and concurrence.

connected with Excise administration. In the first place, it is not allowable for members of the Muhammadan community to openly countenance or tolerate in any way the consumption of spirituous liquors. The use of spirits is forbidden by the Koran, and the representatives of this community would undoubtedly, were it in their power, uniformly declare against the grant of licenses to sell alcoholic stimulants." And again, notwithstanding that many Hindu gentlemen are entirely free from all prejudice in the matter, the general feeling amongst them is adverse to the consumption of spirits, and they would in most instances join with the Muhammadans in negativing proposals to grant licenses. On the other hand, the lower classes who habitually resort to stimulants, and who seldom use them in immoderate or injurious quantities but in many cases as an antidote to the climatic influences to which they are exposed, are entirely unrepresented upon Municipalities and District Boards, and would, were their supply of liquor removed, be undoubtedly forced to have resort to illicit distillation and consumption. We are led by these considerations to the conclusion that it is altogether chimerical to expect that the lower classes could, by the removal of liquor shops, be driven to habits of strict temperance; and that the Government would be guilty of a dereliction of duty if it were to permit the creation of the class tyranny that would inevitably result from the adoption of a system of local option.

9. We fear that the advocates of temperance in England who press for the adoption of this system of administering the liquor traffic, are not well informed regarding the peculiar structure of Asiatic society in general, and of Indian society in particular. To attain even a partial success "local option" demands certain homogeneity of character, tastes, and moral standards in the community into which it is introduced. In India this condition does not exist; society is not so much an aggregation of individuals as of classes, and, moreover, classes whose habits, opinions, and views of right and wrong are widely divergent. On such elected bodies as exist there are no representatives of the great mass of the people, and if the licensing power, unaccompanied as it would be with any kind of responsibility, were entrusted to Municipal and District Boards, it seems very probable that it would be exercised without much forbearance or regard for the susceptibilities of those chiefly interested. It is idle to expect the difficult problem of the administration of the liquor traffic to be solved by the votes of representatives who are subject to these disabilities, and, in our opinion, no system of "local option" could be devised that would not, under the conditions that have to be dealt with, be doomed to failure.

10. Your Lordship is aware that even in countries where no violent differences of social habits and tastes exist, where representation is fully developed and political life most active, attempts to enforce abstinence under penalties have not been altogether successful or useful to the cause of morality; and we have little hesitation in coming to the conclusion that such attempts would be wholly unsuited to the existing conditions of this country, and that, even if representative institutions were more completely developed than they are, it would be exceedingly unwise to make India a theatre for experiments of this nature. These grave difficulties, which are not absent even in the most advanced cities of the Empire, would be especially felt in the smaller municipalities and outlying districts.

11. But while fully convinced of the impracticability and impolicy of introducing, or attempting to introduce, now or within any measurable distance of time, into this country any general system of local option, we are of opinion that no genuine expression of public opinion should be ignored in deciding whether a liquor license shall be given or not, and particularly in determining the location of a shop. To enable us to place accurately before Your Lordship the facts regarding the extent to which deference is now paid to local public opinion, we called for information from Local Governments bearing upon this aspect of the case. A brief summary of this information is now given.

12. In the district of Ajmere-Merwara, although no special rules have been drawn up upon the subject, the public in the vicinity are consulted as well as the police authorities previous to the opening of a new liquor shop; and the District Magistrate in his capacity of Excise Collector is the authority under whose permission all such shops are licensed.

13. The wishes of the residents of the neighbourhood are similarly consulted in Coorg, in which Province it is stated that, since 1886-87, 35 shops have been closed with a view to checking an undue disposition to drink among the people, while only one new shop has been opened.

14. In the Hyderabad Assigned Districts the number of liquor shops is fixed for each district by the Deputy Commissioner in charge. No remonstrance regarding their location has apparently been ever received, though, "if it were, it would," we are assured, "undoubtedly meet with full consideration."

15. The Chief Commissioner of the Central Provinces reports that although, in his opinion, it is only in one or two of the larger towns in which there exists an educated community whose opinion is of any weight or consequence, nevertheless, if the residents in any locality were to petition for the closing of a shop, the local authorities would give attention to their wishes. But, it is added, that here, as in the Hyderabad Assigned Districts, no instance of such a petition can be recalled. The opening and closing of shops is left entirely to the discretion of the Deputy Commissioners, who are also the District Magistrates, and the excise authorities have no immediate voice in the matter.

16. From Burma it is reported that proper weight is always given to the expressed wishes of the neighbourhood concerning the location of liquor shops, though no rules have been issued upon the subject. The Chief Commissioner cites several instances which have come under his own personal observation of licenses refused or withdrawn in deference to the wishes of local bodies, and states that they might easily be multiplied upon a reference to the district authorities.

17. There is no separate Excise Department in Assam, the Deputy Commissioners and Magistrate having the control over matters of excise within their respective jurisdictions, under the general superintendence of the Commissioner of the Division in the Assam Valley, and the Commissioner of Excise (who is also the Inspector-General of Police) in the rest of the Province. Representations against the establishment or maintenance of shops, though rare, are on record; and the Chief Commissioner reports that they "seem always to have received the very fullest consideration." It is stated that "Agents of Tea Gardens have sometimes a word to say for or against the establishment of a shop in a particular locality." We may add that the Chief Commissioner has been requested to make a careful enquiry into the cases referred to in the letters which accompanied Your Lordship's Despatch No. 13, dated 31st January 1889, regarding the alleged facilities for drinking afforded to, and increase of drunkenness among, tea garden labourers, and the opening of outstills and shops in spite of the protests of planters.

18. In Bengal more specific instructions have been issued for the guidance of the responsible officers in such matters. They have been instructed, in the circular quoted in paragraph 2 of the letter from the Government of Bengal, which forms one of the enclosures to this Despatch, to ascertain and to consider, though not necessarily in all cases to conform to, local opinion. Where municipalities exist, the Board of Revenue has been specifically directed to see that the Commissioners shall always be consulted; and remonstrances made by local bodies against the selection of the site for shops are never disregarded without good reason. It is further particularly ordered that, save for special cause, no liquor shops shall be opened near market places, schools, factories, and other places where they are likely to afford more than usual temptations to drink, or to offend public feeling.

19. In the North-Western Provinces, although, as in most of the preceding cases, no rules exist requiring that the opinion of local bodies should be obtained upon the licensing question, the excise regulations provide that opportunity shall be given to zemindars and neighbours of objecting to the position of shops; and any representations made by them or by local public bodies receive attention.

20. The excise rules of the Punjab distinctly lay down that no shop shall be opened in a village the inhabitants of which object to its establishment; and as a consequence the Lieutenant-Governor reports that various instances have occurred of the refusal to grant or renew licenses on these grounds. Nor is a single instance recalled in which a shop has been opened in opposition to the wishes of the inhabitants. The District Magistrate is here also the local head of the Excise administration, and no shops are opened or closed without is kno-

21. The report of the Madras Government shows that remonstrances against the establishment of liquor shops are of rare occurrence; but when received, enquiry is made, and such attention as may appear reasonable is given to them. It is stated that but few new shops are now opened in the Presidency, and the number of those licensed is being rapidly reduced. In the majority of places in which there are shops public bodies do not exist, and where they do, they can in no sense be called representative. The Magistracy here, as elsewhere, are invested with the licensing authority.

22. Sanction to the licensing of shops in Bombay is only given after enquiry made in the districts by the Collectors, and in the island of Bombay by the Commissioner of Police. No complaints have apparently ever been received that representations made in the matter have not received the fullest attention. But it is pointed out that, as a rule, the inhabitants of that Presidency are not sufficiently interested to stir in the matter uninvited and, "if invited, would simply become the tools of wire-pullers on each side."

23. These facts, and the reports from which they are taken, will, we trust, afford Your Lordship sufficient assurance that local prejudices and feeling in the matter of the licensing of liquor shops are not lightly disregarded, and that safeguards are, as a rule, imposed against their establishment in localities where they might prove a source of annoyance to the neighbourhood, or in such numbers that they might unduly facilitate drinking. It is to the issue of general instructions for the guidance of district officers in dealing with excise questions, rather than to any scheme of local option that we must look, under the conditions of society in India, for the improvement of the Indian system of excise. With this view we shall forward a copy of this Despatch and its enclosures to all the subordinate Governments. Looking to the difficulties that would attend any attempt to suddenly introduce uniformity of practice over such a vast area as India, we have not thought it desirable to issue specific instructions on the subject at the present moment. The facts now brought together will enable each Government to learn what other Governments are doing, and to introduce such measures as may appear best suited to local conditions. The procedure adopted in Bengal, where distinct instructions have been given to the licensing officers to ascertain and consider local opinion, and where directions have been issued that, where municipalities exist, the Commissioners should be consulted in determining the location of shops, might perhaps be generally followed with advantage; but beyond indicating our view to this effect, we prefer to leave the settlement of details to the several Governments. We shall, however, continue to give our attention to the subject, and we hope that it may hereafter be found possible to frame general rules, which Local Governments can supplement by the issue of instructions adapted to the special requirements of each province or locality.

No. 1-0—2-7 E., dated 19th February 1889.

From—H. J. S. Cotton, Esq., Officiating Secretary to the Government of Bengal,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of the orders of the Government of India, No. 496, dated 25th January 1889, in which the opinion of the Lieutenant-Governor is invited on the following questions:—

(1) whether the outstill system, instead of being given a more extended trial, should be generally abolished; and

(2) whether a system of local option, as advocated by certain Associations, should be introduced in Bengal.

2. In reply I am to say that the first of these questions has always been a subject of burning discussion in Bengal; and the Lieutenant-Governor considers that it will be impossible to give any answer to it, without considering historically the policy which has been followed from time to time in the management of the excise on country spirits in these Provinces. The record of experience will be a more useful guide to future action than any expression of opinion based only on theoretic or abstract grounds. A full historical sketch will, I am to say, be found in the Report of the Bengal Excise Commission of 1883-84, to which reference is invited for a complete exposition of the Bengal Excise policy, both historically and otherwise; and the Lieutenant-Governor therefore bids me to confine myself in this letter to a summary, which will bring into bold relief the important features connected with the changes made.

3. Under Regulation XXXIV of 1793 an outstill system was established, and a daily tax

vied on each still at rates varying according to the importance of different localities. Under egulation X of 1813, sudder or central distilleries were established at the head-quarters and large towns of 21 districts, but the experiment was pronounced unsuccessful, and in a very w years most of them were abolished. By this Regulation outstills situated beyond 8 miles om a sudder distillery were to be managed as before; but authority was also given to farm e exclusive right to manufacture and sell spirituous liquors for any period not exceeding one ar. Under Regulation VII of 1824 the limitation of farms to a term of one year was scinded, and the farming system in other ways extended and strengthened. The result of is Regulation was that the whole Province was soon practically let in farm. At first the venue increased, but it afterwards fell off from 9 lakhs in 1829-30 to 13½ lakhs in 1834-35. is collapse in revenue was followed by the appointment in 1840 and 1844 of two Abkari ommissioners, whose jurisdiction was confined in Bengal Proper. These appointments, again, ere abolished in 1852 and 1853: but the system of excise, whether administered under special ommissioners or the ordinary staff of revenue officers, did not change, and as a rule was outill, which a few sudder distilleries only maintained where they had previously existed. The rming system continued all along in Behar and Chota Nagpore.

4 It may be said at once that the farming system, which remained in force in those rtions of the Lower Provinces where drinking is most prevalent, for nearly half a century, as a thoroughly bad one. Every encouragement was given to drinking; for the more shops en, and the greater the consumption of liquor, the larger was the farmer's profit. Both om the revenue and moral point of view it is a system to be condemned. The management the outstill system was also very unsatisfactory; shops were multiplied, and the result was o often the simultaneous increase of drinking and of the excise revenue. These evils were so parent that it was resolved by Government in 1859 to introduce the central distillery system the place of all others. It was pointed out that the existing system of outstills was objecnable because it involved no minimum rate of duty—indeed had no fixed excise on spirits at l—because much of the general dissatisfaction with the abkari system which existed had arisen om the outstill practice, and because that system looked for a revenue rather to a very large mber of spirit shops and a great consumption than to a high tax and discouraged consumpon. A long controversy then ensued. The objections to the general introduction of the ntral distillery system—objections which, as it will be seen, experience has shown to be lid—were forcibly brought to notice, but they were overruled; and in 1863 peremptory orders ere issued directing that outstills should be generally abolished and central distilleries established in their place. When these orders were passed there were 96 central distilleries and 655 outstills in the Province; four years later the number of outstills had been reduced to 5, and the number of central distilleries increased to 264.

5. The change of policy upon which the Government of India have now called upon the ieutenant-Governor for an expression of opinion was therefore deliberately adopted more than quarter of a century ago. The experiment of the general abolition of the outstill system has en tried. For a period of thirteen or fourteen years it was allowed full scope, and the records Government contain the amplest evidence of the effect produced. The Minute recorded by r. A. Money, C.B., Member of the Board of Revenue, dated 25th January 1875, upon certain emorials which had then been presented against the Excise administration of Bengal, contains the following remarks:—

"In 1859 the Government determined to extend the sudder distillery system as the best mode maintaining a proper equilibrium between the real demand for liquor and the means for its supply. ne theory of this system is perfect. Every ounce of liquor consumed pays duty before it is offered the public. The rise or fall of the demand is as correct in its indication as are the changes in a rometer; and according to such should the duty be regulated. The rate of duty becomes the st and proper check against undue facilities for drinking. It logically follows that no necessity ists for imposing any limit on the number of shops. The rate of duty provides the necessary eck."

The theoretic advantage of a central distillery system was therefore fully appreciated; t Mr. Money went on to explain that the system had not fulfilled the hopes of those who d insisted on its extension throughout the Presidency. Perfect in theory, it was found to ve two weak points in practice—the facilities it affords for fraud and the temptations and mparative immunity it holds out to illicit distillation. It is impossible to prevent combinan between the members of the Excise staff and the distillers and shopkeepers. It is a nple and easy matter for instance to pass out of the distillery 50 gallons of spirit, taking duty only 40 gallons and entering only 40 in the books, the profit on the odd 10 gallons being vided between the officer in charge of the distillery and the shopkeeper; or it is an equally nple process to enter the whole of the 50 gallons in the register, but at a strength much low the real strength, and to levy the duty on the registered strength and divide the profit the margin which has escaped taxation. On the other hand, illicit distillation continues actically unchecked: the revenue authorities have to trust almost entirely to the police, and perience has proved that the police are of very little use as abkari detectives. Illicit distillan is usually carried on indoors, and the sale of the liquor in most cases proves nothing, as the tiller is the shopkeeper licensed by Government. It was shown by careful enquiry in 1868 at in a very large number of shops, the details of which were specified in the report subtted, the amount of duty-paid liquor sold was insufficient to give a profit to cover the license s and other expenses: and as it may be presumed that the liquor sellers did not carry on sir business at a loss, the conclusion is inevitable that most of the liquor which they sold was uggled.

6. The extent of frauds committed by distillery officers under the central distillery system is discussed at some length on pages 54 to 57 of the Report of the Bengal Excise Commission. Many of the distilleries were situated, at great distances from either district or sub-divisional head-quarters, in outlying jungly tracts, and practically out of the reach of all effectual supervision. The duty on the spirit manufactured was many times the cost of production, and it is not surprising therefore that distillery and excise subordinates combined almost everywhere to defraud the revenue by passing out the spirit either duty-free or on payment of less than the proper rate. The records of every year are full of cases in which the officers in charge of distilleries were convicted and punished; and there can be no doubt that the number of frauds detected was very small compared with those not found out. The Commission, by careful calculation and enquiry into the statistics of the number of gallons which paid duty and passed into consumption during the year 1875-76, ascertained that the amount of spirit fraudulently sent out from central distilleries in that year could scarcely have been less than 340,000 gallons, and may have amounted to as much as 560,000 gallons, and that the revenues were therefore defrauded of an amount varying from ₹7,70,000 to ₹12,70,000. There can be no doubt that frauds to a similar extent were perpetrated during every year of the central distillery system. The Board of Revenue furnished elaborate comparative statistics in 1870, which showed that during the previous ten years the revenue receipts were 55 or 60 lakhs less than they would have been under the system which the central distilleries superseded. The whole of this loss of revenue may be attributed to the collusion of the lower excise officials with the manufacturers.

7. The prevalence of illicit distillation during the central distillery period is no less conclusively established. The Commission came to the conclusion, which is supported by evidence recorded in their report, that, especially in the mohwa-producing tracts, there was much illicit distillation during the period in which these tracts were exclusively supplied from central distilleries. They considered that there was extensive smuggling along various parts of the frontier. They were indeed of opinion that the harm done by illicit distillation and smuggling was less than the injury caused to the revenue by the illicit practices in central distilleries. But they pointed out that the demoralisation occasioned by the prevalence of illicit distillation and smuggling was much graver than a mere loss of revenue, and they have shown with great force and justice that among the greatest evils connected with the prevalence of such illicit practices in India are the dangers of abuse of power on the part of the preventive and detective establishments employed to restrain them, and the opportunities which are afforded to harass and oppress innocent people.

8. The evils which are described by the report of the Excise Commission were sufficiently obvious at the time to the district officers by whom the distillery system was worked, and who saw its defects; and they remonstrated with such persistence that the opposition to the system grew stronger and stronger until, under Sir Ashley Eden's administration, it was almost entirely swept away and the outstill system substituted. The orders for the abolition of the old system were very gradually and reluctantly passed; but when once a change in policy had been definitely established, the pendulum soon swung to the very other extreme. The principle was laid down by Mr. Alonzo Money that "the sudder distillery system should be adopted in towns and the outstill system in the interior, with strict precautions against the tendency of the latter to multiply outstills in the interior, and against the tendency of the former to increase shops in towns." And so Sir George Campbell, while he was not fully prepared to admit that the central distillery system had failed from faults inherent in it, or that it was expedient to return to the monthly-duty system in its old form, expressed his readiness, so long ago as in 1871, to consider any recommendations that in specially remote and thinly-populated tracts one or more stills should be licensed at a monthly fee, which would cover a fair duty on all the spirit that such stills could turn out. In a similar way Sir Richard Temple acknowledged in more than one Resolution that the outstill system had been found better adapted than central distilleries to outlying parts of the country. In accordance with these views the number of central distilleries had been reduced from 257, the number in 1868-69, to 211 in 1877-78, and the number of outstills had increased during the same period from 261 to 862. But the orders of 1877, which directed that sudder distilleries should be maintained only at central and populous places, and that outstills should be introduced beyond this radius, immediately produced a more marked effect. The very next year the number of outstills had increased to 3,911, and the central distilleries were reduced to 91. In 1880-81 there were only 22 central distilleries left in Bengal, while the outstills had increased to 5,657.

9. While avoiding one error, the Excise administration of these provinces has thus fallen into another. There can be no doubt that the abolition of the central distilleries was followed in many places by an increase in the consumption of liquor. The Government was not unaware of this tendency, and steps were taken in 1880-81 to effect a reduction in the number of outstills. By 1884-85 the number had been reduced to 3,747; but the evil was so great and urgent, and the price of liquor had been so obviously cheapened by the extension of the outstill system, that it became necessary to take special measures to remedy the evil, and with this object the Bengal Excise Commission was appointed in December 1883. The report of this Commission is a landmark in the history of Bengal Excise. It was submitted to Government towards the close of 1884, and was reviewed by Sir Rivers Thompson's Government in a Resolution dated 10th March 1886, from which it will be convenient to make the following extract:—

"8. The special object of the appointment of the Commission was to ascertain the causes of this increase, and to suggest means by which they might be removed; and their enquiries were directed mainly to these points. In their opinion the primary cause of the growth of the habit of

drinking among the people is the influence of social, moral, religious changes in relaxing the restrictions which had previously kept large classes from indulging in spirituous liquors; but there have been other minor causes, without which consumption could not have developed as it is seen to have done. Increase in the purchasing power of the consuming classes is assigned as a reason for some portion of the increased consumption; but the greater part of it must be otherwise accounted for, and the Commission enumerate the following causes:—

(1) The suspension in 1878 of the long-established rule limiting the capacity of stills, thus enabling the distillers to produce from their large stills greatly increased quantities of liquor at greatly reduced prices.

(2) The excessive number of shops that have been licensed, total population and area having alone been considered, although the proportion of the consuming population to the total population varies greatly in different districts.

(3) Improper selection of sites for shops.

9. The recommendations which the Commissioners make for removing these causes of increased consumption, and for remedying minor evils incidental to the present system, may be summarised as follows:—

(1) Central distilleries should be re-established in all large towns at the head-quarters of districts in which there is a great demand for country spirit.

(2) In other towns the stills should be grouped within one enclosure outside the inhabited parts of the town, and care should be exercised in the selection of the retail shops within the town supplied by these stills.

(3) In each district a maximum aggregate capacity for all outstills should be fixed, and the number of outstills and size of each still should be determined with reference to the maximum aggregate. All stills holding more than 10 seers should be of metal, and should be registered and stamped by the Excise authorities. The upset price of each still should be proportionate to its capacity, and should be calculated on the basis of the duty (at a rate fixed by Government) which could be levied on its outturn at a given strength.

(4) The aggregate capacity of the fermenting vats allowed to each still should also be fixed.

(5) A minimum price should be fixed for the cheapest sort of liquor according to the circumstances of each district and the prices now prevailing. On this subject Mr. Reily dissented from his colleagues.

(6) Excise establishments should be reconstituted on a more liberal scale."

10. On the various recommendations made by the Commission on minor points it is unnecessary to dwell. It is sufficient to say that the principles laid down by the Excise Commission have almost without exception been accepted by Government. The elaborate enclosures which accompanied my letter No. $E.\frac{P}{5}$-5, dated 6th December 1888, will show how far it has been found possible to give effect to them during the past 2½ years. In the face of all the difficulties which must everywhere accompany the introduction of a new system it cannot be said that all the restrictions recommended have as yet been successfully imposed; but it may be fairly urged that great improvements have been effected; that the principle has definitely been established; that the distiller, under the outstill system, is not free to brew as much spirit as he likes, and sell it whenever he likes; and that the levy of duty as well as the conditions both of distillation and sale are carefully regulated with reference to the existing local demand. The system in force is in fact a system of regulated outstills, and, as the Excise Commission have been careful to explain, if the producing capacity of the outstills is limited, and the revenue paid on each outstill is calculated in proportion to its capacity, there is little real difference in principle between such a system and the system of central distilleries.

On the other hand, the obvious advantages of the outstill system in repressing frauds and illicit distillation are retained. It has been pointed out by the Excise Commission that almost all the abuses connected with the management of the central distilleries disappeared with their abolition in outlying and imperfectly supervised tracts. There may be some openings for corruption at present, but they are comparatively small, and detection is much more easy with even moderately watchful supervision. The outstill-holder is urged by the strongest motive of self-interest to do all in his power to put down illicit distillation, while the retail vendor, under the central distillery system, was often himself the chief illicit distiller.

11. The success of the present system of regulated outstill distillation must, however, entirely depend upon whether it is found possible to limit the size of the stills and vats. The Lieutenant-Governor has already observed that, unless the experiment of limiting their capacity or, in other words, of restricting the amount of proof-spirit to be distilled in a month in each outstill, can be successfully carried out, he is unable to see how the outstill system can fail to degenerate into the old indefensible arrangement under which the outstill-holder becomes a farmer pure and simple, with full power and every inducement to cheapen his liquor and increase the consumption thereof to the utmost possible extent. He has freely admitted that unless by some means the outturn of liquor from the outstill system can in practice be restricted, it will be exceedingly difficult, if not impossible, to justify the continuance of the system. The regulation of the outturn and the levy of a proportionate duty on it are therefore the main points to which the efforts of the Government of Bengal and of the officers employed under Government in carrying out its excise policy are now directed. Such regulation is deemed by some to be impossible; by others it is thought to be neither impossible nor even very difficult. But difficult or easy, it is the point upon which the maintenance of the system turns.

12. The Lieutenant-Governor is convinced that the repeated changes which have been

ade in the system of excise in country spirits are most injurious, and that no exclusive
stem can be adapted to these Provinces. He desires me to express his emphatic concur-
nce with the following remarks recorded in paragraph 102 of the Report of the Excise
ommission :—

"At the best, every system of excise that has yet been devised has evils inherent in it, and
ngers which have to be constantly guarded against. There is no system either unobjectionable
theory or faultless in practice, and all that can be done is to adopt for each place the form of
xation and manner of working which may seem best suited to it, and most likely to check
owed consumption without giving an irrestrainable impetus to unlawful practices. This conclu-
n has forced itself upon the Commission as the main outcome of their enquiries, and it has been
arly indicated throughout this report, but they think that it cannot be stated too strongly and
scarcely repeated too often. For in looking back over the management of Excise in Bengal since
1790, nothing comes out more clearly than the mischief caused by the belief that the particular
system in favour at a given time was the one perfect and universally applicable system, and by
the determination of its supporters to introduce it everywhere and at all risks."

The central distillery system failed, because it was indiscriminately applied to all parts of the country without proper means of supervision, and no better success was obtained when outstills were introduced with equal indiscrimination and equally without proper check and control. It was with due regard to previous experience, and the recommendations of the Commission, that the cardinal principle was laid down by Sir Rivers Thompson's Government that "an outstill system properly regulated is the most suitable for the country in general, but where special means of close supervision exist, and a large drinking population is found in a small and well-defined area, central distilleries, in which alone a uniform tax can be levied on spirit according to its strength, should be established." Under these instructions no uniform system has been adopted, but different systems have been applied which vary with the conditions and circumstances of different parts of the country. The tendency to which Sir Steuart Bayley has always given every encouragement is to extend central distilleries to every locality favourable to their introduction. The number of distilleries and distillery shops has increased from 21 and 479 in 1884-85 to 25 and 570 respectively in 1887-88. It is now in contemplation to gradually replace the outstill system by central distilleries throughout the whole tract of country in the immediate neighbourhood of Calcutta.

13. These observations, in which the history of the past has been reviewed and the present excise policy of the Government has been briefly described, will, the Lieutenant-Governor trusts, be found to furnish a sufficient answer to the first of the specific questions raised in your present letter. Sir Steuart Bayley is not prepared to look favourably on any proposal for the immediate or universal abolition of the outstill system in these Provinces. He is not in a position to suggest the general introduction of any other system in its place. Experience has decisively shown that the re-introduction of the old central distillery system, as it was worked in rural tracts, would produce demoralising results which are certainly not less injurious to the country at large than are the evils of the outstill system. The mere abolition of outstills in tracts where central distilleries cannot be introduced would obviously not tend in any way to diminish drunkenness. The whole question of excise is now receiving an exceptional amount of consideration, both at the hands of Government and from the Revenue officers entrusted with the administration; the supervision of the settlements of excise shops for the ensuing year,—a process which includes enquiry into the number of outstills to be licensed, the specific locality to be fixed upon for each outstill, the restrictions to be imposed on each outstill as regards still and vat capacity, the upset prices to be fixed in order to assimilate the rate of fee to the rate of duty payable on distillery liquor in the neighbourhood, and the minimum price to be sanctioned for retail sales,—has been imposed on a specially selected officer of standing and experience in excise matters, and the appointment of a Special Excise Commissioner in Bengal has been recommended to the Government of India and the Secretary of State, with immediate reference to the necessity of enforcing organisation in the management of this important department. The moment would, therefore, in the Lieutenant-Governor's opinion, be very inopportune for venturing upon any new departure in the administration. Every effort is now being made to improve existing systems on the lines of a policy accepted and approved, a large increase of expenditure has been incurred in the revision of distillery establishments, and proposals are under consideration for further strengthening the special Excise preventive staff which is now too weak for efficient control. It has already been reported to the Government of India that the transition from a system of unrestricted outstills to one of rigid regulation admits only of gradual accomplishment, but that the facts in the possession of this Government afford good ground for believing that it may be worked to a successful issue. The interruption to these reforms, which would be occasioned by any such radical measures as the general abolition of the outstill system, with nothing better than central distilleries to replace it in all localities, would create embarrassment and difficulties the end of which it is not easy to foresee.

14. Turning now to the second question raised in your letter, I am to say that the Lieutenant-Governor is convinced that it will not be possible to introduce into Bengal any such system of local option as has been advocated by the Associations who have presented memorials to the Secretary of State. The peculiar conditions of society in this country are such that it is altogether impossible to delegate to local bodies the power of dealing with the complex and difficult problems connected with Excise administration. In the first place it is not allowable for members of the Mahomedan community to openly

countenance or tolerate in any way the consumption of spirituous liquors. The use of spirits is forbidden by the Koran. As a matter of fact, Mahomedans in Bengal are, as a rule, very abstemious, and the upper classes, rarely, if ever, indulge in drinking. The representatives of this community would undoubtedly, if it were in their power to do so, declare absolutely for the prohibition of all alcoholic stimulants. It would be incumbent on them by the tenets of their religion to do so. A Mahomedan gentleman, although he may tolerate the consumption of spirits by others when he is not responsible for its repression, could not venture to rise in his place at a meeting of a Municipality or District Board, and authorize the establishment of a liquor shop anywhere or under any restrictions. Similarly, in the case of Hindoos, who are not restrained by any religious sentiment from dealing fairly with excise questions, it is no less the fact that the upper classes of the community who, from the nature of the case, can alone find representation in local bodies, are equally precluded from openly countenancing the establishment of shops for the sale of liquor. Notwithstanding that many Hindoo gentlemen are without prejudice in regard to spirit drinking amongst themselves, and will occasionally indulge in private. It is a matter of notoriety that public opinion on the subject runs so strongly among them that one and all of them, including those who drink in private, would object in the same manner as the Mahomedans would do to any proposal for licensing a spirit shop. The influence of public opinion operates almost as strongly within the Hindoo community in this respect as does the direct teaching of the Koran upon a Mahomedan. If, therefore, power without responsibility is entrusted to local bodies, whether Municipalities or District Boards, consisting as such bodies must do of a large majority of Hindoo and Mahomedan gentlemen, there can be no doubt but that the lower classes who are not represented, but who habitually use stimulants, would be driven to the consumption of illicit liquor, and the whole system of Excise administration would be thrown into confusion. This condition of things is not likely to be materially modified for many years.

15. It is necessary for the Government to guard against any such class tyranny as the introduction of local option in this country would infallibly create. There is a certain proportion of people in Bengal,—fortunately a proportion much less than obtains in most other countries, but still considerable,—who are accustomed to drinking and whose craving for stimulants must be satisfied. "It is," as Mr. Money wrote in the Minute which has already been quoted in this letter, "mere foolishness to expect that a certain proportion of the people of this country will not continue to use stimulants, or that the Excise revenue will not increase. As the upper classes adopt more and more European habits, we must expect to see them take the bad with the good, and probably at first even more of the bad than of the good; while as the position of the lower classes improves, as agricultural produce yields a better price to the cultivator, and yearly the number increases of men, women, and children who earn a livelihood such as they never dreamt of in mills and factories, there will be a larger consumption of everything the mass of the people care for. They will wear more clothes, they will eat more food, and they will drink more liquor. Any attempt to enforce sobriety in a country where illicit distillation is so easy and so difficult of detection would be a failure. All we can do is to limit ourselves to supplying the demand, and not to create it; to open no new shops except on proof that they are required to meet an existing want; and to act on an honest recognition of the truth that the Excise revenue is a very small matter in comparison with the comfort and well-being of the people." It is not the case with the great bulk of the lower classes who habitually use stimulants that they drink only for the purpose of intoxicating themselves. The statement is frequently made, but it is not more true than it would be if applied to similar classes in England. If, however, this were the case, it would still be impossible to enforce sobriety by the prohibition of drinking, and, were it possible, the risk must always be great that those who are used to drink would be driven from the comparatively innocuous spirit of the country to the consumption of more injurious drugs. It is mainly for the protection of the labouring classes, who are accustomed to some stimulant, that is incumbent on the Government to retain its authority over the liquor traffic, and while regulating consumption by every means within its power, not to deny altogether to the unrepresented masses the opportunity of satisfying their reasonable craving. It cannot be expected that local bodies would be in any degree representative of the classes who are affected by local excise measures. To entrust the Excise administration of the country to their hands would lead to class intolerance and class restrictions, which can only be obviated by the direct and independent action of Government.

16. At the same time the Lieutenant-Governor is of opinion that a proper deference should be paid to expressions of local opinion in questions connected with the liquor traffic as well as in other matters. It is the duty of the Government to ascertain the sentiment and desire of the community amongst whom liquor shops are introduced, to comply with it whenever possible, and not to overrule it except under circumstances where such a procedure can easily be justified. The expression of opinion of Municipalities and District Boards, especially in regard to details such as the choice of sites and the like, will often be a valuable exponent of public feeling to which due attention should always be paid. Such local sentiment is entitled to consideration and it will be found that various orders have, from time to time, been issued by this Government and the Board of Revenue in which the observance of this policy is enjoined. It has been directed that the sites of shops should not be chosen near to market-places, bathing ghâts and places of public resort, schools, hospitals, places of worship, factories, the interior of villages, the sides of roads leading to bathing ghâts or places of water-supply, and in some districts along main roads or in villages inhabited by aborigines of known drinking habits. The existence of a nuisance by reason of the establishment of shops is not

tolerated, and every possible concession to public opinion is accorded in such matters. The Lieutenant-Governor, however, cannot admit that, under the existing conditions of these Provinces, there is any justification for going further than this, or for introducing in any shape a system of local option among local bodies, and for entrusting them with the power to prevent the sale of liquors.

No. 994, dated 22nd February 1889.

From—E. J. SINKINSON, Esq., Offg. Secy. to the Govt. of India, DEPT. OF FINANCE AND COMMERCE,

To—All Local Governments and Administrations.

I am directed to request that (with the permission of (a) H. E. the Governor in Council / (b) H. H. the Lieutenant-Governor) the Government of India may be informed at a very early date, whether any, and if so what, rule or procedure is prescribed in requiring the wishes of the residents to be ascertained before a shop for the sale of intoxicating liquors is licensed in any locality. It should also be stated if the rules require the opinion of local public bodies to be asked, or if it is customary to do so, and whether attention is paid to any remonstrance which the residents or local bodies may make, or their wishes taken into consideration.

(a) for Madras, Bombay.
(b) for Bengal, North-Western Provinces, Punjab, the other Administrations as in draft, leaving out words in brackets.

The Government of India also wish to be informed whether liquor shops are opened and closed at the discretion of the Officer of the Excise Department, or whether the Police or Magisterial authorities are consulted in the matter.

No. 353—136-589, dated 3rd April 1889.

From—COLONEL C. K. M. WALTER, Chief Commissioner, Ajmere-Merwara,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

With reference to your circular letter No. 994, dated 22nd February 1889, regarding the licensing and opening and closing of shops for the sale of intoxicating liquors in Ajmere-Merwara, I have the honour to forward copy of a letter No. 792-R., dated 29th March 1889, from the Commissioner, Ajmere-Merwara, furnishing the required information.

No. 792-R., dated 29th March 1889.

From—COLONEL G. H. TREVOR, Commissioner, Ajmere-Merwara,

To—The Chief Commissioner, Ajmere-Merwara.

With reference to your office endorsement No. 204, dated the 27th ultimo, giving cover to a copy of the Government of India, Finance and Commerce Department, letter No. 994, dated 22nd February 1889, I have the honour to report that there are no special rules on the subject, but it is customary in the Ajmere-Merwara district that when a new shop for the sale of intoxicating drugs in any locality is licensed or opened, the District Superintendent of Police, Ajmere-Merwara, and the public residing in its vicinity are consulted. If any objection is raised by the public, it is considered. A similar practice is followed in the case of opening and closure of liquor shops. Thus it will be seen that no liquor shop is opened or closed without the permission of the Collector of Excise Revenue, who is also the District Magistrate.

No. 514—4056, dated 29th March 1889.

From—The Secretary to the Chief Commissioner of Coorg,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994, dated the 22nd February 1889; and in reply to say that, although no rules on the subject have been prescribed, the Commissioner of Coorg reports that it is the practice to give due attention to the wishes of the residents before sanction is accorded to license a shop for the sale of intoxicating liquors or to close any shop.

2. The Commissioner further reports that the Police and Magisterial authorities are consulted before orders are issued for closing any shops when this is urged as a police measure. But since 1886-87, 35 shops have been closed almost wholly on grounds of administrative expediency and as a means of checking the disposition to drink among the people, while only one new shop was opened.

No. 115-G., dated 17th March 1889.

From—G. S. FORBES, Esq., Secretary for Berar to the Resident, Hyderabad,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

In rep[illegible] ur Circular letter No. 994, dated the 22nd February 1889, I am directed

to forward a copy of the letter No. 408-G., dated the 13th March 1889, from the Commissioner, Hyderabad Assigned Districts, furnishing a portion of the information called for by the Government of India regarding the establishment of liquor shops in Berar.

The Commissioner has been asked to report further whether it is customary to take the opinion of local public bodies before sanctioning the opening of a new liquor shop.

No. 408-G., dated 13th March 1889.

From—T. CHICHELE PLOWDEN, Esq., Commissioner, Hyderabad Assigned Districts,

To—The Secretary for Berar to the Resident, Hyderabad.

In reply to Circular from the Government of India (Financial Department), No. 994, dated 22nd February, forwarded with your endorsement No. 740 of the 6th March, I have the honour to say that in the Abkari Rules* in force in the Hyderabad Assigned Districts, no provision is made for ascertaining the wishes of residents or for consulting public bodies before establishing, in any locality, a shop for the sale of intoxicating liquors. I cannot find that any remonstrance regarding the location of a liquor shop in any particular place has ever been received in the Commissioner's Office, but if one were received it would undoubtedly meet with full consideration. With regard to the further question in paragraph 2, the number of shops and the locality of each shop is fixed by the Deputy Commissioner of the district and is specified in the contractor's license. There are no Excise Officers in the Hyderabad Assigned Districts other than the ordinary district officials.

* Now under revision.

No. 128-G., datad 3rd April 1889.

From—G. S. FORBES, Esq., Secretary for Berar to the Resident at Hyderabad,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

In continuation of my letter No. 115-G., dated the 17th ultimo, I am directed to state that the Commissioner, Hyderabad Assigned Districts, reports that it is not customary in the Hyderabad Assigned Districts to take the opinion of local public bodies before sanctioning the opening of a liquor shop.

No. 1668—77, dated 15th March 1889.

From—L. K. LAURIE, Esq., Offg. Secretary to the Chief Commissioner, Central Provinces,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994, dated the 22nd ultimo enquiring (1) whether any, and if so, what, rule or procedure is prescribed in the Central Provinces requiring wishes of the residents to be ascertained before a shop for the sale of intoxicating liquors is licensed in any locality; (2) whether the rules require the opinion of local public bodies to be asked, or if it is customary to do so; and (3) whether attention is paid to any remonstrance which the residents or local bodies may make, and whether their wishes are taken into consideration. You further ask for information as to whether liquor shops are opened and closed at the discretion of the officers of the Excise Department, or whether the Police or Magisterial authorities are consulted in the matter.

2. In reply I am to forward a copy of a letter from the Commissioner of Excise, Central Provinces, No. 394, dated the 4th instant, and to state that almost all the liquor shops now established in these Provinces have been open for many years, and new shops are, as a rule, only opened upon a representation being made to a Deputy Commissioner, that there is a local demand for such a shop. Acting upon the orders of the Chief Commissioner, Deputy Commissioners have recently considered the question whether in any part of their districts the number of shops might not be reduced without causing inconvenience to the public, and several hundred shops have been closed in consequence.

3. It is only in one or two of the larger towns of these Provinces that there exists an [illegible]cated body of residents whose opinion on a question of licensing shops might be worth [illegible]ealing to, and owing to the subject of drinking being one on which the better classes of [illegible]ives ordinarily forbear to touch, it would be unprofitable to invite them to consider a matter [illegible]ch, in their estimation, concerns the lower orders only. It has not been thought necessary [illegible]erto, therefore, to make any rule requiring the wishes of residents or of local public bodies [illegible]e asked before a new shop is opened, and in view of the fact that the licensing authority [illegible]ese Provinces is the District Magistrate, it does not, in the Chief Commissioner's opinion, [illegible] necessary that such a rule should be promulgated. To attempt to apply the principle of [illegible] opinion in the small hamlets and rural tracts of these Provinces would, Mr. Mackenzie [illegible]nks, only lead to anomalies and absurdities.

No. 394, dated 4th March 1889.

From—The Officiating Commissioner of Excise, Central Provinces,

To—The Secretary to the Chief Commissioner, Central Provinces.

With reference to your endorsement No. 1282—67, dated 27th ultimo, I have the honour [illegible]port as follows.

2. By section 13 of Act XXII of 1881 (which is the Excise Act in force in these Provinces)—

"Subject to the rules made by the Chief Controlling Revenue Authority* the Collector may grant license for the sale of foreign spirit and foreign fermented liquor, wholesale or retail, and for the retail sale of country spirit or country fermented liquor, within his district, or any part thereof, or at any place therein."

* *i.e., the Chief Commissioner—vide* Section 2 (*a*) of the Act.

3. It is thus clear that the licensing authority is *the Collector*. The "Excise Department in these Provinces is composed of the Excise Commissioner and of the Excise Darogas (one for each district). The Darogas act under the orders of the Collector, and the Excise Commissioner can only guide the action of Collectors, in matters in which their discretion is absolute, by advice and suggestions. It will be seen that in respect to the opening and closing of liquor shops the discretion of Collectors is absolute."

4. By the rules framed by the Chief Commissioner under Section 13 of Act XXII of 1881, "a district shall be divided into retail vend circles of convenient size, and the licensee of each circle shall have the monopoly of retail sale therein. The number of shops which may be opened in each circle *shall be fixed by the Deputy Commissioner.*"

5. Thus the Deputy Commissioner, who in these Provinces exercises the powers of a Collector (*vide* Section 3 (*b*) of Act XXII of 1881), has absolute discretion in the matter of the number of shops to be licensed. The "Excise Department" has nothing (immediately) to do with the opening and closing of shops. The Excise Commissioner can only offer advice and bring to notice anomalies. In paragraph 28½ of the Excise Manual (drawn up by the Excise Commissioner) will be found the advice which that officer has placed on record with regard to the general subject of licensing spirit shops. No more shops should be licensed than are necessary to meet the legitimate requirements of the liquor-consuming classes. A permanent shop should not be licensed at a place where there is not an established and steady demand for country spirits.

6. This advice is, to the best of my belief, everywhere acted upon. Deputy Commissioners are the Chief Magistrates of their own districts and the heads of the District Police. They are concerned in the maintenance of order and the removal of all nuisances, and if they thought that spirit shops existed anywhere in excess of the demand, and were merely a nuisance to decent people, they would be sure to abolish them. It is a mistake to suppose that the power of multiplying shops is in the hands of a special department whose interest it is to see the liquor trade prosper.

7. I am not aware that there are any *rules* requiring "the wishes of the residents to be ascertained" before a liquor shop is opened in any locality. As indicated in the paragraph of the Excise Manual quoted above, the consumption of liquor is not universal, but is confined to certain *classes*. The practice is to ascertain (usually through the Excise Daroga) whether the classes who consume liquor demand a shop at any particular place. The soundness of the conclusion arrived at is tested by the bids made for the shop at the annual auction. If the local sales are small, the shop will not fetch a good price, and shops that do not fetch a reasonable price are usually closed. If the residents of any locality petitioned for the closing of a shop, the Deputy Commissioner would be sure, I think, to take their wishes into consideration, but I cannot recall a single instance of any such a petition having been made.

No. 479-45-E., dated 19th April 1889.

From—H. Thirkell White, Esq., Officiating Chief Secretary to the Chief Commissioner, Burma,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed to acknowledge the receipt of your letter No. 994, dated 22nd February 1889, concerning the practice in this Province in regard to the extent to which the wishes of the people are considered in connection with excise arrangements.

2. In reply to the questions asked in your letter I am to report that there is no rule which requires the wishes of the residents to be ascertained before a shop for the sale of intoxicating liquors is licensed in any locality. In practice weight is given to the expressed wishes of the residents.

3. It has not been customary to consult local public bodies, but attention is paid to any remonstrance which the residents, or local bodies may make, and their wishes are taken into consideration. For example, the Deputy Commissioner, Pegu, in his Excise Report for 1887-88, mentions the case of two shops licensed for the sale of Hlawza, both of which were closed owing to representations made by the respectable residents that the shops were demoralizing the young men of the neighbourhood. In Upper Burma shops were in the same manner closed in deference to the wishes of the people. In March 1888 the Deputy Commissioner, Sagaing, suggested the advisability of closing a shop licensed for the sale of liquor at Chounboo on the ground that the trustworthy and influential inhabitants of that township were strongly averse to the sale of liquor. On the Deputy Commissioner's recommendations the shop was closed. In the same manner in 1888, in the Kyaukse district, the license granted for a shop near the railway station was withdrawn on a representation made by the railway authorities. In Moulmein an opium shop was closed in one quarter of the town in deference to the wishes of the inhabitants. In the Arakan Division all opium shops have been closed in the Kyaupyu and Sandoway districts, and only one allowed to remain.

there time to consult district officers, these instances could be easily multiplied. The nces quoted are only those which have been brought directly or indirectly to the Financial nissioner's notice since he has been in office, a period of only ten months.

4. The question whether liquor shops are opened and closed at the discretion of the officers Excise Department, or whether Police or Magisterial authorities are consulted in the r, does not concern this Province, as the local excise arrangements are under the control Deputy Commissioner, who is the Chief Magistrate of the district.

No. 762, dated 12th March 1889.

From—F. C. Daukes, Esq., Officiating Secretary to the Chief Commissioner of Assam,

To—The Secretary to the Government of India, Department of Finance and Commerce.

I am directed by the Chief Commissioner to acknowledge the receipt of your letter No. 944, dated 22nd ultimo, on the subject of the selection of sites for shops for the sale of intoxicating liquors.

2. As you ask for a reply at a very early date, it has not been possible to refer to district officers, but, so far as the Chief Commissioner has been able to ascertain from the records of this office and on reference to the Commissioner of Excise, the matter is one which does not seem as yet to have attracted much public interest in this Province.

Agents of tea-gardens have sometimes a word to say for or against the establishment or maintenance of a shop in a particular locality, and in one instance some members of the Brahmo Somaj, a Bengalee sect having a few members here and there in this Province, objected to the site for a shop. Such representations seem to have always received consideration here, and Mr. Fitzpatrick would always insist on their receiving the very fullest attention; but there is no rule requiring the wishes of residents of the neighbourhood to be ascertained or no procedure prescribed for ascertaining their wishes; nor, I am to say, does the Chief Commissioner think any such rule or procedure would be desirable, as he believes that the only result of it would be that when one or two rival bidders succeeded in purchasing the lease of a shop at one of our auctions where the competition is often very virulent, his opponents would at once set about getting up a petition signed by numbers of persons really absolutely indifferent about the matter in order to compel him to change the site.

3. The proper mode, as it seems to the Chief Commissioner, of treating such a matter in dealing with a population like that of Assam is for the district officer to take up the question of the suitable location of shops himself, carefully considering any suggestions or objections which may be made by persons interested, but feeling himself bound at the same time, though objection or suggestion may be made, to see that the site of the shop is not open to any jection. This is in fact already done to a certain extent here; but the Chief Commissioner s recently thought it well, having regard to the light which has been thrown upon the nature the objections which may present themselves to a particular site by the inquiries made last r in Bengal, to issue special instructions for an inquiry into the subject, which will be nd in paragraph 2 of his note on country spirits, dated the 16th January 1889, a copy of ch is enclosed.

4. As regards local public bodies, *i.e.*, Local Boards and Municipal Committees, there is rule requiring them to be consulted on such matters, nor does the Chief Commissioner con- it desirable that there should be. These bodies in Assam are not, and cannot be, made sentatives of the people to such an extent as would warrant anything of the kind; and would, he thinks, moreover, be a serious danger that if they were called on to deal with a subject, the treatment of it would practically fall into the hands of individual members intriguing turn, having their own objects or those of their friends or hangers-on to serve. st be remembered—and it is fortunate both for the cause of temperance and in the inter- the revenue that it is so—that the competition for liquor licenses is here usually a matter n competition, and one over which much manœuvring and much ill-will are expended, at it is sometimes possible by forcing a licensee to change the previous site of a shop to m to considerable difficulty and expense in getting another.

In reply to the question asked in the second paragraph of your letter, I am to say that s no separate Excise Department in Assam. The excise in each district is looked after Deputy Commissioner, who is Magistrate of the District, under the control of the Com- er of the Division in the Assam Valley, and of the Commissioner of Excise (the same who is Inspector-General of Police) in the rest of the Province. Over both the Com- r of the Assam Valley and the Excise Commissioner, the Chief Commissioner, in this, other matters, exercises a very close supervision, and he thinks he may venture to say rtmentalism has very little to do with the decision of such questions as arise.

Dated 7th June 1888.

From—H. C. Williams, Esq., Commissioner of Excise, Assam,

To—The Secretary to the Chief Commissioner of Assam.

Your note of 17th January about action taken on Bengal Excise Commission Report. I have delayed replying to it till now, firstly, because I was out in camp at the time and

Six recommendations were made by the Excise Commission as detailed in paragraph 9 of the Resolution of the Government of Bengal on the report,—*vide* page 496 of *Calcutta Gazette* of March 24th, 1886.

Shortly after this Resolution came out Mr. Ward went through it with me, and decided that it would be better to wait and see what Bengal did in the matter, and how far the alterations made there proved a success. Some time has now elapsed and certain reforms may well be introduced from the beginning of next year.

The first recommendation of the Commission was that—

(1) Central distilleries should be re-established in all large towns at the head-quarters of districts in which there is a great demand for country spirit.

This suggestion was at once adopted in Bengal, where special means of close supervision existed, and where a large drinking population was found in a small and well-defined area, and distilleries were started at most of the head-quarters and subdivisional large towns,—*vide* paragraph 79 of Bengal Excise Report for 1885-86.

Now, in this Province, though there is a very large demand in some districts, there is no large town compared with Bengal, and certainly no large town where there is any great demand for country spirits, and I do not think there is the slightest need for the introduction of this system. There is also no special means of close supervision in existence without a considerable increase in establishment and expenditure.

The second recommendation was—

(2) "In other towns the stills should be grouped within one enclosure outside the inhabited parts of the town, and care should be exercised in the selection of the retail shops within the town supplied by these stills."

This practice had apparently been going on for some time in Dacca and Jessore in Bengal (paragraph 80 of Bengal Report for 1885-86), but nothing more seems to have been done with regard to it; and the Lieutenant-Governor has not thought it necessary to lay down any orders on the subject. In this Province no orders are needed. Individuals at times object to the sites of shops, but the only case I know of where any sect objected to the site of an outstill was in 1885, when the Brahmo Somaj at Sylhet objected to the position of a shop, and the Deputy Commissioner was directed to move it.

The third recommendation was—

(3) In each district a maximum aggregate capacity for all outstills should be fixed and the number of outstills and size of each still should be determined with reference to maximum aggregate.

All stills holding more than ten seers should be of metal, and should be registered and stamped by the excise authorities.

The upset price of each still should be proportionate to its capacity, and should be calculated on the basis of the duty (at a rate fixed by Government), which could be levied on its return at a given strength.

The first part of this proposal was to prevent the sudder distilleries being ruined by cheap liquor brought in from the outstills. In the Patna district it was decided to make a full experiment of these proposals, and enquiries were made about the aggregate liquid capacity, as well as the working capacity, of the stills in use. Apparently the results in Patna were a success, and the experiment was extended to ten other districts in 1887-88 (*vide* paragraph 4 of Resolution on Bengal Excise Report for 1886-87). In consequence of the figures received from officers about the liquid and working capacity of the stills, reductions in the total sanctioned amounts were made (*vide* paragraph 85 of Bengal Excise Report for 1886-87). It was settled that the upset price should not be less than 50 per cent. of the gross monthly profits. In the licenses issued for the current year in Bengal the liquid capacity of the still has been limited; the still, if of metal, is to be marked or stamped.

In this Province, after making numerous inquiries in Sylhet and Cachar, in November December 1886, I drew up a series of questions which were circulated with Chief Commissioner's Circular No. 8 of 22nd February 1887. Last year's replies received were, however, not satisfactory, and Deputy Commissioners were again directed in the Chief Commissioner's Resolution on the Excise Report to make further experiments, and also to make other tests of the strength of country spirit in my letter No. 535—538, dated 7th November 1887.

I am afraid, however, the information submitted is again scanty.

A supply of hydrometers has been ordered for Sylhet and Cachar, and should be out in the next cold season. These are to be of glass.

The question to be decided is whether, with the present vague information we have and the very unreliable accounts submitted by the shopkeepers, it is worth while fixing a limit to the liquid and working capacity of the stills in a district. I am inclined to think it is not; if the Chief Commissioner wishes, the experiment could be made in Cachar, where the use of locally-made liquor (*i.e.*, Cachari *madh*) would render it more likely to give true results. I would recommend the introduction of the system that all stills of over ten seers working capacity be of metal and that they be stamped and registered. As there is no Excise Establishment, this duty will devolve on the Police. If approved of, I will ascertain where stamps are used in Bengal, and will get similar ones for this Province. With regard to the upset price, it is very difficult to get at the monthly profits, and I think the only upset price that can be established is the average price of the three previous years.

The fourth proposal of the Commission was—

(4) The aggregate capacity of the fermenting vats allowed to each still should also be fixed.

The Lieutenant-Governor of Bengal considered that no general rule about this could be laid down, as his proposal was subsidiary to that for the limitation of stills; but from the Resolution on the report for 1886-87 it appears that, where outstills compete with sudder distilleries, the number and size of fermenting vats has been restricted, and in the new licenses in Bengal this restriction is inserted, so the rule has been apparently made general.

If the Chief Commissioner decides to limit the capacity of stills, the capacity of the fermenting vats must also be limited.

The fifth recommendation was—

(5) A minimum price should be fixed for the cheapest sort of liquor according to the circumstances of each district and the prices now prevailing. The Lieutenant-Governor decided on trying this proposal, principally because it has been worked in Madras and Assam. In Madras it was abandoned, and in Assam it has only been tried under the peculiar circumstances attendant on the sale of the country spirit liquor at Shillong. The experiment was tried in Patna and apparently worked well.

I do not think that any rule of the kind is needed in this Province. As a rule, the price is not less than 8 annas a bottle, though in some places it is sold at 4 annas, and I do not think there is any chance of its going below that price. This is very different to the 4 pice, 6 pice, and 2 annas a bottle which is found in Bengal. As soon as the report came out, the Deputy Commissioner of Cachar was asked his views as to enforcing this minimum rate, and he was against it; and the Chief Commissioner then decided that nothing more need be done about it, till it was seen what the result of the experiment was in Bengal.

The sixth recommendation was—

(6) Excise establishments should be reconstituted on a more liberal scale.

This proposal was at once adopted in Bengal. In nine districts special Excise Deputy Collectors were appointed (*vide* paragraph 87 of Bengal Report for 1885-86, and the views of the Board on the subject), and a special officer was appointed to superintend all the changes (paragraph 91 of Report for 1886-87). In Assam nothing has been done, and in fact the excise establishments in Sylhet were reduced, as shown in the margin; but an extra muharrir has just been sanctioned, as it was found impossible to get on with the existing staff. This is the recommendation on which many of those preceding really hang, as if an excise establishment were started the main proposals of the Commission could be carried out, but with the present agency it is almost impossible. At present the charges for excise are almost *nil*, against very large receipts, but I do not know whether the Chief Commissioner, under the new Provincial contract, is disposed to sanction more expenditure. To carry out the wishes of the Commission we should require a special Deputy Collector in Sylhet, Cachar, and two for the Assam Valley districts, and an Excise Sub-Inspector for each of the plains districts, with their attendant peons.

In 1884-85.	
One Sheristadar at R30 to R50 per month.	
" Muharrir at R20 to 30	"
Four peons at R6 each = R24	"
1885-86.	
One Muharrir on R30 per month.	
1886-87.	
Ditto on R30 per month.	
1887-88.	
Ditto on R30 per month.	

It must also be remembered that in the opinion of the Commission adulteration prevailed much more in central distilleries than in outstills, and that bad fermentation and distillation was the main cause of the country spirit being so highly tainted with noxious alcohols (page 128 of Commission's Report). As we have no central distilleries, and assuming that the remarks would be equally applicable to this Province, there would not be *primâ facie* the same justification for incurring largely-increased expenditure.

It is also noteworthy that, though there have been numerous complaints about the bad effects of the country spirits in this Province, they have not been quite so numerous in the last few years; and the results of bottles supposed to contain very noxious contents, when sent to be analysed, have not been unfavourable to the sellers.

I am therefore of opinion that it is not necessary at present to undertake the greater reforms advocated by the Excise Commission, and so incur very considerable expense.

Besides the proposals enumerated above, the Commission made some minor proposals, *viz.*, about the sites of shops, the hours at which they should open and close, prohibition of sale of liquor to children, limiting sale to two bottles, &c. (pages 118, 119, of Report). With regard to their remarks about sites in Assam, if shops are not put near gardens the coolies will always make their own liquor. In Bengal, the hours for closing shops are 8 P.M. from 16th October to 15th March, and 9 P.M. from March to October, and they are opened at sunrise, while in Assam the hours are from sunrise to 9 P.M. I do not think any change needed. The prohibition of sale to children under 12 has been inserted in the Bengal licenses, and should be inserted in Assam. The proposal about two bottles limit has not been adopted in Bengal, and I see no reason for its adoption here. With regard to the question of the increase of shops deprecated by the Commission, the following shows the number sanctioned for the last five years. The increase has been very slight, considering

the large increase in coolie population, and the number of additional tea-gardens opened in Sylhet especially :—

	Number of shops.
1882-83	232
1883-84	226
1884-85	247
1885-86	247
1886-87	248

I send for the Chief Commissioner's perusal the license form at present in use in this Province and that prescribed for Bengal this year. The new additions I have marked in red ink. They are, it will be seen, very important, and some changes should be adopted from next year.

The following figures relate to the paragraphs in the new license.

I would adopt the alterations in the preamble, also those in paragraph 1, substituting "Chief Commissioner" for "Board of Revenue."

Paragraph II.—I would adopt the changes, except that of limiting the liquid capacity.

" *III.*—I would adopt. (*a*)

" *VI.*— Ditto.

Paragraphs VII and VIII.—I do not think are necessary, though I have no objection to the last named. (*b*)

Paragraph IX.—Should certainly be followed.

" *XI.*—Certainly not wanted.

" *XII.*—I would adopt.

" *XIII.*—Also.

" *XVII.*—This differs a great deal from the present form, which does not distinguish the different kinds of liquor, and divides it into gallons, quarts, and pints. As a rule, no one knows what a gallon is, and though half bottles are sold, the classification of them is not much needed. In Assam there are in most shops two or three liquors sold at different prices, though I only know the names of *bangla* and *phul*, and it would be very valuable information if we could get out how much of each kind of liquor is sold. I would suggest that by description of liquor the licensees should be directed to fill in the different-priced liquors. We shall have great difficulty in getting column 3 filled in, and the figures will be vague.

Paragraph XVIII—Should run as follows :—

"That he at once produce for inspection, on the demand of any excise officer above the rank of a chaprassee, or of any police officer above the rank of a constable, his license and correct accounts, and that he do not prevent any excise or police officer of whatever grade from entering his shop at any hour of the day or night."

Note by D. FITZPATRICK, Esq., Chief Commissioner of Assam, dated 16th January 1889.

1. I have now, in a note put up below, dealt with the 3rd, 4th, and 5th proposals, so far as it seems to be possible to deal with them at this moment ; and I need say nothing about the first.

2. As regards the second, of course we would not allow the process of distillation to be carried on anywhere where it was found to be a nuisance ; and it may be that if it is complained of anywhere as a nuisance, we shall have to adopt some such system of having the liquor made outside the town, as has been suggested. I see the Lieutenant-Governor of Bengal in his Resolution on Mr. Westmacott's report commends this matter to the consideration of the Board of Revenue, but I don't think that, in the absence of complaint, we need trouble ourselves about it.

The matter of the location of shops, however (which has got mixed up with it, owing to outstills being usually on the same premises as the shops), seems to demand attention. Mr. Westmacott's report shows that a good deal of the complaints (true or false) made in the Hooghly district derived whatever foundation, or semblance of foundation, they had from the injudicious way in which shops were placed ; and I think that in order to guard against anything of the sort here, we ought to take the matter in hand without waiting for complaints to be made. The Report of the Excise Commissioner, Mr. Westmacott's report, and the Lieutenant-Governor's Resolution on the latter will show the importance of the point, and the sort of localities that are considered objectionable ; and I should be glad if the Commissioner of Excise, after referring to them, would issue a circular with a view to ascertaining what abkari shops are now established on sites open to objections of the nature referred to, and what steps can be taken for having them moved.

3. The sixth proposal was one for increased establishments ; and I am certainly not prepared at this moment to consider it, though we may have to do so hereafter if we adopt proposals like (3), (4) and (5).

4. I agree as to the alterations of the form of license, except that, as stated in the margin of Mr. Williams' note, I would not adopt paragraph III of the Bengal form, which it seems to me is not required, as we are not going to restrict apparatus. If this note is in time, the alterations may be made in the next licenses issued.

(*a*) I can't see why we should trouble him and ourselves in this way if we are not going to limit the capacity. —D. F.

(*b*) There is the objection that it is unnecessary and useless under our system.—D. F.

No. 1-0—2-16E., dated the 4th April 1889.

From—H. J. S. COTTON, Esq., Officiating Secretary to the Government of Bengal,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994, dated the 22nd February 1889, enquiring—

(1) whether any, and if so what, rule or procedure is prescribed in Bengal requiring the wishes of the residents to be ascertained before a shop for the sale of intoxicating liquors is licensed in any locality ;

(2) whether the rules require the opinion of local public bodies to be asked, or if it is customary to do so ;

(3) whether attention is paid to any remonstrance which the residents or local bodies may make and whether their wishes are taken into consideration ; and

(4) whether liquor-shops are opened and closed at the discretion of the officers of the Excise Department, or whether the police or magisterial authorities are consulted in the matter.

2. In reply to the first three questions raised by the Government of India, I am desired to say that no hard-and-fast procedure has been prescribed in these provinces. Local officers are guided by the following instructions which were issued by the Board of Revenue in their circular No. 666 B., dated 2nd June 1886 :—

"The Board are averse to laying down a hard-and-fast rule on the subject of the selection of sites, and the Government have only insisted on greater care being exercised in the matter. The following principles may generally be observed. Each shop should be fairly accessible, as the more public is the place of vend, the better will be the supervision ; local opinion should be considered, though not necessarily followed ; on the other hand, sites should not, without some good reason, be chosen, near to market places, bathing ghâts and places of public resort, schools, hospitals, places of worship, factories, the interior of villages, the sides of roads leading to bathing ghâts or places of water-supply, and in some districts the sites of main roads and villages inhabited by aborigines of known drinking habits."

It was recently brought to notice by Mr. Westmacott's enquiries in the Hooghly district that the Board's orders respecting sites had been neglected in some cases, and the opportunity has again been taken to enjoin Collectors to be specially careful in selecting sites where complaints have been made, or where it is found that from any reason the sites already selected are objectionable. It has been pointed out that, as a general rule, outstills should not be in bazaars or at the entrance to bazaars ; and that, though they should be easily accessible to persons requiring liquor, they should not be in such situations as to obtrude themselves on the attention of the public, or to render persons passing by subject to annoyance from those who drink at the outstills.

The Board report that remonstrances against the grant of a license or selection of a site are seldom made by residents or by local bodies, but that their wishes, when expressed, are duly considered, and are not disregarded without good reason.

In regard to municipalities, it was directed by this Government in 1884, in accordance with the recommendation of the Excise Commission, that the Municipal Commissioners should be consulted in the choice of sites ; and it is now reported by the Board that due attention is paid to the views of these local authorities before opening liquor shops within municipal limits.

3. With reference to the last enquiry of your letter, I am to say that under the excise rules now in force the Collector is required to lay before the Magistrate, and where there is a cantonment, before the officer commanding the station, a list of all the shops to be licensed during the ensuing official year. The Magistrate is empowered to object to any new site on which it is proposed to open a new shop, and to any old site if the experience of the past year has suggested doubts as to the advisability of renewing the license. After the licenses are sold, the Magistrate is again consulted with regard to the character of the licensees, and may object to any person who appears to him to be unsuitable.

In Calcutta, a certificate of good character from the Commissioner of Police is required before a license can be finally granted and issued. The Excise Superintendent is also required to consult the Commissioner of Police with regard to every new site, and no such site is let by auction or otherwise unless it has been approved by both officers, subject to a reference to the Board of Revenue in case of disagreement. Before a shop is opened on a new site, notice of the intention to do so is published at the police-station and in a conspicuous place on or near the proposed site at least fifteen days before the grant of the license ; and all objections urged by the inhabitants are carefully considered by the Superintendent in communication with the Commissioner of Police. There have quite recently been several instances in Calcutta in which, when the neighbouring residents have objected to the site of a shop for sufficient reasons, permission to open it has been refused by the police authorities.

4. A license which has been regularly issued can only be cancelled during the period of its currency by the Collector, under section 29, Act VII (B.C.) of 1878, if the fee or duty therein specified be not paid, if any other condition of the license is violated, or if the holder is convicted of a non-bailable offence. The police and magisterial authorities are not ordinarily consulted when a shop is closed under this procedure.

No. 124—XII-90 A., dated 9th April 1889.

From—R. SMEATON, Esq., Secretary to the Government of the North-Western Provinces and Oudh, Financial Department,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994, dated 22nd Februar 1889, in which you ask for information on certain points in connection with the excise arrange ments for liquor shops in the North-Western Provinces and Oudh, and in reply to com municate the following remarks for the information of His Excellency the Governor Genera in Council.

2. No rule exists in these provinces requiring the wishes of the residents to be ascertaine before a liquor shop is licensed in any locality; nor do the rules in force direct that the opinio of local public bodies on such matters is to be obtained. Rule 74, however, of the Excis Rules (Excise Manual, page 50) provides that opportunity shall be given to zemindars an neighbours of objecting to the position of such shops; and any representation made by them or by local public bodies receive, I am to say, all due consideration.

3. With regard to the enquiry made in paragraph 2 of your letter, I am to state tha liquor shops are opened and closed at the discretion of the Collector of the district, who is no only the local head of the Excise Department, but is also the chief police and magisteria officer. It is customary for Collectors in such matters to consult their subordinates (Joint and Assistant Magistrates or Deputy Collectors), one of whom is, as a rule, placed in special charge of the Excise Department under the general supervision of the Collector.

No. 644, dated 30th March 1889.

From—H. C. FANSHAWE, Esq., Junior Secretary to the Government of the Punjab,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994 of 22nd February last, and in reply to submit the following information with reference to the questions asked by the Government of India.

2. As regards the enquiry made in paragraph 2, I am to explain that the District Magistrate is also head of the Excise and Police Administration of each district of the Punjab, and that therefore no liquor shops are opened or closed without the knowledge and consent of the officer who is responsible for the criminal and police administration of the district.

3. As regards the enquiry made in paragraph 1 concerning the opening of new shops, which in this province must be sanctioned by the Commissioner of the Division, I am to say that by Rule 52 of the Excise Rules of the Punjab issued by the Financial Commissioner (copy enclosed) it is laid down that no shop shall be opened in a village the inhabitants of which object to its presence. No special procedure has hitherto been prescribed for the purpose of ascertaining the wishes of the people, and no doubt various officers have adopted various ways of procuring this information. The Lieutenant-Governor is, however, able to say from his own knowledge that in various places in the Province shops have not been opened because of the objections of the inhabitants, and that in some cases licenses have not been renewed for the same reason; and His Honour cannot recall any instance in which a liquor shop was opened in spite of the wishes of the residents. Sir James Lyall is prepared to make the existing rule stronger than it is at present, and to require the officer in charge of the Excise of each district (*a*) to give the residents of any place in which it is proposed to open new shops due opportunity of objecting if they wish to do so, and (*b*) to duly consider the objections which may be made; and the Financial Commissioner and Commissioner of Excise will at once be consulted as to the best way of framing such a rule.

Copy of Rule 52 of the Excise Rules of the Punjab.

Rule 52.—No shop should be allowed to be established in a conspicuous position adjoining a road, where there are few or no other habitations, or in a village the inhabitants of which object to its presence.

No. 200, dated 18th March 1889.

From—C. A. GALTON, Esq., Secretary to the Government of Madras, Revenue Department,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

With reference to your letter dated 22nd February 1889, No. 994, I am directed to forward the accompanying copy of the Proceedings* of the Board of Revenue furnishing the information asked for regarding the opening and closing of liquor shops in the Madras Presidency.

* No. 783, dated 8th March 1889.

2. I am also to forward, for information, copy of the Board's Standing Order No. 81 regarding the regulation of stills and shops in the Presidency.

Extract from the Proceedings of the Government of Madras, Revenue Department,—No. 783, dated 8th March 1889.

Read the following—

Proceedings of the Board of Revenue (Separate Revenue), dated 8th March 1889, No. 783 (Mis.), on endorsement of the Secretary to Government, Revenue Department, dated 4th March 1889, No. 1331, referring to the Board of Revenue, for report, letter from the Government of India, dated 27th February 1889, No. 994 F. and C.

RESOLUTION.—It is not the custom in the Madras Presidency to consult the wishes of the residents before a shop for the sale of intoxicating liquors licensed in any locality, nor is the opinion of local public bodies asked. In vast majority of the places where liquor shops are opened, there are no public bodies, and even in the towns where there are public bodies, those bodies are not representative, as they rarely contain even a sprinkling of number of the castes which drink intoxicants.

2. Liquor shops are now not frequently opened in new localities, the number of sanctioned shops is being rapidly reduced, and shops are licensed year after year, practically in the same localities. Remonstrances by residents are occasionally received and attention is paid to them after such inquiries as may seem necessary.

3. Liquor shops are not opened at the discretion of the Excise Department, but the Police are consulted; and as the District Magistrate, in his capacity as Collector, is also the chief licensing authority, the Magistracy are fully informed of all changes in the locality of shops.

4. Liquor shops are closed without reference to the Police or Magistracy.

BOARD'S STANDING ORDER No. 81.

Regulation of Stills and Shops.—The advertisements notifying sale of the arrack farms in rented districts provide that stills shall not be opened except at places determined by the Collector, and that a list of them may be obtained from him. Orders will be issued by the Board as to the number of farms to be managed on the Amani system, or as to any other limit which it may be thought desirable to impose on the number of stills in sufficient time before the date fixed for the auction sales to enable the Collector to have a list prepared. The places should then be determined by the Collector and a list drawn up before the auction, for the information of intending bidders. Lists should also be prepared in all districts showing the arrack and toddy shops already sanctioned.

2. The Collector is competent, subject to the orders of the Board, to permit transfers of shops from one locality to another, to sanction new shops, and, on grounds of police administration, good order or expediency, to direct shops to be closed; but it is desirable that as far as possible the list produced at the time of sale should be adhered to. The rival claims of arrack and toddy renters and the wants of the people should be duly weighed in each case before changes in the locality or number of shops are sanctioned.

3. The number of stills and shops should be kept down as far as is compatible with not encouraging illicit manufacture and sale.

3A. It is competent to the Collector, under section 6, Act III of 1864, to require abkari contractors to open and maintain shops for the sale of arrack and toddy in such numbers as he may deem necessary in any locality within the limits of their farms; and failure to comply with any requisition of this nature, subject to the orders of the Board of Revenue, will be held to be a breach of the renter's agreements.

4. The opinion of the District Superintendent of Police should be obtained prior to the determination of sites.

No. 2020, dated 14th March 1889.

From—J. NUGENT, Esq., Chief Secretary to the Government of Bombay,

To—The Secretary to the Government of India, DEPARTMENT OF FINANCE AND COMMERCE.

I am directed to acknowledge the receipt of your letter No. 994, dated the 22nd ultimo and in reply to forward herewith, for submission to the Government of India, a copy of a report* from the Commissioner of Customs, Salt, Opium, and Abkari, describing the procedure observed in this Presidency in respect of the grant of licenses for the sale of intoxicating liquors and furnishing the information asked for on the other points noted in your letter.

* No. 1085, dated 1st March 1889.

No. 1085, dated 1st Mar 1889.

Report by A. C. TREVOR, Esq., Acting Commissioner of Customs, Salt, Opium, and Abkari.

No formal rule or procedure has been prescribed in this Presidency requiring the wishes of residents to be ascertained or local public bodies to be consulted before a shop for the sale of intoxicating liquors is opened in any locality.

2. The d. of carrying out the provisions of the Abkari Act is entrusted to the Collectors, subject to the control and direction of Commissioner. The first consideration of any applica-

tion for a new liquor shop rests, therefore, with the Collectors, who may, after enquiry, refuse the applications, but cannot grant it without the sanction of the Commissioner. The Commissioner exercises his discretion in regard to refusing to allow any new shops to be opened even when the district authorities recommend them.

3. In the mofussil, the Collectors are themselves the District Magistrates and their orders or recommendations are made after such enquiry, carried out personally or through their Revenue, Magisterial and Police subordinates, as they consider necessary to determine whether the shop is really required and generally unobjectionable; occasionally the advice of the Superintendent of Police is taken, and it is quite certain that no Collector would recommend the opening of a shop to which there were objections from a Magisterial or Police point of view.

4. In the Town and Island of Bombay all liquor shops receive separate licenses from the Commissioner of Police, and in cases where a Police license is withheld an Abkari license cannot be granted.

5. The procedure with regard to the closing of old shops is the same as that above described, except that the Commissioner's sanction is unnecessary. The Collector's order is, however, subject to appeal.

6. I am not aware that it is the practice formally to invite the opinion of residents or of local public bodies before recommending the opening or closing of a shop. But any genuine expression of public feeling would naturally receive full consideration; and I believe no complaints have been made either to this office or to Government that the reasonable representations of any persons likely to be affected have been disregarded. As a rule, they are not sufficiently interested to make any, uninvited; and if invited, would simply become the tools of wire-pullers on each side. There are few abkari contractors who would find much difficulty in getting up a petition, if they thought it would do any good, for the opening of a shop wherever they wanted it; and they generally have rivals or enemies who would have as little difficulty in getting up a counter-demonstration.

No. 52 (Revenue), dated 16th May 1889.

From—Her Majesty's Secretary of State for India,
To—The Government of India.

In continuation of my despatch No. 28 (Revenue), dated 19th April 1888, I enclose a copy of a report of a debate in the House of Commons, which took place on the 30th ultimo on the Excise administration of the Government of India. You will observe that a Resolution condemning that system in general terms and calling for its immediate reform was carried by a majority of 118 to 103.

2. I desire to call Your Excellency's attention particularly to the speech of Sir John Gorst, Under-Secretary of State for India, which represents my views upon the subject under discussion.

3. The Resolution, you will perceive, does not discriminate between the different systems of Abkari administration prevailing in the several provinces of India, nor between the variation in the carrying out of those systems which circumstances render necessary in different districts of the same province; nor is any alternative policy laid down by the House of Commons in this Resolution for the guidance of the Government of India in the very difficult task of regulating the consumption of intoxicating liquors by the various populations of India. Her Majesty's Government, however, gathered from the Debate which took place, and the speeches by which this Resolution was recommended to the adoption of the House of Commons, that the principles enunciated in my despatches of the 19th April 1888 and the 14th March 1889 met with the entire approval of all parties in the House of Commons. These principles were—

(1) that any extension of the habit of drinking among Indian populations is to be discouraged:
(2) that the tax on spirits should be as high as may be possible without giving rise to illicit methods of making and selling liquor:
(3) that, subject to these considerations, a maximum revenue should be raised from a minimum consumption of intoxicating liquors.

4. I understand that these principles have been frankly assented to by the Government of India and by all the Provincial Governments, and are indeed those to which those Governments have long endeavoured to make their Abkari administration conform.

5. I fully appreciate the opinions expressed by Your Excellency with regard to this matter in the recent discussion of the Budget as reported in the *Gazette of India* of the 30th day of March last, and I have every confidence that Your Excellency, in view of the opinion expressed by the House of Commons and in accordance with your own views, will proceed with as little delay as possible to carry into effect the measures which you already have under consideration

for the more effectual control and discouragement of the liquor traffic according to the various circumstances of the populations under your Government.

6. It was asserted in the debate that, however sound the views and intentions of the Government of India and of the Provincial Governments might be, those intentions were not carried in all cases into practical effect by some of the executive officers of the Abkari Department. As an illustration of this, the passages transcribed in the margin from the Report on the Excise Administration of the North-Western Provinces and Oudh for 1885-86 were cited to show that attempts were sometimes made to force intoxicating liquor upon unwilling consumers contrary to the principles laid down.

Report on the Excise Administration of the North-Western Provinces and Oudh for the year ending September 1886.

Page 7. "In some districts where the number of shops was below the Government standard, attempts were made to increase them, but not with conspicuous success."

Page 13. "*Etawah.*—Efforts are being made to bring the number of shops up to the prescribed standard. Besides the 57 shops now opened, licenses were granted for others, but they were withdrawn when it was found that no liquor was sold at those shops."

"*Etah.*—At the last settlement efforts were again made to induce the abkars to open new shops, but, as last year, to no purpose: no one would bid even a nominal price for them."

"*Muttra.*—Licenses were taken out for 37 shops, but 6 had to be withdrawn."

7. A perusal of the whole of this report would show that such expressions as those quoted in the margin misrepresent the policy of the Local Administration; they are, moreover, peculiarly liable to misconstruction, and, when separated from the rest of the report, appear to be entirely contrary to the policy of Government. I have no doubt that if these passages had been supposed by Your Excellency's Government to bear the meaning that has been placed upon them, they would not have been allowed to pass unnoticed.

8. While, therefore, I am unable to see in the Resolution of the House of Commons any reason for departing from the principles of Abkari administration which I have pressed upon Your Excellency in the despatches above mentioned, Your Excellency may with advantage make use of the Resolution for the purpose of inculcating on the several Provincial Governments increased vigilance in watching the practice of their executive officers in order to secure a conformity in all districts of the Indian Empire to the abkari policy which has been adopted, and, in the case of those provinces in which a reform of the Abkari administration is in progress, for the purpose of expediting the completion without delay of each reform.

No. 209, dated 6th July 1889.

From—The Government of India,
To—The Secretary of State for India.

We have the honour to acknowledge the receipt of Your Lordship's despatch No. 52 (Revenue), dated the 16th May 1889, regarding a Resolution recently adopted by the House of Commons condemning in general terms the Excise administration of the Government of India, and calling for its immediate reform.

2. We forward herewith, for Your Lordship's information, copies of letters* which we have already addressed to the several Local Governments and Administrations on the subject, and we shall send a further reply to Your Lordship's despatch hereafter.

* See enclosures of despatch to the Secretary of State, No. 29, dated 4th February 4th 1890.

No. 67 (Revenue), dated 18th July 1889.

From—The Secretary of State for India,
To—The Government of India.

I have considered in Council Your Excellency's letter (No. 157, dated 25th May 1889), with enclosures, concerning the outstill system of excise in Bengal, and concerning the advisability of introducing some form of local option in granting or continuing licenses for liquor shops. Since your present letter was sent, Your Excellency will have received my despatch, dated the 16th May, forwarding a copy of a report of debate in the House of Commons on the 30th April, and expressing my confidence that your Government would, in accordance with the policy which you have already adopted, proceed, with as little delay as possible, to carry into effect measures for the more effectual control and discouragement of the liquor traffic.

2. In regard to the outstill system in Bengal, I find that in March 1886 it was decided by the Bengal Government, after reviewing the report of the Excise Commission, to re-estab-

lish the central distillery system in all towns and to regulate more effectually the working of the outstill system. I gather, however, that, up to a recent date, the central distillery system had been re-introduced into the Howrah and Hooghly districts only, and that it was still doubtful whether the working and yield of outstills could effectively be regulated. Meanwhile, a Bengal officer, specially versed in excise matters, has reported that in all districts of Bombay the central distillery system can be effectively worked, and that it could be applied equally well to most Bengal districts. I hope that the rate of reform in Bengal will be materially accelerated, and that the ratio of excise revenue raised under the outstill system will be reduced from 61* per cent. to some such ratio as that which obtains in Madras and the North-Western Provinces at any rate, if not to that obtaining in Bombay. I consider that the outstill system should not be allowed to continue, save perhaps in sparsely peopled and comparatively wide tracts outside the populous districts of the Bengal plains.

* See enclosure to Government of India letter No. 55 of 1889.

3. In regard to the adoption of any system of absolute local option in licensing shops, I agree with the view taken by Your Excellency's Government. I consider, however, that the Punjab rule to which your letter refers might be recommended, if not for general adoption, at least to the consideration of all the Provincial Governments, in order that local and municipal opinion, when ascertained or expressed, might be allowed due weight in deciding the number and position of liquor licenses to be issued or continued in any tract or town.

No. 323, dated 15th October 1889.

From—The Government of India,

To—The Secretary of State for India.

We have the honour to acknowledge receipt of Your Lordship's despatch No. 67 (Revenue), dated the 18th July 1889, communicating remarks regarding the outstill system in Bengal, and the advisability of introducing some form of local option in granting licenses for liquor shops.

2. We desire, in the first place, to correct a serious misapprehension as to the extent to which the Bengal Government has already given effect to the recommendations of the Excise Commission. In paragraph 2 of the despatch it is said—

> It was decided by the Bengal Government, after reviewing the report of the Excise Commission, to re-establish the central distillery system in all towns, and to regulate more effectually the working of the outstill system. I gather, however, that up to a recent date the central distillery system had been re-introduced into the Howrah and Hooghly districts only.

In paragraph 105 of the Report of the Excise Commission, it was recommended that the central distillery system should be re-introduced into the twelve towns named in the margin; and it was added—

Patna, Gya, Arrah, Chupra, Bettiah, Mozufferpore, Durbhunga, Monghyr with Jamalpore, Bhagulpore, Moorshedabad with Berhampore, Burdwan, and Dacca.

> The question of establishing central distilleries in several other places was carefully considered by the Commission, but they decided against recommending it.

A reference to the Excise Reports of the Lower Provinces for 1885-86, paragraph 79, and 1886-87, paragraph 83, will show that by 1st April 1887 the central distillery system had been re-introduced in all the places in which the Commission recommended its introduction. It has also been since introduced in Howrah.

We also forward copy of a Resolution, dated the 10th August 1889, recorded by the Government of Bengal on Mr. Buckland's report of his enquiry into the systems of excise in Bombay and Madras. It will be seen from that Resolution that the Lieutenant-Governor has decided to adopt the system of administration which Your Lordship indicates as desirable, and has instructed the Board of Revenue and the Excise Commissioner to endeavour to replace outstills by central distilleries in all places, except where special circumstances, such as those mentioned by Your Lordship, render this inexpedient. We have forwarded a

copy of the despatch under reply to the Government of Bengal, who, it will be observed, have decided to proceed much beyond the recommendations of the Excise Commission in the direction of introducing the central distillery system.

3. With reference to paragraph 3 of the despatch, we have the honour to enclose a copy of our circular No. 3686, dated 18th July 1889, regarding the weight to be attached to local and municipal opinion in deciding the number and position of shops licensed for the sale of liquor.

No. 3686, dated 18th July 1889.

From—E. J. Sinkinson, Esq., Officiating Secretary to the Government of India, Department of Finance and Commerce,

To—All Local Governments and Administrations.

In my letter No. 994, dated the 22nd February 1889, Local Governments and Administrations were asked for reports showing to what extent the wishes of the residents in the neighbourhood are ascertained and considered before a shop for the sale of intoxicating liquors is licensed in any locality. I am now directed to forward copies of the replies received to that letter and of the despatch of the Government of India* with which they were forwarded to Her Majesty's Secretary of State, and to invite special attention to paragraph 23 of the despatch, which explains the object with which the enclosed papers are circulated.

* No. 157, dated the 25th May 1889.

2. It will be observed that, in the opinion of the Government of India, the best method of ensuring that due regard shall be paid to local public opinion in the matter of licensing liquorshops consists in the issue of appropriate instructions to the officers to whom the excise administration of districts is entrusted. The Government of India do not consider that it would be useful at present to issue any general instructions on the subject applicable to all provinces, but desire that the several Governments may give the matter careful attention, and after consideration of the measures in force and the experience gained in other provinces, as described in the enclosures of this letter, take such steps to secure the object in view as may seem suitable. The Government of India are inclined to think that the procedure adopted in Bengal, where distinct instructions have been given to the licensing officers to ascertain and consider local opinion, and directions have been issued that where municipalities exist the Municipal Commissioners should be consulted in determining the location of shops, might be generally followed with advantage. But having regard to the varying conditions of different provinces, it has been thought desirable for the present to leave to Local Governments full discretion to decide what measures are expedient in each case.

Dated 10th August, 1889.

RESOLUTION—By the Government of Bengal, Financial Department.

Read again—

Letter to the Government of India, Department of Finance and Commerce, No. 563T.—F., dated the 5th November 1888, recommending the appointment of an Excise Commissioner in Bengal experimentally for a period of three years.

Mr. C. E. Buckland's report on the results of his enquiry into the systems of excise in Bombay and Madras.

Resolution by the Government of India, Department of Finance and Commerce, No. 189J, dated the 15th April 1889, enclosing a despatch from the Secretary of State, No. 31, dated the 14th March 1889, according sanction to the appointment of an Excise Commissioner in Bengal as proposed.

Read—

A report from the Board of Revenue, dated 5th July 1889, with its enclosure, from the Excise Commissioner, submitting the Board's opinion on Mr. Buckland's suggestions.

Resolution.—The Lieutenant-Governor has already recorded his high appreciation of the ie of Mr. Buckland s report. Copies have been submitted to the Government of India and

the Secretary of State, and it has been widely circulated among officers interested in excis administration. It has been referred to in terms of commendation in the recent debates o Indian excise in Parliament.

2. Effect has already been given to the important recommendation, which underlies th whole of the report, for the appointment of an Excise Commissioner; and Mr. Buckland' other suggestions, which are recapitulated in the Board's letter, must necessarily, in a ver large measure, await the development of the changes in policy which will be inaugurated b that officer. Mr. Westmacott forcibly represents that it will be necessary to allow him tim to organise his new department and acquire precise information before entering upon fresh ex periments. It is true, as the Board observe, that nothing is so likely to lead to failure as th attempt to work new systems with untried and inexperienced officers. The present year i also an unfavourable one for trying experiments owing to distress in many districts. Th Lieutenant-Governor, therefore, concurs in the opinion, which is expressed both by the Excis Commissioner and the Board, as well as the majority of officers consulted, that, while it appear desirable to try the experiment of new systems in these provinces, the attempt should only b made very gradually and after the fullest consideration. But apart from the question of en tirely new systems there are reforms in the existing system which require immediate consider ation. Mr. Westmacott's principal object at present is to raise the duty paid on outstill liquor in the form of license fees to the rate per gallon London-proof paid on distillery liquor in each district. This is the first step, but it is not one that can be accepted as sufficient. It leaves out of sight the important question of the retention or abandonment of outstills. It is the proper procedure to adopt only where outstills have to be retained. But it must be distinctly understood by the Excise Commissioner and by all officers concerned with the administration of excise in Bengal that the policy, which has received the approval of the Secretary of State and of Government, is that the outstill system should be replaced by a central distillery system, whenever circumstances render it expedient, and, speaking generally, the only cicumstances which render the change inexpedient are sparse population, difficulties of supervision, proximity to alien territory, and a liquor which will bear neither transportation nor keeping. It is not intended that outstills should be suppressed in localities where experience has shown that distilleries cannot be advantageously introduced. In such localities it remains only to improve the administration and enforce restrictions, which are, it is hoped, being adopted with benefi- cial effect. But the result of the discussions which have taken place during the past year in regard to excise have satisfied the Lieutenant-Governor that it is impossible to rest content with the improvement of outstill administration only. The future tendency must be, as the Under-Secretary of State lately explained in the House of Commons, to gradually abolish the outstill system in one populous district after another until central distilleries are replaced in all localities suitable for their introduction. This policy has already been given effect to in the metropolitan districts of the 24-Pergunnahs and Howrah, together with the Serampore Sub-division of the Hooghly District, by the inclusion of this tract within the sudder distillery area from the 1st of April last.

3. Mr. Buckland is strongly of opinion that new systems adopted from Bombay or Madras should be tried experimentally in selected districts of Bengal, and the Lieutenant-Governor trusts to Mr. Westmacott to turn his attention as soon as he conveniently can to the possibility of introducing these experiments, in regard to which Mr. Buckland's report will be found to give much useful assistance. The remarks of the Government of India, contained in the 13th paragraph of the despatch to the Secretary of State, No. 55, dated 19th February 1889, on this subject, call for the careful attention of the Excise Commissioner. It is pointed out that the only immediate alternative to the outstill system is the ordinary sudder distillery, which is simply a guarded enclosure containing a number of native stills As the spirit made in the native method is far from being of a high class, and in some districts, especially where mohwa is the material employed, will not bear transport and rapidly deteriorates, it becomes necesary to maintain a large number of distilleries in places where the sudder distillery system is in force. On the other hand, the introduction of European apparatus and methods in Madras and Bombay has resulted in the production of country spirit of a class which will endure transport over long distances, and which does not deteriorate when kept. The despatch of the Government of India continues :—

> Moreover, the preventive establishments in those provinces are efficient, and it has consequently been found possible to concentrate the manufacture with the result that the number of central distilleries is in striking contrast with the number in Northern India. Thus in Bengal the number of central distilleries in 1869 was 257, and in 1878, the year preceding the revival of the outstill system, 211; in the Punjab there are at present 65, while in Madras in 1887-88 two-thirds of the whole province was supplied from only 19. The difficulties attending the establishment of an effective preventive agency are perhaps not likely to be as successfully overcome in Bengal as they appear to have been in the two Southern Presidencies. But it should certainly be kept in view that the only satisfactory solution of the difficulties attending the central distillery system, if the decision to suppress outstills is taken, seems to lie in the adoption of either the Madras or Bombay method, and in the introduction of a radical change into the customary processes of local manufacture. The Bengal Excise Commission, however, advised in 1884 against the adoption of European methods of production in Bengal, and their views receive some confirmation from the fact that one of the two distilleries established on this footing has been closed, and that the trade is languishing. But looking to the satisfactory results achieved elsewhere, it seems to us that the question is deserving of further consideration, which it will doubtless receive at the hands of the Bengal Government in connection with the report submitted by Mr. Buckland on the Bombay and Madras systems.

Having regard to these observations, the Lieutenant-Governor thinks that Mr. Westmacott should study this aspect of the case with a view to submitting

ernment on this subject. It is understood to be the case that the whole of Ganjam is now supplied with liquor from the central distillery at Aska, and it is possible that Mr. Minchin may be willing to submit proposals for supplying the neighbouring province of Orissa in a similar manner. Whether any such proposals could be accepted by this Government is a matter which can only be considered after full enquiry, but the point is one on which the Excise Commissioner might place himself in communication with Mr. Minchin and the local officers. Possibly, for the reasons quoted by the Board from Mr. Boxwell's report, the districts of Durbhunga and Mozufferpore might prove a good field for a similar experiment in Behar, and the Excise Commissioner might, with advantage, confer with the large European and Native firms in Calcutta, such as Messrs. Ahmuty & Co. and Messrs. Lyall, Marshall & Co. who are Agents of the Shajehanpore Rum Manufactory, with a view of ascertaining the terms and conditions under which it might be possible to introduce the systems of Southern India experimentally into these provinces. The Lieutenant-Governor is informed that the consumption of Shajehanpore rum in Calcutta has considerably increased since the date of the despatch of the Government of India already quoted. There are large Native firms in Calcutta who may be able to give much useful information on the question. Generally speaking, it appears to the Lieutenant-Governor that schemes in the direction indicated should be considered, as soon as Mr. Westmacott feels himself sufficiently relieved from the initial pressure of a new office to turn his attention to this.

4. The suggestion made in paragraph 68 of Mr. Buckland's report, that there should be one licensee for a number of shops who should distil at one central place and supply the other shops, has, it appears, been favourably reported on by several officers, and, in the Lieutenant-Governor's opinion, there is much to commend it. It may apparently be made to approximate to the system which prevails over the greater part of Madras, known as the free-supply system. The Lieutenant-Governor understands that Mr. Westmacott has already been successful in some instances in amalgamating several shops under one license on terms favourable to Government, and the establishment of one central still within this local circle would appear to follow from this as an easy transition. It is well pointed out by the Collector of Bhagulpore that this system "would perhaps be a useful buffer to put in what is now called an inner circle, between the outstills, which must, I think, continue to serve jungly tracts and a sudder distillery area." The Lieutenant-Governor would be glad if the Excise Commissioner would give his special attention to this suggestion and bring it into force experimentally in those districts where the local officers are willing to try it.

5. Mr. Buckland's conclusion that excise establishments must be strengthened has been fully accepted by Government, and large increases have already been sanctioned during the current year. The permission of the Secretary of State has recently been obtained to the appointment of several additional Excise Deputy Collectors. Mr. Westmacott urges, and the Board concur in his opinion, that the old abkari-darogahs and men of that class should be entirely removed from the department. This is a matter upon which a separate report should be submitted, and the Lieutenant-Governor can only say at present that, while he believes generally that the suggestion is a good one, he will only be able to give effect to it with due regard, on the one hand, to the just claims of individuals, and, on the other, to financial considerations.

6. Mr. Buckland's remark that the rate of still-head duty should be constantly raised is undoubtedly a correct proposition; but it is pointed out with equal truth that, so long as the outstill system prevails in the province, it will not be desirable to raise the rate until the outstill duty has been first raised to the level of the present distillery duty. The raising of the still-head duty should always be borne in mind as an ultimate aim, but not the most pressing reform at present.

7. The Lieutenant-Governor observes that both the Board and Mr. Westmacott entirely agree with Mr. Buckland's conclusion that the Bengal system of raising revenue from *tari* should be re-examined with special reference to the light which has been thrown on the subject by the report on the Bombay and Madras systems. Important suggestions have been made on this subject by Mr. Oldham, the Collector of Burdwan. The Lieutenant-Governor has no doubt that Mr. Westmacott will keep it under his consideration. It is not of the first importance in order of time.

8. Mr. Buckland has expressed an opinion that the number of shops may properly be increased to some extent. Upon this point the Lieutenant-Governor is not prepared to deny that if the central distillery system were universally established, or if liquor were, as a rule, distilled only at a few central sites, it might be advisable to increase the number of places of vend. The number of shops for the sale of country spirits in Madras during 1887-88 was 21,730 against 2,647 in Bombay and 4,280 in Bengal. In spite of these figures, Madras has been pointed to as the best-administered excise province in India. But so long as the outstill system remains in orce over the greater portion of these provinces, the proposal is not to be thought of. The Board sufficiently express the views of Government when they observe that, whatever may be argued as to the advisability of largely reducing the number of outstill shops, no increase in their number can be contemplated, as the result of such a step would be to counteract the efforts now being made to raise the price of outstill liquor.

9. The Lieutenant-Governor does not think that there is any necessity in Bengal at present [illegible] prices of liquor. The avowed object of Government is to

discourage consumption by keeping up prices, stopping only short of rates which would encourage illicit practices. Under other circumstances, however, when there is a monopoly over a large tract such as prevails in portions of Madras, and would prevail in these provinces if the Madras system in this respect were introduced, it is easy to see that maximum prices might be necessary to protect consumers, who would otherwise be driven to illicit distillation. In regard to minimum prices, there is the widest difference of opinion. Mr. Buckland considers any such provision quite inoperative. The Board and Excise Commissioner, on the other hand, are of opinion that the fixing of minimum prices is necessary wherever there are outstills, and believe that it is efficacious in preventing outstill-holders from flooding the country with cheap liquor, as they could do if no minimum prices were fixed. The experiment of fixing minimum prices in Bengal is still under trial and no further orders on the subject appear called for at present.

10. It seems unnecessary for the Lieutenant-Governor to follow the Board and Excise Commissioner in their comments on the remaining conclusions arrived at by Mr. Buckland in his report. The views expressed by the Board and Mr. Westmacott are substantially in accord with Mr. Buckland's conclusions and with the opinions which have already been placed on record by Government on other occasions. The principles enumerated are indentical with those which have been recently re-affirmed by the Secretary of State in his despatch No. 52, dated 16th May 1889, as the principles on which the excise administration in India should be based, as follows :—

(1) that any extension of the habit of drinking among Indian populations is to be discouraged;

(2) that the tax on spirits should be as high as may be possible without giving rise to illicit methods of making and selling liquor;

(3) that, subject to these considerations, a maximum revenue should be raised from a minimum consumption of intoxicating liquors.

Towards the enforcement of these principles the report of Mr. Buckland will always be accepted as a valuable contribution; by the information it conveys it will be established as a work of permanent reference; and by the modification and improvement of the existing excise systems which it suggests, it will materially aid in the more effectual control and discouragement of the liquor traffic in these provinces.

No. 340, dated 22nd October 1889.

From—The Government of India,

To—The Secretary of State for India.

In paragraph 18 of our despatch No. 55, dated the 19th February 1889, we alluded to the experimental introduction into the Thana and Kolaba districts of the Bombay Presidency of an excise system which dispensed with the guarantee of a minimum revenue—a condition usually attached to the grant of monopolies in Bombay.

2. We now forward a copy of the papers noted in the accompanying schedule containing the report of the Government of Bombay on the results of this experiment and our comments thereon. These papers illustrate the difficulty of raising the excise duties on country spirit in India to rates approximating to the tariff rate leviable on imported foreign spirit.

Schedule Papers.

1. From the Government of Bombay, No. 5213, dated the 20th July 1889, and enclosures.

2. To the Government of Bombay, No. 5151, dated the 7th Octoebr 1889.

No. 5213, dated 20th July, 1889.

From—J. DeC. Atkins, Esq., Acting Under-Secretary to the Government of Bombay, Revenue Department,

To—The Secretary to the Government of India, Department of Finance and Commerce.

In compliance with the request contained in paragraph 2 of Mr. Deputy Secretary Finlay's letter No. 2766, dated 4th ultimo, I am directed to forward, for the information of the Government of India, the accompanying copy of the report, No. 2405, dated 9th May last, received from the Commissioner of Customs, Salt, Opium, and Abkari, on the

working of the new abkari system introduced experimentally in the Thana and Kolaba districts, together with copies of the Resolutions noted in the margin* passed by this Government, and of a memorandum, No. $\frac{5022}{89}$ (Confidential),† dated 15th July 1889, showing the instructions issued on the subject to the Collectors of those districts and the Commissioner of Customs, Salt, Opium, and Abkari.

* No. 4032, dated 3rd June 1889.
No. 4866, dated 8th July 1889.

† Two copies sent separately.

No. 2405, dated 9th May, 1889.

From—A. C. Trevor, Esq., Acting Commissioner of Customs, Salt, Opium, and Abkari, Bombay,

To—The Chief Secretary to the Government of Bombay, Revenue Department.

As promised in paragraph 32 of this office No. 7697 of the 29th December last, I have the honour to submit the following special report on the working of the new abkari arrangements in Thana and Kolaba brought down to the latest dates for which information is available.

General Administration Report of the Abkari Department for 1887-88.

I.—Introductory.

2. The arrangements in question date generally from 1st January 1888, and affect the management both of the raw toddy supply and of the country spirit farms. So far as the latter are concerned, they underwent important modifications from 1st August 1888.

3. The changes made in January 1888 are described in paragraphs 16, 20, 24, 32, and 34 of the Abkari Administration Report, but it will be convenient to summarise here for ready reference the history of the discussion and purport of the orders under which they were carried out, and the circumstances under which they were eventually reduced to their present form.

4. Under former arrangements, no still-head duty was levied in Thana and Colaba on toddy spirit; and, in order to establish some degree of equilibrium between toddy spirit and mowra spirit, the tree-tax had been raised to a rate which in some places was found to bear too heavily on the classes interested in the production and consumption of raw toddy. Even so, the incidence of excise taxation on toddy spirit was unduly light as compared with that on mowra spirit. Complaints had also been received that where the farmers had the monopoly of raw toddy as well as of spirit, the demand for toddy was starved in order to foster the demand for spirit.

5. By Government Resolution No. 3898, dated 28th June 1887, it was directed that—

(*a*) all rates on trees above ₹10 should be reduced to that rate:

(*b*) the duty on toddy spirit should be equalised with that on mowra spirit, *viz.*, ₹2 for spirit of 25° under-proof and ₹1 for spirit of 60° under-proof, the drawback being maintained at ₹1:

(*c*) the public toddy distillery system should be introduced in such of the coast talukas, and distilleries should be established at such places as the Commissioner may decide on:

(*d*) the farmers' license should be one for exclusive sale, but not for exclusive manufacture; and farmers in these districts should be allowed to distil toddy, but only in the public distilleries assigned to their talukas:

(*e*) the farms should be sold for three years, and tenders might be accepted for single talukas, for groups of talukas, or for the whole district. The conditions of sale should include a maximum price of ₹3-8-0 for mowra and ₹3-14-0 for toddy spirit, and the Commissioner might empower the Collectors to check the production of spirit during the last four months of the farm:

(*f*) the spirit farmers should be debarred from holding licenses for the sale of raw toddy.

6. By a subsequent Resolution, No. 6127 of the 10th September 1887, passed on a memorandum by Mr. Moore describing the minimum guaranteed revenue system with reference to the charge that it tends to stimulate consumption, Government decided that a new system should be tried experimentally in the Thana and Kolaba districts on the principle that a maximum profit should be obtained out of actual sale, *whatever that may be*, granting the farm to the bidder who is prepared to pay the highest percentage on every gallon sold, in addition to the still-head duty, which would be the upset price.

7. Mr. Moore, in his No. 5249 of the 19th idem, pointed out that the proposed system would offer no inducement to the farmer to manage his farm efficiently and honestly, and inflict no penalty on inefficiency and dishonesty. To meet this objection, he suggested that—

1st.—The nominal value of each farm should be fixed by the Department beforehand on the basis of the average consumption of liquor in past years.

2nd.—The value of the farm so fixed should form the basis on which the amount *to be recovered* or *remitted* on account of the percentage surcharge, which the farmer has agreed to pay in addition to the sanctioned duty, should be determined in accordance with the following stipulations, *viz.*:

(*a*) The farmer shall pay duty at the sanctioned rate only on every gallon of liquor issued for sale; but if the aggregate payment so made falls short of the nominal value of the farm, he shall also pay the stipulated percentage, or so much of it as may be required to make up the nominal value of the farm.

(*b*) If the aggregate of the duty and percentage payments falls short of the nominal value of the farm, and the Collector is of opinion that the deficiency has been due to negligent or inefficient management of the farm by the farmer, the Collector may impose on the farmer and recover from him a penalty of such amount as the Collector may direct, not exceeding one-half of the difference between the payments made or due by the farmer, and the nominal value of the farm.

(*c*) If the aggregate payment made on account of duty at the sanctioned rate exceeds the nominal value of the farm, the farmer shall also pay the stipulated percentage on the amount of the excess.

8. Government, in their further Resolution No. 6801 of the 6th October 1887, declined to adopt this suggestion, and called for further report on certain points connected with the fresh toddy arrangements. This report was submitted under No. 6000 of the 29th October 1887, and Government thereon passed a Resolution, No. 7997 of the 22nd November—

(1) intimating that previous orders were not intended to affect the special low still-head duty rates in Umbargaon, and that the drawback rate of ₨1 was to apply in the case of the toddy spirit in Umbargaon, where the still-head duty was ₨1-8-0, as well as elsewhere;

(2) sanctioning the Commissioner's proposals for the establishment of public toddy distilleries for the Mahim and Dahanu talukas and the Umbargaon Petha in Thana and the Panvel and Alibag talukas in Kolaba, and as to the number of spirit shops to be mantained, and the continuance of the practice of selling toddy and mowra spirit in the same shop, and the sale of the spirit farms to nineteen months instead of three years as previously ordered;

(3) and directing that, as regards raw toddy,—

(*a*) the system of fixing a maximum selling price shall be abolished, provided, however, that Government retains to itself the right of reintroducing it at once, if found necessary, for the protection of consumers:

(*b*) shop licenses for the sale of raw toddy may be issued at a fixed rate of ₨10, but where there are several applicants, all or several of whom are equally eligible, the licenses should be sold by auction:

(*c*) tree-foot licenses for sale may be given at the same fixed rate for any number of trees not less than ten:

(*d*) the rules and regulations made for shop licenses are to apply to tree-foot booths, and all surplus toddy will have to be sold to licensed shopkeepers or distillers only:

(*e*) the number of tree-foot booths shall be limited at the discretion of the Collector, or increased subject to the orders of the Commissioner:

(*f*) for domestic consumption licenses may be granted for tapping up to five cocoanut or brab trees, and ten date trees, but with the stipulation that all surplus toddy shall be sold to licensed shopkeepers or distillers only.

9. The licenses for the sale and extraction of toddy under the old arrangements had been sold from the 1st August 1887 for five months only in view of impending changes, and on receipt of the orders last quoted were given under the new terms for the seven months from 1st January to 31st July, remaining out of the revenue year. From the 1st August last fresh licenses on the same terms have been issued for the year now current.

10. When the spirit farms were sold from the 1st January 1888, it was found that the terms obtainable for seven months were as good as for nineteen; and as the new arrangements were experimental, Mr. Moore decided, as stated in his telegram of the 3rd January 1888, to the address of the Private Secretary, to give them for the shorter period only. The percentages accepted were as under:—

Thana District.

Salsette	46¼
Bassein	35
Mahim	31¼
Dahanu	31
Umbargaon Petha	31
The six inland talukas	29
Jawhar State	3

Kolaba District.

Panvel	42¼
Alibag Bagait	25
" Kharapat and rest of the district	24

11. Immediately after the farms were sold, an article appeared in the *Bombay Gazette* pointing out that the percentages above noted were in some cases more than the farmers could honestly afford to pay. A report on the subject was submitted under this office No. 693 of the 31st January 1888, in which it was shown that, so far as the sales then concluded were concerned, this was not the case. Attention, however, having thus been drawn to the question of the cost of spirit and the amount of additional charge it could bear without absorbing the whole margin of profit provided by the maximum selling prices

referred to above, paragraph 5 (*f*), enquiries were made which, as will be seen presently, bore fruit when the farms were re-sold.

12. In watching the working of the new system, another point also attracted attention, *viz.*, that in consequence of the fact that the percentage was chargeable on the still-head duty realisations, and that the still-head duty on toddy spirit after allowing for drawback was only half the rate realised on mowra spirit, the farmers had to pay only half as much by way of percentage on toddy as on mowra spirit. The result was that the sale of toddy spirit was being pushed in preference to mowra spirit, and the revenue suffered by the loss of the difference in percentage. Mr. Moore, in a demi-official, dated the 20th *May*, brought this point among others to notice, and Government thereon directed that in re-selling the farms the basis of competition should be a rate of so much per gallon instead of so much per cent.; that the period for which they were to be re-sold should be limited to one year; and that tenderers were to be allowed to tender at separate rates per gallon for toddy and mowra spirit.

Government Resolution, Revenue Department, No. $\frac{3646}{64\text{ (Confidencial)}}$ of 4th June 1888.

13. Tenders were invited accordingly in June last, when it was found that some of the rates offered were so high, when considered by the light of the enquiries referred to above, paragraph 11, as to raise a doubt whether, if they were accepted, the farms could possibly be managed honestly. The matter was represented personally by Mr. Moore to His Excellency the Governor, with the result that the stipulation as to sale within a fixed maximum price was placed in abeyance, the right of re-imposing a maximum, if necessary, being reserved.

14. Another difficulty arose in attempting to give effect to the orders of Government that tenderers should be allowed to offer different rates for toddy spirit and mowra spirit. It was found that so long as both descriptions of spirits were included in the same farm, and the farmers held the power of pressing or restricting the sale of one or the other at their pleasure, it was practically impossible to decide which of any two tenders offering different rates was the most advantageous to Government. The result would obviously depend on the relative proportion of each kind of spirit sold, only one thing being certain, *viz.*, that whichever tender was accepted, the proportion of that kind of spirit which yielded the best return to the farmer, and probably therefore the worst to Government, would be as high as it could be made. There was no time for an official reference, and under the circumstances Mr. Moore, with the approval of the Honourable Mr. Richey, informed the tenderers that they should specify a single rate per gallon of 25° under-proof, which would apply to mowra and toddy spirit alike, spirit of 60° under-proof being taken at half the same rate. The rates finally accepted were as under:—

Vide this office No. 4785 of the 11th July 1888.

Thana District.

	R	a.	p.
Salsette	1	10	3
Bassein	1	8	0
Mahim	1	4	0
Dahanu	0	15	0
Umbargaon Petha	0	15	0
Inland talukas	1	9	0
Jawhar State	0	1	1
Average	1	2	0

Kolaba District.

	R	a.	p.
Panvel	1	7	6
Alibag Bagait	1	5	0
Rest of the district	1	4	3
Average	1	5	7

15. This brings us to the footing on which matters at present stand, and I now proceed to deal with the results of the various changes described, first in their financial aspect, and then in regard to—

(1) the modifications made in the arrangements for the production and sale of fresh toddy:

(2) the extension of the public toddy distillery system and the imposition of a still-head duty on toddy:

(3) the supersession of the minimum guarantee, first by the percentage and then by the fixed-license fee system, and the abolition of the maximum selling price from the 1st August last.

II.—Financial.

16. The financial results up to the end of 1887-88, which included seven months under the new arrangements in their first stage of development, have already been described in paragraphs 83 to 92 of the Administration Report for that year. In the following table they are brought down to the end of March last, so as to include eight months of the current year during which the further changes in the conditions of the spirit farms made from 1st August last were in force. An estimate for the remaining four months is added, and the results thus arrived at are compared with the corresponding figures for 1885-86, 1886-87, and 1887-88.

17. The figures of receipts from raw toddy and country spirit respectively have been arrived at in the manner described in paragraph 84 of the Administration Report, which for facility of reference is reproduced below:—

"The figures under items 2 and 6—Tree-tax on toddy for distillation, and on raw toddy—are obtained in the case of Thana by deducting from the total tree-tax realisations the amount allowed

to count towards the minimum revenue guaranteed by the spirit farmers under the arrangements described in paragraph 16 of the report, so long as they were in force—that is, up to 31st December 1887,—and for the second portion of the year 1887-88 by deducting from the total tree-tax realisations the drawback on account of tree-tax already paid which is allowed in assessing the still-head duty on toddy spirit. In Kolaba, where the raw toddy monopoly was included in the spirit farms, the division has been made up to 31st December 1887 by dividing the tree-tax paid by the farmers in the proportion borne by the quantity of toddy admitted into the distilleries to the quantity placed on sale at their shops according to the farm accounts, and for the remaining period in the manner already described for Thana."

18. The estimate for the remaining four months of 1889 is based in the case of still-head duty and still license fees on the average of the preceding eight months. In the case of the fees for shop and tree-foot booth licenses, which are taken out for the whole year and paid for at once, generally in the earlier part of the year, it has been assumed that little more remains to be collected. In the case of tree-tax—as cocoanut, brab, and berlimad trees are usually tapped early in the year—credit is taken in the estimate, so far as those trees are considered, only for the instalments unpaid up to the end of March. For date trees, which are tapped in considerable numbers in the latter part of the revenue year, the estimate includes unpaid instalments on trees already taken up, and full rates on a number of trees corresponding to the number taken up in the last four months of 1887-88. It will be understood, however, that the estimate is liable to be deranged by fluctuations, which it is impossible to foresee, and that the comparison with 1887-88 and previous years is affected by many disturbing elements which add greatly to the difficulty of pronouncing positively as yet how far the results are to be regarded as favourable or otherwise:—

Items.	1885-86.	1886-87.	1887-88.			1888-89.				
			From August to December 1887 (under old system).	From January to July 1888 (under new system).	Total.	Actuals for five months from August to December 1888.	Actuals for three months from January to March 1889.	Total.	Estimate for four months from April to July 1889.	Total.
THANA.	R	R	R	R	R	R	R	R	R	R
Spirit revenue.										
1. Still-head duty on—										
Mowra spirit	4,62,981	5,28,827	2,11,427	2,18,521	4,29,948	1,02,931	83,186	1,86,117	80,000	2,66,117
Toddy spirit	...	...	...	22,752	22,752	3,505	1,047	4,552	3,000	7,552
2. Tree-tax on toddy for distillation	2,02,098	1,06,506	25,675	24,004	49,679	3,505	2,887	6,392	3,000	9,392
3. Deficiency in guaranteed revenue made good by farmers	10,163	57,553	2,549	...	2,549	...	...	...	...	...
4. Percentage on still-head duty paid from January to July 1888, and license fee per gallon since August 1888	...	...	...	88,095	88,095	79,496	60,728	1,40,224	70,000	2,10,224
5. Fees for distillation of toddy	...	1,654	751	1,304	2,055	1,384	1	1,385	...	1,385
Total Spirit revenue	6,75,192	6,94,540	2,40,402	3,54,676	5,95,078	1,90,921	1,47,849	3,38,670	1,56,000	4,94,670
Toddy revenue.										
6. Tree-tax on raw toddy	1,04,838	1,07,343	27,886	77,749	1,05,637	1,13,681	26,238	1,39,919	35,000	1,74,919
7. Rent of trees in Government land	...	22	...	...	...	...	...	...	...	...
8. Toddy shop license fees	7,650	9,250	2,600	7,911	10,511	26,552	721	27,273	...	27,273
Total Toddy revenue	1,12,488	1,16,615	30,486	85,660	1,16,148	1,40,233	26,959	1,67,192	35,000	2,02,192
Total Country liquor revenue	7,87,680	8,11,155	2,70,990	4,40,336	7,11,226	3,31,054	1,74,808	5,05,862	1,91,000	6,96,862
KOLABA.										
Spirit revenue.										
1. Still-head duty on—										
Mowra spirit	2,55,207	2,27,145	83,623	1,64,580	2,48,203	61,937	45,262	1,07,199	53,000	1,60,199
Toddy spirit	...	...	...	1,554	1,554	941	742	1,683	1,000	2,683
2. Tree-tax on toddy for distillation	23,009	34,409	2,680	1,105	3,785	940	743	1,683	1,000	2,683
3. Deficiency in guaranteed revenue made good by farmers	...	50,969	75	...	75	...	...	...	...	...
4. Percentage on still-head duty paid from January to July 1888 and license fee per gallon since August 1888	...	...	...	51,404	51,404	32,854	41,627	74,481	37,000	1,11,481
5. Fees for distillation of toddy	...	...	...	100	100	100	160	260	...	260
Total Spirit revenue	2,78,216	3,12,523	86,378	2,18,743	3,05,121	96,772	88,534	1,85,306	92,000	2,77,306
Toddy revenue.										
6. Tree-tax on raw toddy	27,021	20,691	3,340	11,481	14,824	30,855	1,282	32,137	14,000	46,137
7. Rent of trees in Government land	...	...	...	...	...	...	...	...	...	...
8. Toddy shop license fees	620	400	16	669	685	3,683	116	3,748	...	3,748
Total Toddy revenue	27,641	21,091	3,356	12,153	15,509	34,488	1,397	35,885	14,000	49,885
Total Country liquor revenue	3,05,857	3,33,614	89,734	2,30,896	3,20,630	1,31,260	89,931	2,21,191	1,06,000	3,27,191

19. From the table it will be seen that in Thana the spirit revenue, which amounted under the old system to 6¾ lakhs in 1885-86 and 6 lakhs 94 thousand in 1886-87, and had fallen to about 5 lakhs 95 thousand in 1887-88, has undergone a further serious decline since August last, the actual demand for the eight months ending 31st March last being 3 lakhs 38 thousand, and the anticipated receipts for the whole year 4 lakhs 94 thousand only, or about one lakh less than last year and two lakhs less than 1886-87. The still-head duty receipts on mowra and toddy together are expected to come to little more than half those on mowra spirit alone in 1886-87. As was to be expected under the circumstances noticed above, paragraph 12, the decline in the receipts from toddy spirit under the new contracts given on the rate-per-gallon system from August last is very marked, the total receipts for the year being only about one-third of those for the five months of 1887-88 during which the first contracts under the percentage system were in force. The receipts from the special rate per gallon on mowra and toddy spirit together are to the still-head duty, roughly speaking, as 7 to 9.

20. In toddy revenue, on the other hand, there promises to be a considerable increase, the actuals for the eight months commencing 1st August last being 1 lakh 60 thousand against 1 lakh 16 thousand for the whole year 1887-88, and about the same in 1886-87. The tree-tax receipts, in spite of reduced rates in several of the most important talukas, promise to be more than half as much again as in 1886-87, and the shop and booth license fees have nearly trebled.

21. The gain in toddy revenue is, however, very far from sufficient to make good the loss in spirit revenue. If the estimate is correct, the total receipts for the year now current are likely to fall short of those for 1887-88 by about 15 thousand, and of those for 1886-87 by about a lakh and 15 thousand rupees.

22. In Kolaba the results are more favourable. The spirit revenue according to the estimate will be nearly equal to that realised in 1885-86, though it is considerably less than in 1886-87 and 1887-88, and the toddy revenue has more than doubled as compared with 1885-86. The total estimated receipts for the year come to 3 lakhs 27 thousand against 3 lakhs 20 thousand in 1887-88 and 3 lakhs 33 thousand in 1886-87, when, as was noticed in paragraph 89 of the Administration Report, the sum bid for the principal spirit farm, that of Panvel, was extravagantly high.

23. It is noteworthy that the still-head duty receipts from toddy spirit have not in Kolaba been reduced by the change in system from the 1st August last, noticed above, paragraph 12. This result, however, is probably due to the fact that, owing to the delay in establishing distilleries, they were lower in 1887-88 than they would otherwise have been, and that within the last two or three months a considerable quantity of toddy spirit has been made at the Revdanda distillery in Alibag for the Bombay market. The results are no doubt affected also, both here and in Thana, by the suspension of the maximum selling-price from August last, which enabled the farmers to charge remunerative prices for toddy spirit, and the extent to which the consumers of that description of spirit were willing and able to pay the higher price for the sake of indulging their preference.

III.—RAW TODDY ARRANGEMENTS.

24. With regard to the arrangements for the supply and sale of fresh toddy, it may be said generally that, except in the Bassein taluka, and to some extent also in Salsette, where illicit toddy distillation is reported to be rife, the raw toddy being obtained from the tree-foot booth licensees, no complaints have been received as to their working. Their financial results, as we have already seen, are satisfactory. Of the extent to which they have operated to fulfil their intended object of increasing the facilities for obtaining fresh toddy, and meeting the complaint that the licensees were unable in some places to sell it pure and undiluted except at a loss, some judgment may be formed from the following comparison of the number of licenses given, trees tapped, and probable quantities of toddy placed on sale and used fresh during the past seven months of the current year as compared with 1886-87, the last year under the old system. The figures of 1887-88 are useless for comparison in consequence of the disturbance caused by the change of system and the opportunities for exchange of trees which occurred in January 1888.

25. First, as to licenses. I give below the number of each kind granted in 1886-87 and 1888-89, also of those granted under the old and new arrangements respectively in 1887-88, which are interesting as showing how the changes were at first received. In considering the figures, it must be remembered that up to December 1887 the right of sale of toddy was included in Panvel and Alibag Bagait in the country spirit farm, and that elsewhere there was no distinction between the domestic consumption and the tree-

foot licenses. The holder of a tree-foot license could not tap more than ten trees and paid of fee, but had the right of sale.

District and Taluka.	1886-87.			1887-88.										1888-89.					
				August to December, old system.			January to July, new system.							(7 months, August to February.)					
	Licenses issued.			Licenses issued.			Licenses issued.			Fees realised.				Licenses issued.			Fees charged.		
	Tree-foot and domestic consumption.	Shops.	Shop fees realised.	Tree-foot and domestic consumption.	Shops.	Shop fees realised.	Domestic consumption.	Tree-foot.	Shops.	Tree-foot fees.	Shop-fees.	Total.	Total fees for year.	Domestic consumption.	Tree-foot.	Shops.	Tree-foot fees.	Shop fees.	Total.
Thana.			R			R				R	R	R	R				R	R	R
Umbargaon	15	136	2,760	2	93	612	13	105	45	630	318	948	1,560	3	75	15	750	565	1,31[illegible]
Dahanu	11	96	2,100	4	69	632	10	33	10	198	430	628	1,200	17	24	29	240	881	1,12[illegible]
Mahim	18	93	1,940	93	111	912	196	49	86	294	2,290	2,584	3,496	235	45	88	450	11,260	11,71[illegible]
Bassein	21	53	1,060	61	30	240	2	134	30	804	637	1,441	1,681	35	168	30	1,680	6,482	8,16[illegible]
Salsette	174	49	1,060	151	20	160	93	221	7	1,326	255	1,581	1,741	92	299	10	3,000	217	3,21[illegible]
Kalyan	127	1	20	...	...	...	31	45	...	270	...	270	270	4	57	...	570	...	57[illegible]
Bhiwandi	76	3	100	11	1	8	87	22	6	162	36	168	176	26	13	4	130	83	21
Wada	16	1	10	...	...	...	15	14	...	84	...	84	84	...	3	...	30	...	8[illegible]
Shahapur	5	5	80	4	4	28	6	14	3	84	18	102	130	1	9	3	90	53	14[illegible]
Murbad	4	...	...	...	...	...	...	1	...	6	...	6	6	...	1	3	10	30	40
Karjat	3	6	120	2	1	8	...	9	1	54	9	63	71	...	14	17	140	229	369
Jawhar	...	...	...	...	...	...	7	5	1	30	6	36	36	...	6	4	62	40	102
Total	470	443	9,250	324	329	2,600	459	652	189	3,912	3,999	7,911	10,511	413	714	203	7,152	19, 40	26,992
Kolaba.																			
Panvel	...	...	...	...	...	...	4	...	14	...	88	88	88	...	82	16	820	897	1,717
Alibag Bagait	...	...	...	...	...	...	...	...	7	...	158	158	158	...	79	26	796	333	1,129
" Kharapat	1	5	100	...	...	...	...	4	...	24	...	24	24	...	...	2	...	20	20
Pen	22	6	200	7	...	...	4	...	14	...	94	94	94	1	...	5	...	190	190
Roha	32	...	...	24	...	...	2	22	...	155	...	155	155	...	41	1	410	10	420
Mangaon	20	...	...	...	...	...	3	3	...	36	...	36	36	4	7	...	70	...	70
Mahad	4	...	...	3	...	...	2	2	...	12	...	12	12	3	...	1	...	10	10
Sudhagad	21	5	100	11	2	16	...	...	17	...	102	102	118	1	...	6	...	140	140
Total	100	16	400	44	2	16	15	31	52	237	442	669	685	9	209	57	2,096	1,600	3,696

26. The first effect of the introduction of the new rates in January 1888 into the Thana district was a run, except in Umbargaon and Dahanu, on the new domestic consumption and tree-foot booth licenses, more especially the former, the result being that during the second portion of 1887-88 there were nearly as many domestic consumption licenses alone as there had been old tree-foot licenses in 1886-87, and 652 tree-foot licenses of the new kind besides, while the number of shop licenses fell from 443 to 189.

27. During the current year most of the domestic consumption, and, except in the case of Kalyan, Karjat, and Jawhar, nearly all the tree-foot booth licenses have been given up in the inland taluks, while in Mahim, Bassein, and Salsette there has been a further increase, most marked in Mahim, in the number of domestic consumption, and in Bassein and Salsette of the tree-foot booth licenses. Over the whole district the number of shops has risen to 203 and of tree-foot booths to 715, while the domestic consumption licenses have fallen to 413 as compared with the period from January to July 1888. The increase here noted in the number of shops occurs chiefly in Dahanu and the inland talukas.

28. As compared with 1886-87, Dahanu, Umbargaon, and the inland talukas appear to be worse off than before in regard to facilities for obtaining fresh toddy. The increase in the total number of licenses as shown in the margin is more than absorbed in the three talukas of Mahim, Bassein, and Salsette. In two of these talukas, Bassein and Salsette, the increase in the number of licenses taken out is no doubt connected with the decrease in the rates of tree-tax, and there is unfortunately reason to believe, as noticed above, that the people have taken advantage of the facilities thus afforded to defraud the spirit revenue. There may, of course, be a few more licenses issued during the remaining four months of the year, particularly in Umbargaon, where date trees are plentiful; but it is hardly likely that they will be in such numbers as to affect materially the general result above indicated.

	1886-87	1888-89.
Domestic	470	413
Tree-foot		715
Shop	443	203
Total	913	1,331
Increase		418

29. In Kolaba tree-foot licenses have been freely taken out since August 1888 in Panvel and Alibag Bagait, and a considerable number of shops have also been opened. These, it will be remembered, are the two localities in which the tree-tax has been reduced in that district and in which under the old arrangements the sale of toddy was included in the spirit monopoly so that there are no figures for 1886-87 with which to make a comparison. Everywhere else except in Roha, the number of shops, tree-foot booths, and domestic consumption licenses together taken out for 1888-89 is smaller than the number of tree-foot booth and shop licenses together under the old arrangements, the decrease being most marked in Pen, where there are 1 tree-foot and 5 shop licenses against 22 tree-foot and 6 shop licenses in 188-687, and the

hagad Mahal, where the number has sunk from 26 to 7. The new domestic consumption ıses seem to have found little favour as compared with the old tree-foot and domestic sumption license combined for which no fee was charged, and except that there is no ıplaint of illicit toddy distillation in Kolaba, the general result is similar in character hat above noticed in Thana.

30. Turning to a comparison of the number of trees tapped, the following table shows number of each kind tapped altogether, for supply of toddy for distillation, as well as for sh toddy, in the years 1886-87 and 1887-88 and the first seven months of 1888-89 :—

Districts and Talukas.	1886-87.				1887-88.									1888-89.			
					First five months.			Next seven months.			Total.			(7 months.)			
	Cocoanut.	Brab.	Date and wild palm.	Tree-tax receipts.	Cocoanut.	Brab.	Date and wild palm.	Cocoanut.	Brab.	Date and wild palm.	Cocoanut.	Brab.	Date and wild palm.	Tree-tax receipts.	Brab.	Date and wild palm.	Tree-tax receipts.
Thana.				R										R			R
Umbargaon	...	76	6,074	14,328	...	...	3,845	...	40	8,613	...	4,012	12,458	12,578	...	72	9,106	14,505
Dahanu	...	2,587	1,412	23,638	...	469	1,546	...	2,166	1,117	...	2,636	2,663	15,127	...	1,942	1,291	12,298
Mahim	20	5,416	1,880	62,180	65	917	2,867	...	2,267	1,062	65	3,186	3,929	24,497	...	1,498	1,046	21,419
Bassein	54	3,292	401	45,5 3	275	1,746	40	28	3,654	12	303	5,400	52	33,396	80	4,475	20	35,307
Salsette	1,394	1,858	1,646	60,262	1,934	1,115	3,360	927	3,843	2,498	2,861	4,958	5,858	62,652	1,369	3,296	1,042	48,818
Kalyan	...	366	...	3,294	...	...	...	...	407	...	...	522	...	2,610	...	685	...	2,127
Bhiwandi	...	311	...	2,799	...	38	...	...	67	...	...	445	...	2,187	...	341	53	1,829
Wada	...	46	5	429	...	...	175	...	33	151	...	67	...	335	...	30	...	93
Shahapur	...	15	204	747	...	...	...	...	10	1	...	33	326	648	...	...	354	1,062
Murbad	...	1	3	18	...	...	36	...	116	64	...	10	1	52	...	62	...	117
Karjat	...	30	127	651	...	...	...	...	32	202	...	116	100	737	...	170	96	792
Jawhar	...	...	...	...	...	...	...	...	...	...	...	32	202	497	...	117	230	1,283
Total	1,468	14,028	12,652	2,13,849	2,274	4,285	11,869	955	13,159	13,720	3,229	17,444	25,589	1,55,316	1,440	12,676	13,238	1,39,650
Kolaba.																		
Panvel	...	914	...	14,624	...	321	...	...	979	...	...	1,300	...	7,960	...	2,301	78	15,791
Alibag Bagait	2,357	184	65	30,687	678	10	10	421	120	30	1,098	130	40	6,701	1,288	165	155	10,025
" Kharapat	12	56	...	612	...	...	...	10	30	...	10	30	...	200	...	45	...	405
Pen	...	86	599	2,571	...	...	70	...	55	276	...	55	346	846	...	166	323	2,141
Roha	...	...	1,376	3,828	...	...	222	...	...	813	...	...	1,065	1,753	...	...	1,421	2,855
Mangaon	...	...	212	636	...	...	...	...	...	5	...	...	75	131	...	...	163	312
Mahad	...	...	40	120	...	...	6	...	...	28	...	...	34	56	...	...	17	51
Sudhagad	...	...	674	2,022		...	127	...	...	459	...	...	586	962	...	...	670	1,427
Total	2,369	1,240	2,866	55,100	678	331	435	431	1,184	1,711	1,109	1,515	2,161	18,609	1,288	2,677	2,829	33,037

31. Taking the average produce of each description of tree to be—

In	For each			
	Cocoanut.	Brab.	Date.	Bherli mad or wild palm.
	Gallons.	Gallons.	Gallons.	Gallons.
Umbargaon	...	59	30	...
Dahanu	...	59	30	...
Mahim	...	57	30	...
Bassein	60	94	47	...
Salsette	100	87	43	...
Kalyan	90	60	...	...
Bhiwindi	...	60	30	...
Vada	..	60	30	...
Shahapur	...	60	30	...
Murbad	...	60	30	...
Karjat	...	57	30	...
Jawhar	...	54	30	...
Panvel	...	80	...	40
Alibag Bagait	80	60	...	40
" Kharapat	60	60	...	35
Pen	60	60	...	35
Roha	...	...	...	35
Mangaon	...	...	...	35
Mahad	...	...	...	35
Sudhagad	...	...	...	35

and allowing for the remaining five months of the current year as many additional trees

of each kind as were tapped during the last five months of the year 1886-87, the outturn of fresh toddy in the current year as compared with 1886-87 would be as under :—

Talukas.	1886-87.	1888-89.	Increase.	Decrease.
Thana.	Gallons.	Gallons.	Gallons.	Gallons.
Umbargaon	213,704	278,028	64,324	...
Dahanu	194,993	153,367	...	41,626
Mahim	368,022	128,139	...	239,883
Bassein	333,495	430,060	96,565	...
Salsette	357,884	463,337	105,433	...
Kalyan	21,960	48,240	26,280	...
Bhiwindi	18,660	27,030	8,370	...
Vada	2,910	2,460	...	450
Shahapur	7,020	10,620	3,600	...
Murbad	150	3,750	3,600	...
Karjat	5,520	13,410	7,890	...
Jawhar	...	13,649	13,649	...
Total	1,524,318	1,572,090	47,772	...
Kolaba.				
Panvel	49,006	126,594	77,588	...
Alibag Bagait	205,410	122,440	...	82,970
" Kharapat	2,960	1,840	...	1,120
Pen	26,125	21,575	...	4,550
Roha	44,660	49,805	5,145	...
Mangaon	10,920	5,880	...	5,040
Mahad	1,400	1,155	...	245
Sudhagad	23,590	25,690	2,100	...
Total	364,071	354,979	...	9,092

32. Deducting the quantities of raw toddy admitted into the distilleries in 1886-87 and 1888-89 respectively, including an allowance for the remaining five months of the latter year based on the average admissions for the first seven months, which come to 41,250 gallons for Thana and 18,940 for Kolaba, we get the following estimate of the quantity of raw toddy supplied in each taluka during the current year as compared with the last year under the old arrangement :—

Talukas.	1886-87.	1888-89.	Increase.	Decrease.
Thana.	Gallons.	Gallons.	Gallons.	Gallons.
Umbargaon	213,704	278,028	64,324	...
Dahanu	119,791	141,223	21,432	...
Mahim	116,905	125,065	8,160	...
Bassein	138,810	392,918	254,108	...
Salsette	186,115	416,691	230,576	...
Kalyan	21,960	48,240	26,280	...
Bhiwindi	18,660	27,030	8,370	...
Vada	2,910	2,460	...	450
Shahapur	7,020	10,620	3,600	...
Murbad	150	3,750	3,600	...
Karjat	5,520	13,410	7,890	...
Jawhar	...	13,649	13,649	...
Total	831,545	1,473,084	641,539	...
Kolaba.				
Panvel	26,588	90,594	64,006	...
Alibag Bagait	19,248	1,12,981	93,733	...
" Kharapat	2,960	1,840	...	1,120
Pen	26,125	21,575	...	4,550
Roha	44,660	49,805	5,145	...
Mangaon	10,920	5,880	...	5,040
Mahad	1,400	1,155	...	245
Sudhagad	23,590	25,690	2,100	...
Total	155,491	309,520	154,029	...

33. It would thus appear that, in spite of the decreased facilities for distribution noticed above, paragraph 25, the quantity of raw toddy made available was largely increased, relatively

speaking, in all the inland talukas of Thána except Vada. I say relatively for the reason that the total quantity even thus increased is, except in Kalyan, altogether insignificant as compared with the population. In Umbargaon there is a substantial as well as a relative increase, and in Dahanu also the quantity is larger by some 20 per cent. Jawhar was supplied with about 16,000 gallons from its own trees against *nil* in 1886-87.

34. Of the three talukas of Mahim, Bassein, and Salsette, in which a large increase in the number of licenses has taken place, it will be observed that in Mahim this increase has not been accompanied by a corresponding increase in the number of trees tapped and the quantity of toddy extracted. Many of the trees tapped in 1886-87 were for distillation, of which there has been practically none in 1888-89, and this circumstance, coupled with the fact that of the total number of 378 licenses taken out this year in Mahim as against 111 in 1886-87, no less than 235 were for domestic consumption only, under which not more than 5 cooa or brab or 10 date trees can be tapped, sufficiently accounts for the marked decrease in the number of trees tapped in spite of the increase in the number of licenses. The smaller numbers which were tapped still give a larger number of trees in Mahim, as elsewhere, for each booth and shop, and the net result is that the quantity of fresh toddy made available seems to be about the same as in 1886-87.

35. In both Bassein and Salsette the increase in the quantity of toddy made available is very large, having been nearly trebled in Bassein and more than doubled in Salsette. The reduction in the tree-tax rates and the facilities offered for practically unrestricted sale at the tree-foot for a fixed fee of ₹10, instead of a sliding fee of ₹20 for every 25 trees tapped, have made the taking out of a tree-foot booth license a lucrative business in these talukas, where trees growing close enough together to satisfy the requirements of the tree-foot booth conditions are to be found in abundance. The result corresponds with the large number of tree-foot booth licenses taken out, as shown in the table below, paragraph 25.

36. But it is obvious that the extraction of juice under these licenses in quantities more than sufficient to meet the demand for raw toddy is not a practice to be encouraged, at any rate in the absence of a corresponding demand for the surplus for *licit* conversion into spirit. As will be noticed further on, the separation of the right of manufacture from the right of sale and other recent changes have so far had the effect of almost killing the licit business in toddy spirit. The temptation under these circumstances to use the surplus toddy for illicit distillation must be very strong, and it is the more dangerous for the reason that the process leaves no refuse, and is so simple that it can be carried on in the distiller's house with his domestic utensils, and all traces of it can be cleared away in a few minutes while the Excise officers are kept waiting outside. It is thus most difficult to detect and suppress, and most likely to spread where the practice once takes root. Mr. Todd mentioned to me some little time back its prevalence in Bassein and Salsette as something new, and the Inspectors of those districts, both experienced men, are strongly convinced that it goes on largely.

37. In the nature of things, it is impossible to give any definite information as to the extent to which it is carried on. The Bassein Inspector, Mr. Sibbald, says, however, that there is little or no mowra used in that taluka; that he has caught several cases of illicit tapping with traces of distillation in the neighbourhood; that most of the tree-foot booths have been taken up by a syndicate which held the spirit farm last year; that stale toddy is sold at 3 pies a bottle and bought for distillation; that the tree-foot license holders distil themselves; that at one village, where he made a camp, the sales of spirit at the local shop, which had previously been about a bottle a day, sprang up at once to the value of ₹2,000 or ₹3,000 in four days, the increase being partly due to the occurrence of weddings, but much more, as he is convinced, to the temporary stop put by his presence to illicit distillation; that on the same occasion the villagers commenced to send toddy to the Bassein distillery at the rate of 100 gallons a day, whereas the admissions previously had been *nil;* and that he has caught some sixty cases since October last as compared with ten or twelve previously.

38. The Salsette Inspector, Mr. Ardagh, declares his belief that the people of Vesava and Aksi distil all their surplus toddy, though he does not think much is bought or sold for the purpose, and he has detected between thirty and forty cases of illicit distillation—mowra and toddy together—since August last.

39. Speaking generally, it is to be feared that a very large proportion, probably as much as half, of the extra toddy made available in these talukas is used to defraud the spirit revenue instead of for the purpose for which it was intended.

40. In Kolaba the opening of shops and tree-foot booths, independently of the spirit farmers in Panvel and Alibag Bagait, has been accompanied by a very large increase in the quantity of toddy available; and as the farmers were supposed to starve the demand, and there are no reports of toddy distillation, the result may be regarded as satisfactory. In the inland divisions there is an increase in three and a decrease in three. The total consumption is unimportant, and the changes introduced make no very marked difference.

41. As stated above, paragraph 8 (3) (*a*), the tree-foot booth and shop licensees are at present at liberty to retail toddy at any price they please, although Government have reserved the power to re-impose the condition as to the maximum price at any time during the currency of the licenses. I have not yet received any complaints as to the quality of the toddy sold or high prices charged, and have not therefore exercised the power referred to. Under the old system the maximum prices were 6 pies a bottle of 8 drams at the booths and 8 pies a bottle at the shops. The booth and shop keepers are now reported to be charging on an average 9 pies a bottle, the advance being at the rate of 12·5 per cent.

42. In the following table I have attempted to exhibit the effect of the reduction in the tree-tax rates in Bassein, Salsette, Alibag Bagait, and Panvel, and of the fixed fee for tree-foot booths and auction prices for shops throughout both Collectorates, on the profits to be made by the licensees. The rent of the trees, cost of tapping, and other charges remain as before. The table exhibits the average increase or decrease in the Government demand in respect of trees tapped under each description of license. The increase in the selling-price noted in the last paragraph may be taken as preventing the possibility of loss from any increase and as adding to the profit of any decrease in that demand, and also as showing that whoever may have benefited by any reduction which has been made, it is not the customers at the shops or booths. The statement shows that the incidence of the Government demand on trees tapped for shops has increased in Mahim, Bassein, Shahapur, and Karjat, and decreased elsewhere :—

Taluka and year.	BOOTHS.									SHOPS.									
	Number of licenses.	Total number of trees tapped for booths, counting one date tree as half a coconut or brab tree.	Total amount collected as license fees.	Average per tree.		Tree-tax.		Total of columns 4 and 5 and 7, being total average demand per tree.		Number of licenses.	Total number of trees tapped for shops, counting one date tree as half a coconut or brab tree.	Total amount collected as license fees.	Average per tree.		Tree-tax.		Total of columns 13 and 15 and 14 and 16, being total average demand per tree.	
				Cocoanut.	Date and wild palm.	Cocoanut and brab.	Date and wild palm.	Cocoanut and brab.	Date and wild palm.				Cocoanut and brab.	Date and wild palm.	Cocoanut and brab.	Date and wild palm.	Cocoanut and brab.	Date and wild palm.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		R	R a. p.	R a. p.	R	R	R a. p.	R a. p.			R	R a. p.	R a. p.	R	R	R a. p.	R a. p.
Thana District.																	
Umbargaon, 1886-87	15	74	...	0 4 8	5	5	2 2 4	5 4 8	2	136	2,780	0 12 8	0 6 4	2	2	5 12 8	2 2 4
1888-89	75	2,537	750	0 9 8	7½	7½	2 2 4	5 4 8	2	15	565	0 4 4	0 2 2	2	2	5 4 4	2 2 4
Dahanu, 1886-87	11	75	240	0 9 1	10	10	3 3 4	8 1 8	3	96	2,100	1 1 2	0 8 7	3	3	8 8 7	3 3 4
1888-89	24	397	450	0 4 6	10	10	4 4 6	8 1 8	4	29	881	0 7 6	0 3 8	4	4	7 15 6	3 3 9
Mahim, 1886-87	18	1271½	1,680	0 9 5	13	13	5 5 4	10 9 1	5	93	1,940	1 0 11	0 0 0	5	5	11 0 11	4 8 6
1888-89	45	792½	3,000	0 4 0	10	10	5 5 4	10 9 5	5	88	1,860	0 13 2	0 6 7	5	5	16 0 1	7 0 0
Bassein, 1886-87	21	190	570	0 11 6	16	16	5 5 4	10 11 6	5	53	11,260	8 12 6	4 6 3	5	5	13 13 2	5 6 7
1888-89	168	2,849	130	0 13 6	10	10	3 3 3	9 9 9	3	30	1,080	0 15 5	0 7 8	5	5	18 12 6	9 6 3
Salsette, 1886-87	174	994½	30	0 9 5	9	9	3 3 3	9 9 9	3	49	1,980	1 3 3	0 9 7	5	5	16 15 5	5 9 7
1888-89	299	4,145½	130	0 13 6	9	7½	3 3 3	9 9 9	3	10	217	0 12 10	0 6 5	3	3	9 12 10	3 6 5
Kalyan, 1886-87	177	341	...	0 6 9	9	9	3 3 3	9 9 9	3	1	25	...	...	...	...	...	...
1888-89	57	673	570	0 13 6	9	9	3 3 3	9 9 9	3	3	125	0 12 10	0 6 5	3	3	9 12 10	3 6 5
Bhiwindi, 1886-87	76	186	130	0 13 6	9	9	3 3 3	9 9 9	3	4	170½	0 7 9	0 3 10	3	3	9 7 9	3 3 10
1888-89	13	154	...	0 6 9	9	9	3 3 3	9 9 9	3	1	11	0 14 7	0 7 3	3	3	9 14 7	3 7 3
Vada, 1886-87	18	37½	30	0 8 0	9	9	3 3 3	9 9 9	3	...	...	...	...	...	...	...	...
1888-89	3	37	...	0 4 8	9	9	3 3 3	9 9 9	3	...	100	0 12 10	0 6 5	3	3	9 12 10	3 6 5
Shahapur, 1886-87	5	154	60	0 9 4	9	9	3 3 3	9 9 9	3	21	53	2 8 4	1 4 2	3	3	11 8 4	4 4 2
1888-89	6	10	10	1 0 0	9	9	3 3 3	9 9 9	3	...	...	...	...	...	...	...	...
Murbad, 1886-87	4	1½	...	0 8 0	9	9	3 3 3	9 9 9	3	42	30	0 11 5	0 5 8	3	3	9 11 5	3 5 8
1888-89	1	6	140	0 13 1	9	7½	3 3 3	9 9 9	3	8	129	1 15 11	0 10 11	3	3	10 5 11	3 10 11
Karjat, 1886-87	3	185	...	0 6 0	9	...	...	...	...	33	229	6 15 0	3 7 6	3	3	15 15 0	6 7 6
1888-89	14	112	62	0 4 5	7½	7½	3 3 3	9 9 9	3	...	40	0 5 4	0 2 8	3	3	7 13 4	3 2 8
Jawhar, 1886-87	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1888-89	...	...	...	...	...	...	...	...	...	...	120	...	...	...	...	...	...
Kolaba District.																	
Panvel, 1886-87	82	1,265	820	0 10 4	10	10	5 5 2	5 5 2	5	16	1,075	0 13 4	0 6 0	5	5	10 13 4	5 6 8
1888-89	79	1,146½	796	0 11 1	10	10	3 5 6	3 5 6	3	26	254	0 12 6	0 3 6	3	3	11 5 0	3 12 6
Alibag Bagait, 1886-87	1	6	...	...	9	9	3	3	3	5	63	0 12 8	0 3 6	3	3	10 9 4	3 3 6
1888-89	...	...	...	...	9	9	3	3	3	2	45	0 13 2	0 4 5	3	3	9 7 1	3 13 2
„ Kharapat, 1886-87	22	264	...	...	...	...	...	...	...	6	171½	1 10 4	...	...	...	10 16 4	...
1888-89	...	...	...	...	...	...	...	...	...	5	327	0 13 6	0 4 5	3	3	9 8 10	3 4 5
„ 1886-87	32	699	410	0 9 4	9	9	3 4 8	3 4 8	3	...	12½	...	...	...	...	...	...
1888-89	41	116	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Roha, 1886-87	20	69	70	1 0 2	9	9	3 8 1	3 8 1	3	1	5	0 12 8	0 3 1	3	3	9 12 10	3 6 5
1888-89	7	20	...	...	...	...	...	...	...	5	6¼	...	...	...	...	...	...
Mangaon, 1886-87	4	...	...	...	...	...	...	...	...	6	334½	10 0 4	0 3 1	3	3	10 9 4	3 12 8
1888-89	...	274½	...	...	...	...	...	...	...	...	...	9 6 3	0 3 1	3	3	9 6 3	3 3 1
Mahad, 1886-87	21	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1888-89	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Sudhagad, 1886-87	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1888-89	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

43. Two points remain to be noticed before leaving this branch of the subject. The first is the extent to which the increase in the supply of toddy above noticed may be taken as accounting for and counterbalancing the decrease which, as will appear further on, has occurred in the licit spirit consumption. This is a matter as to which it is most difficult to furnish any reliable estimate. Much of the toddy may be consumed by persons who would not drink spirits in any case, and much by others in addition to the daily dram. Strength for strength, however, it may be taken roughly that a bottle of toddy is equal to a dram of 25° under-proof spirit. The total additional quantity of toddy made available as shown above, paragraph 32, was in round numbers 641,000 gallons in Thana and 154,000 gallons in Kolaba. From the surplus in Thana a considerable deduction must be made, say two lakhs, for toddy consumed in illicit distillation (*vide* paragraph 39). The balance of 441,000 gallons in Thana would be equivalent to 55,000 gallons of spirit, and the surplus in Kolaba to about 19,000 gallons.

44. The other point is the necessity or otherwise for any changes in the fresh toddy arrangements for the next year. I have in my letters to the Collectors of Ratnagiri and Kanara, submitted to Government with this office No. 2105 of the 25th ultimo, made suggestions for the extension of the Thana and Kolaba rules to those districts, with certain modifications of detail, which I think are improvements, and which, if they are tried and found to work well there, it may be desirable to adopt hereafter in Thana and Kolaba. But, except so far as the impetus which they have given to illicit toddy distillation is concerned, they may be said to have worked well in their present form, and I am reluctant to recommend any unnecessary changes in districts where matters are in such a critical condition without some experience of the results which may be expected to follow.

45. I think therefore that for the present matters should be left as they are in Thana and Kolaba, except in respect of the measures immediately necessary to check illicit toddy distillation. In regard to this point much may be done, I think, by the Collector in the judicious exercise of the discretion vested in him in the matter of granting tree-foot licenses. A great deal too may have been given in Bassein and Salsette, and he will be asked, if my recommendations are approved, to restrict their number carefully to what are required for the supply of each village in future, and to grant licenses in excess of that, number only on production of satisfactory evidence that the licensee has arranged for the disposal of the surplus by licit distillation. I think also that to prevent any curtailment in the number of licenses allowed from leading, as it might otherwise do, to such an increase in the number of trees taken up under each license as would defeat the object in view, the number to be tapped under a tree-foot license should be limited to 15. This is more than the average number actually tapped at present under a single license in any taluka, except Bassein, where the present average is 17.

IV.—Public Toddy Distilleries and Still-head Duty on Toddy.

46. I now come to the extension of the public toddy distillery system and its effect in conjunction with the new still-head duty, on the supply and consumption of toddy spirit.

47. Public toddy distilleries were established in the Bassein and Salsette talukas in 1886-87 with the object of meeting the complaint that the monopoly of manufacture granted to the farmers deprived the Bhandaris of their hereditary occupation, and to break down the monopoly of the Bombay distillers in the Bombay market. In January 1888 steps were taken, as already noticed, to extend the system to the remaining talukas in which the sale of toddy spirit is permitted, and the licensee of the private distillery at Bhandup was allowed to distil y for the supply of the Mahim farm from February to June 1888.

48. Previously to January 1888 toddy spirit had been sold in spite of the high rate of tree-tax then prevailing in some parts of the district within maximum prices lower by 8 annas a gallon of 25° under-proof than those for mowra spirit. From January 1888 a still-head duty nominally of the same rate, per gallon 25° under-proof, as that applied to mowra spirit was imposed on toddy spirit, the maximum selling-price was at the same time raised to 6 annas a gallon of 25° under- f more than mowra spirit to compensate for the higher cost of the spirit *ex* duty, and to le the two kinds to compete as much as possible on their own merits. The fulfilment of intention being found incompatible with the maintenance of the percentage system, under h the farmer paid twice as high a percentage on mowra as on toddy spirit, while the mum selling-prices remained unaltered, the plan of paying a fixed rate per gallon, her of toddy or mowra spirit, was substituted from 1st August, and the maximum selling- s being suspended from the same date, the two descriptions of spirit were left to compete rms of practically absolute equality.

Umbargaon lower by 12 annas and in Dhanu by ee.

49. The subjoined statement shows the quantity of toddy spirit turned out of the various leries, public and private, during the years 1885-86, 1886-87, and the first five months

of the year 1887-88 under the old arrangements, and during the twelve months ending 31st December 1888 under those just described :—

	Talukas.	1885-86.		1886-87.		1887-88, five months (old system).		1888, twelve months (new system).			Remarks.
		25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.		Name of distillery.	25° under-proof.	60° under-proof.	
	Thana.										
Private.	Umbargaon	...	...	...	2,545	...	...	Public.	Nargol	35	152	
Private.	Dahanu	178	8,750	...	12,316	...	...	Public.	Wadhwan	644	7,287	
Private.	Mahim	470	34,810	678	39,868	60	3,520	Public.	Mahim	...	106	
									Bhandup (private)	399	4,853	
Public.	Bassein	131	34,670	260	30,207	23	10,262	Public.	Bassein	*546	9,394	* Exclusive of 1,865 gallons 25° under-proof sent to Bombay.
Public.	Salsette	111	91,149	198	37,909	...	21,450	Public.	Vesava	639	25,665	
	Total	890	169,379	1,136	122,845	83	35,232			2,263	47,457	
	Kolaba.											
Private.	Panvel	2	569	34	2,502	129	1,183	Public.	Uran	377	3,137	
Private.	Alibag Bagait	65	33,887	2,129	36,602	11	2,505	Public.	Revdanda	†	54	† Exclusive of 207 gallons 25° under-proof sent to Bombay.
	Total	67	34,456	2,163	39,104	140	3,688			377	3,191	

50. It should be explained with reference to this statement that no toddy was distilled in the Umbargaon Petha in the years 1885-86 and 1886-87 or in the first five months of the year 1887-88, the quantity entered under the year 1886-87 being supplied from the Dahanu distillery, and that all work in the Nargol distillery has been stopped since August 1888 for want of toddy for distillation, the whole quantity in the taluka being consumed in the raw state.

51. The conclusion to which the figures point is that toddy spirit has no chance against mowra in the local markets under the new conditions. The increase noticeable in the outturn of the Panvel distillery under the new arrangement is the effect of the temporary advantage given to it under the percentage system during the five months from January to July 1888, and the same cause makes the falling off less apparent elsewhere than it will be where twelve months' figures under the fixed gallon rate system are available. The local farmers either prefer to sell their mowra rather than deal with the Bhandari distillers, or else they cannot find sale for toddy spirit at paying rates.

52. So far as the object of giving employment to the Bhandaris is concerned, the public distillery system has hitherto practically been a failure. The applications for distilling licenses have been too few to be worth considering. The Dahanu, Mahim, and Panvel taluka distilleries are only working one still each, Vesava under Salsette two, Revdanda in Alibag Bagait two and Bassein four. I am informed, however, that a third still has recently been established at Revdanda, and that, as has been noticed above, paragraph 23, some business in exports to Bombay is springing up.

53. On the other hand, the still license fees charged at the rate of ₹1 per gallon on the capacity of the still, though their incidence is heavy, being at the rate of 10 pies per liquid gallon of spirit turned out, are quite insufficient to cover working expenses. The total amount realised during the twelve months ending 31st December last was ₹2,888. The pay of the sanctioned establishment for the same period would come to ₹22,680. The actual cost allowing for the fact that anticipating the work would not be heavy, Mr. Moore put on no more hands than were absolutely necessary, and not counting hands who, though borne on the distillery establishments, have, under the circumstances noted below, paragraph 64, been employed in suppressing illicit distillation, has come to ₹13,780, exclusive of expenditure on the buildings, &c.

54. It is just possible, though not very probable, that the business in toddy spirit may revive if measures be taken for reducing selling rates which for the last eight months have been too high for the capacity of the consumers. I would wait therefore till the result of those recommended under the next head, if they be adopted, is known. If by the end of next year no improvement has been effected, it will be necessary, I think, to consider whether most, if not all, of the toddy distilleries should not be dispensed with. In connection with this subject, I would invite reference to the appended copy of a report, No. 4044 of the 30th November last, by the Collector of Kolaba on the working of the Revdanda distillery.

V.—Spirit Farm Arrangements.

55. It remains to consider the general effect of the changes experimentally introduced in January and August 1888 in the conditions of the country-spirit farms. This, I am afraid, can hardly be considered satisfactory even in Kolaba. In Thana it has been simply disastrous.

56. Attention has been drawn above to the large decline in the spirit revenue both in Thana and Kolaba. In Kolaba this decline has been altogether and in Thana partly made up by the increase in the fresh toddy revenue. But, except to the small extent to which, as noted in paragraph 43, it may be regarded as caused by the substitution of fresh toddy for spirit, the decline under the one head is altogether independent of the improvement under the other, and represents so much sheer loss of revenue. Had it been possible to suppose that this loss was the result of any commensurate reduction in the actual consumption of spirits, there would have been nothing to regret. But I am afraid there is no room for doubt but that in Thana the only difference is that illicit liquor is consumed instead of licit, and that the demoralising practices which had with difficulty, and after a continued and costly struggle, lasting through nearly ten years, been nearly suppressed, have in as many months, and in spite of strenuous efforts, become as rife as ever, and that the same is true to a very great extent of Kolaba also.

57. The effect of the new arrangements upon the licit consumption is shown in detail in the statements of monthly sales of each description of liquor in each taluka, which are appended to this report. For convenience of examination and comparison, I subjoin an abstract in which the average monthly consumption for each taluka from January 1885 up to March 1889 is shown reduced to gallons 25° under-proof, the averages being struck for three periods January to March, April to July, and August to December, so as to correspond with the currency of the farms under the minimum guarantee, the percentage, and the fixed gallon rate systems respectively, and the broken period from January to March last, which is included in order to bring the figures up to the latest possible date:—

Taluka.	Average monthly sales from	1885.	1886.	1887.	1888.	1889.
Thana.						
Salsette	January to March	R 10,433	R 14,631	R 11,666	R 8,139	R 5,354
	April to July	9,775	11,104	13,916	7,378	...
	August to December	8,236	6,582	9,961	3,963	...
Bassein	January to March	4,296	4,737	4,681	2,542	1,648
	April to July	6,499	5,071	4,477	2,243	...
	August to December	2,619	2,706	4,147	1,116	...
Mahim	January to March	2,945	3,624	4,816	2,558	2,185
	April to July	3,627	5,060	4,237	1,673	...
	August to December	1,960	2,020	2,972	1,255	...
Dahanu	January to March	1,436	1,026	1,072	665	561
	April to July	1,397	1,464	1,342	642	...
	August to December	852	474	693	411	...
Umbargaon	January to March	1,784	1,125	1,346	753	456
	April to July	2,081	1,832	1,100	825	...
	August to December	909	1,206	1,269	347	...
Jawhar	January to March	1,501	1,556	1,034	453	473
	April to July	253	734	591	200	...
	August to December	143	388	302	267	...
Kalyan	January to March	2,611	2,572	2,773	2,092	1,406
	April to July	2,101	1,928	3,092	1,552	...
	August to December	1,879	1,268	1,991	792	...
Bhiwindi	January to March	1,859	1,707	1,810	1,209	767
	April to July	1,215	1,053	1,893	853	...
	August to December	1,070	868	1,206	304	...
Vada	January to March	628	667	803	523	287
	April to July	340	430	379	260	...
	August to December	170	280	218	77	...
Murbad	January to March	510	719	718	634	513
	April to July	345	407	319	325	...
	August to December	282	247	335	199	...
Shahapur	January to March	1,363	1,663	1,577	1,516	1,402
	April to July	791	755	1,428	1,073	...
	August to December	713	751	1,142	735	...
Karjat	January to March	1,344	1,663	1,249	978	676
	April to July	892	755	1,040	699	...
	August to December	845	751	897	418	...
Kolaba.						
Panvel	January to March	4,994	4,477	5,352	4,722	2,540
	April to July	4,292	3,978	3,672	4,211	...
	August to December	5,539	2,633	5,789	2,044	...
Alibag Bagait	January to March	2,680	3,926	4,188	3,184	1,693
	April to July	3,165	2,656	2,789	2,333	...
	August to December	2,597	2,398	2,694	2,008	...
„ Kharapat	January to March	911	1,149	1,186	2,929	423
	April to July	599	726	680	703	...
	August to December	781	668	867	256	...
Pen	January to March	2,400	2,404	2,836	2,870	1,65[illegible]
	April to July	1,842	1,937	1,573	1,959	...
	August to December	2,278	1,624	2,335	1,147	...
Roha	January to March	418	559	617	738	36[illegible]
	April to July	285	397	372	697	...
	August to December	477	459	505	258	...
Mangaon	January to March	303	356	384	381	344
	April to July	173	229	244	226	...
	August to December	171	177	701	116	...
Mahad	January to March	338	418	526	571	407
	April to July	305	349	334	369	...
	August to December	211	258	329	194	...
Sudhagad	January to March	216	307	307	405	228
	April to July	174	157	224	222	...
	August to December	238	219	298	163	...

Abstract Totals.

Thana District	January to March	92,131	1,06,279	1,00,640	66,185	47,199
	April to July	1,17,272	1,22,620	1,35,254	70,897	...
	August to December	95,886	87,588	1,25,680	49,426	...
	TOTAL	3,05,289	3,16,487	3,61,574	1,86,508	...
Kolaba District	January to March	36,780	40,789	46,187	44,398	22,545
	April to July	43,341	41,710	39,551	43,230	...
	August to December	59,454	42,185	64,891	30,922	...
	TOTAL	1,39,575	1,24,684	1,50,629	1,18,550	...

58. In considering these figures, it must be borne in mind that the averages for the different periods specified are affected by a variety of local and special circumstances. Those from April to July for instance, and in the year 1887, from August to December, are swelled in many cases by forced sales made to clear off accumulated stocks at the end of the farms under the minimum guarantee system. On the other hand, in inland talukas, such as Jawhar, Shahapur, Murbad, Karjat, &c., where mowra trees are plentiful, they are reduced by the increased prevalence of illicit distillation which follows the collection of the mowra flowers. From January to March an increase may be looked for on account of the Holi festivities. From August to December sales are normally at their lowest, that being the cultivating season, when the people have little time or cash to spend in drinking. In 1886 the figures of the Thana district for this period are further affected by the temperance movement, which was then at its height in that district; while in Panvel and Pen, where the movement culminated about the beginning of 1887, the averages for January to March 1887 show an unexpected increase, probably due to efforts made by the farmer to break down the combination by distributing large quantities of spirit gratis.

59. Making every allowance for fluctuations of this kind, it will seen that the abolition of the minimum guarantee and the introduction of the percentage system from January 1888 was followed almost everywhere by a tremendous drop; that the decline was more marked in the second than in the first of the two periods, January to March and April to July, into which the currency of that system is divided; that the abolition from the 1st August 1888 of the fixed minimum selling-prices, and the re-letting of the farms at gallon rates, representing a larger addition to the still-head duty than the percentages accepted under the last farm, resulted at once in another drop during the period between August and December. During the three months from January to March there has been a slight recovery, but this is due partly to the Holi and, probably to a greater extent, to the effect of the circular issued by Mr. Todd, which formed the subject of this office No. 1855 of the 10th April 1889, and which is stated by all the Inspectors to whom I have spoken on the subject to have had a marked effect in checking importation of mowra for illicit distillation. I fear, however, that it can hardly be expected that this effect will continue when it becomes known how limited the powers of the Department really are in dealing with possession of mowra under the Abkari Act.

60. The net result is a decline in the total consumption reduced to gallons 25° under-proof of 118,781 gallons, 129,979 gallons, and 175,066 gallons during 1888 as compared with 1885, 1886, and 1887 in Thana, and of 21,025, 6,134, and 32,079 in Kolaba. The corresponding percentages are—

	As compared with 1885.	1886.	1887.
In Thana	38·9°/o	41°/o	43°/o
In Kolaba	15°/o	4·9°/o	14·2°/o

As compared with the average of 1885 to 1887 the decrease is 141,275 gallons or 43·1 per cent. in Thana, and 19,746 gallons or 14·2 per cent. in Kolaba.

61. For proof that this decline has been made up for much more than altogether in Thana, and to a great extent in Kolaba, by illicit distillation, we need look no further than the fact that the imports of mowra flower by rail and sea into Thana and Kolaba in 1888 exceeded those of 1887 by an amount sufficient to produce spirit more than enough to make up the whole deficient quantity in Thana, and nearly enough to make it up in Kolaba; and this without counting imports by road, of which I have been unable to procure statistics, though the quantity is reported to be considerable, nor the local produce of the inland talukas. Large quantities of the locally-produced mowra used to be brought to the Uran distilleries. Since January 1888 these imports have altogether ceased.

62. The imports by sea and rail into the Thana district, exclusive of importations for Uran and Bhandup, amounted from January to December 1888 to 48,904 maunds against 10,365 in 1887, the excess being 38,539 maunds. In Kolaba the imports by sea were 2,000 maunds against *nil*. It was established by the evidence recorded by the Mowra Committee that in Thana and Kolaba mowra flower is not used as food either by the people or for cattle, and that the only purpose to which it is put is the manufacture of spirit. According to paragraph 25 of the Report of the Bombay Abkari Commission, about 11 Bengal maunds of mowra are required to manufacture 52 gallons of spirit 25° under-proof. At this rate the excess quantity imported into Thana by rail and sea only would suffice to produce 182,184

gallons of spirit, or over 7,000 gallons more than the deficiency in the licit consumption in 1888 as compared with 1887.

63. In the same way, the 2,000 maunds imported into Kolaba by sea would account for nearly 10,000 gallons, or more than half the quantity required to make up the licit consumption in 1887. Besides this, I am informed that considerable quantities of illicitly-manufactured spirit found its way into Pen from Karjat and Kalyan, and that a little was also taken across the harbour from Bombay into the Alibag taluka. If the increased consumption of fresh toddy referred to above, paragraph 43, be taken into account, the total actual consumption, licit and illicit, of which we can form an estimate, has increased in 1888, as compared with 1887, by about 18,000 and in Thana by about 36,000 gallons. There is no doubt but that in Thana at any rate the real increase must be much more; and much as any arrangements likely to encourage the growth of licit consumption are to be deprecated, it needs hardly to be said that the evils attendant on illicit growth are infinitely worse.

64. To cope with the anticipated and ascertained increase in illicit practices, the following special arrangements have been made from time to time to strengthen the already exceptionally strong establishments in Thana and Kolaba :—

In Thana.

(1) A special force of one Head Constable and four Constables was sanctioned by Mr. Moore in May 1888 out of the reserve placed at his disposal by Government Resolution No. 7721 of 1st November 1886, and has been employed, first, in watching the mowra stores, and latterly in patrolling in Umbargaon, where the importations of mowra were exceptionally large. The sanction has recently been renewed by myself for another six months.

(2) On its being found, as noted above, paragraph 50, that the distillery at Nargol could not be kept working, the Inspector in charge, Mr. Maidment, with the whole of the establishment, was placed on special duty in suppressing illicit distillation in Umbargaon.

(3) The Dahanu distillery establishment was also employed in July and August 1888 on preventive work during temporary suspension of manufacture.

(4) The following extra men were taken on at the request and cost of the farmers, and invested with powers under the Act :—

1 Sub-Inspector on R20	From January to March 1888.
2 Sub-Inspectors on R20 each	
1 Constable on R8	From January 1888 to July 1888.
1 Sub-Inspector on R15	
6 Constables on R8 each	
1 Chief Constable on R50 + R10 horse allowance	From February 1888 to July 1888.
1 Head Constable on R20	
4 Constables on R3 each	April to June 1888.
1 Head Constable on R12	
4 Constables at R8 each	
1 Head Constable on R15	For one year from May 1888.
2 Constables on R8 each	
3 Sub-Inspectors on R20 each	May to July 1888.
1 Chief Constable on R50 + R10 horse allowance	
1 Head Constable on R20	From August 1888 to July 1889.
13 Constables on R8 each	
1 Sub-Inspector on R20	
1 Constable on R8	From October 1888 to July 1889.
6 Constables at R8 each	
1 Sub-Inspector on R15	From October 1888 to July 1889. From March 1889 to July 1889.

In Kolaba.

(1) A special party of one Head Constable and eight Constables was sanctioned by Government Resolution, No. 2480 of the 23rd April 1888-89, for duty in Panvel.

(2) The charge of the Panvel Inspector, consisting of Panvel, Uran, Pen, and Sudhagad, being found to be too heavy, the ranges were redistributed, and advantage was taken of the sanction for the Uran distillery to appoint an Inspector of proved detective ability to take separate charge of the Panvel taluka.

(3) Part of the Alibag taluka was placed under the special preventive charge of the Revdanda Distillery Inspector, whose time was not fully occupied by his distillery duties.

(4) The tindals of the two special abkari boats on the Apte and Revdanda creeks were invested, at the instance of the Collector, with powers under section 37 of the Abkari Act.

65. Messrs. Todd, Vidal, and Kennedy in Thana and Mr. Sinclair recently in Kolaba have taken a strong personal interest in the working of the preventive arrangements, and that the staff under them has not been idle is sufficiently shown by the number of seizures made.

66. In 1886-87 there were 234 cases of illicit distillation in Thana and 17 in Kolaba. In 1887-88 there were 373 cases of the same kind in Thana and 14 in Kolaba. During the first seven months of the current year 1888-89, there have already been 304 cases in Thana and 10 in Kolaba.

67. The difference would have been greater, but that, as the Inspectors in Thana are almost unanimous in admitting, their efforts to stamp out the recent access of illicit distillation have so far proved ineffectual. The only result has been that the operators have grown more careful, and that whereas at first they used to distil in their own houses and compounds, where a seizure of the materials or implements led generally to a conviction, they now carry on the business in the fields and jungles with a sharp look-out all round. Thus it happens that when the Abkari officers appear on the scene, they find traces of the still, &c., but nothing to give any clue to the identity of the offender; the work is becoming more difficult day by day, and the cases brought into Court are not a tithe of those which are known to occur. The attention of the Collectors has recently been invited to the instructions given in Government Resolution No. 155 of the 7th January 1884, in regard to the institution of patrols, the establishment of punitive police posts when smuggling is rife, and the enforcement of the responsibility of the village officers, and it is possible that something may be done by increased stringency. But the Abkari officers whom I have consulted are generally of opinion that there are only two ways of putting down illicit distillation again within a reasonable time, *viz.*, by reducing the price of licit liquor, or by bringing possession of mowra flowers under effective control.

68. The latter remedy, except to the very restricted degree indicated in the correspondence of Mr. Todd's circular, is, I fear, beyond the range of practical politics at present. With regard to the former, Mr. Todd, while he regards it as a great advantage to have got rid of the forced sales of cheap spirit which were the blot on the old system, has expressed the opinion that, unless we can punish dealers for keeping mowra flowers for sale, knowing it to be bought only for distillation, the plan of having no maximum selling-price for spirit will be unworkable. Mr. Sinclair, who also regards the new system as an improvement in some respects, informs me that he has come to the conclusion that with bevra (spirit of 25° under-proof dearer than 8 annas a bottle) smuggling cannot be altogether prevented in Panvel. My own opinion is that a reduction is necessary, and if it can be made sufficiently substantial will soon prove effectual. Illicit liquor, though it costs only some 9 pies a bottle, is sold generally, where it is sold at all, for about 4 annas. It is of very uncertain strength, and generally of inferior quality. Except at a few places, there is as yet no great trade in it, the people mostly making only what they want for themselves, or getting their servants to do so. They *prefer* licit liquor, and it appears to be the general opinion that if they could get it for about 4 annas a bottle 60° under-proof, 8 annas 25° under-proof, or even a little more, they would now be glad to buy at that price rather than be at the serious risk and trouble of distilling for themselves.

69. This is a little cheaper than the maximum prices fixed for 25° and 60° under-proof mowra spirit respectively up to the 1st August last, and usually charged in the earlier months of the farms, but considerably more than the reduced prices at which stocks were generally sold off in the later months under the minimum guarantee system. Since the abolition of the maximum, the nominal prices charged by the farmers have ranged from 11 to 12¾ annas and from 5½ to 6½ annas per bottle of 25° and 60° under-proof respectively. Where the Kasar system prevails, the *actual* prices are still higher, the arrangement between the farmer and the shopkeeper under that system being that the latter, instead of receiving any wages or commission, pays the farmer the full nominal price for the spirit supplied to the shop, and from 2 annas to a rupee a gallon over defrays all charges, and makes his profit as he can out of his customers by diluting the liquor, giving short measure, and other devices. This practice is of course, illegal, but it is, according to the Abkari Inspectors, notoriously universal in some talukas, among them Mahim, Bassein, and Salsette, and most difficult to check, as when proceedings are taken the farmers and shopkeepers combine to deny it, sometimes even producing receipts and accounts showing the payment of wages, while the customers who suffer, though they are ready enough to complain in a general way, always back out when they are asked to support specific charges.

70. The result is that a full bottle of 60° under-proof mowra spirit in many places costs as much as 8 annas, that is, twice as much as formerly, and I am afraid that no effective reduction is possible consistently with the terms of the present farms or the maintenance of the present system of competition for them.

71. Clause 19 of the present licenses provides for the re-imposition of a maximum price when it becomes necessary to do so, and I have recently directed the Collectors of Thana and Kolaba to exercise the power thus reserved, and, when the selling rates exceed the sum needed, to leave a reasonable margin of profit on the estimated cost of the liquor, to call upon the farmers to reduce them. But, as will be seen from the subjoined table, giving the estimate of cost furnished to the Collectors for guidance, with the lowest possible maxima selling-prices based on them as compared with the maxima fixed under the old system, and with the nominal prices which the farmers have actually been charging under the new, the reduction possible is in most cases too small to be effective. Where it is substantial, it is possible that the farmers having no strong pecuniary interest in keeping up sale will find means to evade it; and if the farms be given out again on the same system, there is every probability that the position may be worse next year.

Talukas.	Still-head duty.				Licenses per gallon as agreed.		Cost price at Distillery.		Cost of transport, shop expenses, wear and tear of plant, &c.	Profit at 6 per cent. on total of last four items.		Total spirit.		Lowest Maxima prices based on the rate of preceding columns per bottle of 8 drams.		Maxima prices fixed under old system per bottle of 8 drams.		Average price charged since 1st August 1888 per bottle of 8 drams.	
	Toddy spirit.		Mowra spirit.		Toddy and Mowra spirit.		Toddy spirit.	Mowra spirit.		Toddy spirit.	Mowra spirit.	Toddy spirit.		Toddy spirit.	Mowra spirit.	Toddy spirit.	Mowra spirit.	Toddy spirit.	Mowra spirit.
	35° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.		25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.	25° under-proof.	60° under-proof.
	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.	R a. p.
Thana.																			
Umbarsoon Pe-tha.	0 8 0	5 0	1 8 0	13 0	0 15 0	7 6	1 8 0	10 0	1 9	0 3 0	1 6	0 3 0	1 11	0 4 10	0 8 0	0 9 4	0 4 0	0 11 4	0 5 8
Dahanu taluka	1 0 0	8 0	2 0 0	1 0 0	0 15 0	7 6	1 13 9	0 14 0	1 9	0 3 0	1 11	0 3 5	1 9	0 5 2	0 8 0	0 9 4	0 4 0	...	...
Jahim „	1 0 0	8 0	2 0 0	1 0 0	1 4 0	10 0	2 0 0	1 0 0	1 6	0 4 0	2 2	0 3 9	1 11	0 5 2	0 9 4	0 9 4	0 4 8	0 6 8	0 5 8
Massein „	1 0 0	8 0	2 0 0	1 0 0	1 8 0	12 0	2 0 0	1 0 0	1 3	0 4 5	2 9	0 3 9	1 11	0 5 2	0 9 4	0 9 4	0 4 8	0 6 8	0 5 8
Nasette „	1 0 0	8 0	2 0 0	1 0 0	1 10 3	13 2	1 8 0	14 0	1 3	0 4 5	2 9	0 3 11	2 0	0 5 2	0 9 4	0 9 4	0 4 8	0 12 8	0 6 0
Five six inland talukas.	...	2 0	1 0	1 9	0 1	12 6	...	0 8 0	0 4 1	0 3 0	0 2	0 4 1	1 5	0 5 2	0 9 4	0 9 4	0 4 8	0 12 4	0 6 0
Sahar . .	...	2 0	1 0	1 0	0 1	0 7	...	0 8 0	0 4 0	0 2	0 1	0 2 1	1 5	...	...	...	...	0 12 8	0 6 4
Kolaba.																			
Pen-taluka .	1 0 0	8 0	2 0 0	1 0 0	1 7 6	11 9	2 0 0	1 0 0	1 6	0 4 5	0 2	0 3 11	0 2 0	0 5 2	0 9 4	0 9 4	0 4 8	0 12 0	0 6 0
Alibag portion taluka,	1 0 0	8 0	2 0 0	1 0 0	1 5 0	10 6	1 8 0	14 0	1 6	0 4 0	1 3	0 3 4	0 1 11	0 5 2	0 9 4	0 9 4	0 4 8	0 12 0	0 6 0
Rest of the dis-trict, includ-ing Mahagad.	...	2 0	1 0	1 4	0 10 2	...	...	0 8 0	0 4 0	0 2	0 1	0 2 1	4 2 0	0 5 8	0 9 4	0 9 4	0 4 8	0 12 0	0 6 0

* In these cases the maxima are lower than those fixed under the old system given in column 9, less than which the licensees cannot be compelled to charge.

72. In paragraph 32 of the Administration Report for 1887-88 I wrote in regard to the percentage-system that the weak point was that the percentage being fixed by competition was always likely to be too high; that when that happened it would become the interest of the farmer to curtail his transactions under the contract as much as possible, and either to deal in illicit liquor himself, or, if he be too honest for that, to leave the public to supply themselves as best as they can; that his co-operation in the suppression of illicit distillation would thus be lost, even if he does not himself practise or encourage it; and that the success of the system would depend too much on sheer repression.

73. The further enquiries which I have since made lead me to believe that, though in Kolaba the farmers are inert, they have in some parts of Thana at least done their best to aid our establishments in putting down illicit distillation, and that they have nowhere actually been concerned as yet in illicit distillation themselves. The temptation is less than I at first understood, one effect of the Kassar system being that whatever happens the farmer cannot lose, and may well content himself with pocketing such profit as comes in his way without endangering it by resorting to more directly illicit practices. But in other respects the experience of the current year has confirmed my remarks, which apply with even greater force to the modified arrangements introduced from 1st August than to the percentage system with reference to which they were made. Under these arrangements Government remains responsible for the enforcement of still-head duty rates and selling prices, the power of fixing which is handed over to practically irresponsible competitors. However necessary it may be to make a reduction, the power of doing so is wanting, and both as a matter of principle and in view of the results which have followed, it seems to me imperative that the position should be reconsidered.

74. I have, however, some difficulty in suggesting any scheme for adoption. It is obviously undesirable to revert to the minimum guaranteed revenue system in its original form, at any rate after it has once been discarded, and experiments are dangerous. One condition, however, appears to me to be essential, *viz.*, that Government should retain in its own hands the power of fixing the still-head duty and selling-price, the field of competition being so defined as not to encroach upon that power; and there is another with which it would, in my opinion, be extremely unsafe to dispense permanently, *viz.*, that the farmer should be pecuniarily responsible that the licit consumption shall not fall below the ascertained level of the natural demand.

75. These requirements might, I think, be satisfied by adopting the plan of a *moderate* fixed guarantee, based upon a sufficiently wide average of the recorded sales of previous years, and giving the farms to the candidate who makes the best approved offer for the monopoly subject to the guarantee. In considering the offers, it would be necessary to make an estimate of the margin left on a consumption equivalent to the guarantee after deducting the still-head duty, cost, and working expenses from the fixed selling-price, and to exclude carefully all offers too high, as judged by that estimate, to admit of the honest working of the farm at a reasonable profit. Under such an arrangement the farmer would be bound for his own protection to co-operate actively in the suppression of illicit practices. On the one hand he should never, as he sometimes is under the minimum guarantee system in its original form, be obliged to stimulate sales beyond their natural level in order to avoid loss; while, on the other, the larger profit to be made on sales in excess of the guarantee would tend to assure to Government its share in any natural increase in the demand, and the data for such revision of the fixed guarantee as may from time to time be required to keep pace with the increase.

76. This system would, I think, be preferable to the scheme put forward in Mr. Moore's No. 5249 of the 19th September 1887, and described above, paragraph 7, both as being simpler and interfering less with the natural working of the law of supply and demand, and because it would, in my opinion, be unwise and unsafe to attempt to check natural expansion by curtailing the farmer's profits on sales in excess of the fixed guarantee.

77. Should Government be pleased to approve of the proposals above made, detailed recommendations as to the amount of the fixed guarantee, the maximum selling rates to be imposed, and the alterations to be made in the forms of spirit licenses will be submitted for sanction.

Early orders are solicited, as some time will be required for the preparation and issue of the necessary notices to tenderers, and for the examination and settlement of questions which may arise on receipt of the tenders before the farms for 1890-91 can be disposed of.

No. 4044, dated 30th November 1888.

From—J. H. Todd, Esq., Acting Collector of Kolaba,

To—The Commissioner of Customs, Salt, Opium, and Abkari, Bombay.

With reference to correspondence ending with your No. 3958, dated 8th June last, on the subject of the continuance of the public distillery at Revdanda, I have the honour to report that the distillery at Revdanda has not been given a fair trial, and, until it proves a decided failure, I do not think it should be closed.

2. At present two distillery licenses have been given out there; and although the country-spirit farmer of the taluka does not help them by purchasing their liquor at reasonable prices, yet they are working well with the Bombay contractors. In addition to this, the farmer of

Bagait Alibag has been called upon to maintain certain quantities of toddy spirit in his depôt and shops, and presumably in a short time he will be obliged either to purchase toddy spirit from the existing distillers, or himself to take out a fresh distillery license. Thus there is every prospect of the distillery there flourishing. Under these circumstances, I do not think it desirable to close the distillery at present.

3. I would, however, respectfully suggest that the present abkari system is to a certain extent detrimental to the prosperity of the distillery. The selling-prices of toddy spirit at present are higher than those of mowra spirit, and consequently the farmer has to be compelled to maintain toddy spirit in his shops as it is difficult to find customers for it. If, however, the price of toddy spirit was equalised to, if not made less than, that of mowra spirit, customers for it would naturally be found, and no measures would be necessary to induce the farmer to keep a stock. In that event I think the distillery would work exceedingly well. There is a sufficient number of tapable trees in its vicinity to get an ample supply of toddy for distillation. The raising of the selling-prices and the duty on spirit this year will not, I fear, increase the Government revenue, as the sales have on that account diminished in proportion, and the suggestion therefore may be considered for adoption next year.

Extract from the Proceedings of the Government of Bombay, Revenue Department,—No. 4032, dated 3rd June 1889.

Read the following:—

Letter from the Commissioner of Customs, Salt, Opium, and Abkari, No. 2405, dated 9th May 1889, submitting a special report on the working of the new abkari arrangements in the Thana and Kolaba Collectorates.

RESOLUTION.—It appears from the Commissioner of Abkari's letter No. 2405, dated the 9th May 1889, that the licit sales of country spirit in the Thana and Kolaba districts fell from 512,203 gallons 25° under-proof in 1887 to 395,058 gallons in 1888, and that in the first three months of 1889 a further drop occurred, the sales during that period having amounted to 69,744 gallons only against sales of 110,583 gallons in the corresponding period of 1888. It is evident also that the illicit distillation of both mowra and toddy spirit prevails to an enormous extent in both districts under the existing conditions of spirit-farm management, and that the chief cause that has operated to bring about this lamentable result is the raising of the retail selling-prices of country spirit to rates that the main body of consumers cannot afford to pay. It is essential that all practicable measures to check this growing evil should be taken without delay. The first and obvious step to be taken is to reduce the retail selling-prices of country spirit that have risen to rates ranging from 50 to 100 per cent. above those prevailing in 1886-87. Mr. Trevor reports that the current farm licenses contain stipulations empowering the Commissioner of Abkari to fix maxima selling-prices. The power thus vested in the Commissioner should be exercised at once, and he should be directed to take the requisite measures with the least possible delay to reduce selling-prices to the rates obtaining in 1886-87. The rates of still-head duty levied on spirit of both kinds must, of course, be reduced at the same time in order to enable the farmers to sell at reduced rates without loss to themselves. It seems to the Governor in Council extraordinary that, with this obvious remedy in his hands, the Commissioner should have allowed illicit practices that are demoralising the population of the Thana and Kolaba districts to grow to the extent reported in his letter. He should also be directed to enforce most strictly the rules regulating the transport of raw toddy in the coast talukas, and to submit proposals for reducing the quantities that may be transported without permit, if necessary, as well as to adopt with vigour all the measures found successful in 1888 in checking the illicit distillation of mowra spirit that then prevailed in the inland talukas of Thana and the Panvel taluka of Kolaba, and was eventually suppressed.

2. The subjects treated in the Commissioner's letter under reference will be dealt with fully later on.

Extract from the Proceedings of the Government of Bombay, Revenue Department,—No. 4866, dated 8th July 1889.

Read the following:—

Letter from the Commissioner of Customs, Salt, Opium, and Abkari, No. 2405, dated 9th May 1889, submitting a special report on the working of the new abkari arrangements in the Thana and Kolaba districts.

RESOLUTION.—The acknowledgments of Government are due to Mr. Trevor for the lucid exposition he has given of the facts of the case, and for his able treatment of a difficult and involved subject.

2. In continuation of the orders conveyed in Government Resolution No. 4032, dated 3rd June 1889, the Governor in Council is pleased to direct that the arrangements described below shall be enforced in the districts of Thana and Kolaba in the year beginning on 1st August next.

I.—COUNTRY SPIRIT.

3. The maximum retail selling-prices of mowra spirit 25° under-proof strength should be fixed at 8 annas per bottle of 8 drams, and of mowra spirit of 60° under-proof strength at 4 annas per bottle, *i.e.*, at R3 and R1-8 per gallon.

The margin for farmers' costs and profit should be fixed at R1-8 per gallon of 25° under-proof, and the still-head duty rates for mowra spirit should be fixed at R1-8 per gallon 25° under-proof, and 12 annas per gallon 60° under-proof.

The same still-head duty rates should be imposed on toddy spirit as on mowra spirit in accordance with the previous orders of Government, but it will be necessary to fix the maximum retail selling-prices of toddy spirit at 6 annas per gallon 25° under-proof and 3 annas per gallon 60° under-proof above those allowed for mowra spirit in pursuance of the principles laid down in paragraph 5 of the Government Resolution on the Bombay Abkari Commission's Report. The drawback allowance on account of duty paid in the shape of tree-tax may be continued for the ensuing year at the existing rate—R1 per gallon of 25° under-proof. This rate is probably too high, and will be reconsidered hereafter.

4. The only alteration required in the conditions of the farm licenses is that, following the system sanctioned for the opium farms in Government Resolution No. 4857 of to-day's date, the minimum revenues to be guaranteed by the farmers should be fixed by the Commissioner on his estimate of what the actual demand for licit liquor at the retail prices fixed is likely to be during next year. After the minimum revenues to be guaranteed have been fixed, the terms of the farms should be published, and persons wishing to take them should be invited to send in their names to the Commissioner, who will proceed to select the best men he can from among the candidates.

5. From the 1st August next the practice obtaining at all other distilleries should be extended to the public toddy distilleries in Thanna and Kolaba and the distillers using those distilleries should be required to pay the cost of the Government establishments necessary to work them.

The licensed toddy spirit distillers in the Thanna and Kolaba districts should be allowed to remove to Bombay any balance of stock they may have in hand on August 1st next on payment of the rate of duty prescribed for Bombay if they do not desire to maintain their distilleries under the conditions now prescribed. The public should also be informed that Government are prepared to receive favourably any applications that may be made for the establishment of private toddy distilleries in the Thana and Kobala districts on the terms and conditions prescribed for the Bhandup distillery and other private distilleries in other parts of the presidency, and that conditions have been inserted in the spirit-farm licenses sanctioned for the Thana and Kobala Districts enabling the farmers to obtain supplies of toddy spirit from any licensed toddy distillery, and to sell it by retail within maximum rates exceeding by 6 annas per gallon 25° under-proof and by 3 annas per gallon 60° under-proof the maximum retail rates allowed for mowra spirit.

II.—RAW TODDY AND TAPPING LICENSES.

6. The arrangements now in force with respect to the issue of tapping licenses are set forth below:

(*a*) Tapping licenses are issued to tree-owners for 5 cocoanut or brab trees or for 10 date trees in each case for the extraction of toddy for domestic consumption only, with the stipulation that all surplus toddy shall be sold to licensed toddy shopkeepers or to licensed toddy-distillers, if any, of the taluka or mahal concerned, and to no one else.

(*b*) Tapping licenses for not less than 10 trees are issued to approved applicants, who, in consideration of the payment of a fee of R10, are allowed to sell the produce of the trees which they are respectively licensed to tap at tree-foot booths established at places appointed by the Collector. They may sell toddy to the public or to the licensed toddy-distillers, if any, of the taluka or mahal concerned.

(*c*) Tapping licenses are issued, without any limit as to number of trees, to applicants who are entitled to sell toddy to licensed shopkeepers and licensed toddy-distillers of the taluka or mahal concerned, but not to the public or to tree-foot booth-keepers.

(*d*) Licenses for sale of toddy at shops are issued on payment of a fee of R10 per license, or, where there are several applicants for the same shop, all or several of whom are equally eligible, the licenses are sold by auction. Licensed shopkeepers may buy toddy from tappers of classes (*a*) and (*c*) above, but not from those of class (*b*). They may sell toddy to the public or to licensed distillers, if any, of the taluka or mahal concerned, but not to a tree-foot booth-keeper, or to another toddy shop-keeper.

(*e*) The rules and regulations made, or which may be made, for shop licenses apply to tree-foot booths also.

(*f*) No maximum selling-price for raw toddy is fixed, and the licensees are at liberty to retail the juice at any price they please; but Government retains to itself the right of regulating the maximum selling-price at any time during the currency of the licenses if found necessary for the protection of consumers.

The Governor in Council is now pleased to direct the introduction of the following alterations in the system as above described :—

(1) The concession allowed to tappers for domestic consumption and for the supply of tree-foot booths, permitting them to sell toddy to licensed shopkeepers and distillers, should be entirely withdrawn. They should be allowed to tap only for the supply of their own wants. In this there is no real hardship: a tapper may reasonably be required to take on himself the risk and consequences of tapping too many trees and drawing more toddy than he can finds sale for: any surplus toddy drawn and left on his hands can be utilised for the manufacture of vinegar on the tapper's own premises.

(2) The number of trees licensed to be tapped for domestic consumption should be limited to 1 cocoanut or brab tree or 2 date trees for each adult member of the tapper's family, subject to a limit (as at present) of 5 cocoanut or brab or 10 date trees. The trees thus licensed to be tapped should be trees growing in one and the same survey number unless the Collector or Assistant or Deputy Collector in charge of the subdivision relaxes this latter proviso.

(3) Tapping licenses may be issued to tree-owners and to the actual occupants of lands on which toddy-producing trees are grown, who, in consideration of the payment of a fee of R10 for each booth, shall be allowed to sell for consumption in the raw state only the produce of the trees which they are respectively licensed to tap at tree-foot booths established at places appointed by the Collector. The Collector shall have full discretion to limit, and is required to limit, the tapping of trees under these licenses to the number required according to his own estimate, to supply fully the licit demand for toddy for consumption in the raw state of each locality concerned. The licensees shall be permitted to employ persons approved by the Collector to tap their trees and to manage the business of their booths. The trees thus licensed to be tapped should be trees growing in one and the same survey number, unless the Collector or Assistant or Deputy Collector in charge of the subdivision relaxes this latter proviso.

(4) No tree-foot booth licensee and no toddy shop-keeper should sell more toddy to one person in one day than the quantity allowed for the time being to be transported without permit. This rule is required in order to bring the toddy business carried on at booths and shops into conformity with the transport rules.

(5) Licenses to tap for the supply of licensed toddy shops and licensed distilleries to be issued only on the application of the shopkeepers or distilleries concerned. Rule (c) now in force should be expunged. Licensed shopkeepers and distillers should be required to make each his own arrangements for his toddy supply.

(6) In granting tapping licenses of all kinds, the Collector must exercise a careful discretion with respect to local wants, and must not permit in any case more trees to be tapped in any locality than the number necessary to supply the existing licit demand of the locality. The Commissioner should carefully supervise the Collector's proceedings in this matter.

(7) Before any tapping license is granted, the applicant must satisfy the Collector that he is the actual owner of, or has required a right from the owner to tap, the trees for the tapping of which he seeks permission.

(8) Miximum selling-prices should be fixed for the retail sale of toddy at toddy shops and at tree-foot booths.

7. It was the intention of Government in lowering the tree-tax rates in the talukas south of Mahim, and in increasing the facilities for tree-tapping, to make available to the people—to consumers generally—a full supply of good and cheap toddy. The concessions made by Government to effect this purpose have not produced the results it was desired to obtain, and great part of the freer toddy supply made available and intended by Government for the benefit of consumers of raw toddy has been diverted to illicit uses. Nor have the intentions of Government been realised in lowering the tree-tax in order to cheapen toddy, as toddy has been selling at dearer rates in all the talukas since the tree-tax was reduced.

The Governor in Council considers that the maximum price of toddy should, save in Dahanu and Umbargaon, where it should be 6 pies and 4 pies, be fixed at 8 pies and 6 pies per bottle.

8. No change need be made in the rate of license fees levied for the sale of toddy at shops or in the practice of selling by auction toddy-shop and tree-foot booth licenses whenever several applications are made for permission to open shops or booths in the same locality.

No. 5151, dated 7th October 1889.

From—E. J. Sinkinson, Esq., Secretary to the Government of India,
Department of Finance and Commerce,

To—The Secretary to the Government of Bombay, Revenue Department.

I am directed to acknowledge receipt of your letter No. 5213, dated 20th July 1889, forwarding papers describing the working and results of the excise

system introduced experimentally in the Thana and Kolaba districts from 1st January 1888, and the changes of system ordered with effect from 1st August 1889.

2. The principal feature in the experiment which was tried in those districts for nineteen months was the maintenance of the practice of granting a monopoly for the supply of country spirits in a district, or portion of a district, accompanied by the removal of the condition under which the farmer is required to guarantee a minimum revenue. This change was introduced in order to meet the objection that the practice of requiring the monopolists to guarantee a minimum revenue had not the effect of acting as a powerful incentive to increase consumption. Other minor changes were simultaneously made. Spirit distilled from toddy, unlike other spirit, had previously not been subject to still-head duty, a tree-tax on trees tapped for distillation being substituted. To equalise the incidence of taxation on toddy and other spirit, the tree-tax had been raised to a high rate. As part of the arrangements introduced from 1st August 1888, still-head duty was levied on toddy spirit at the same rates as on other spirit, subject to a drawback on account of the tree-tax paid for the toddy drawn for distillation; the rates of the tree-tax were also lowered; and the regulations regarding the sale of fresh toddy were altered.

3. The substitute for the guarantee of a minimum revenue took the form of the levy of an extra duty, at first a percentage on the duty, and subsequently a specified sum per gallon. The amount of this extra duty was determined by public tender, as in the case of the guaranteed minimum under the ordinary system, and the monopoly was given to the highest tenderer. During the experiment, the fixing of maximum retail selling-prices—a condition which it has been found expedient to attach to a monopoly partly in the interest of the consumers, and partly to prevent the farmer from securing to himself an undue share of the total price as compared with the share which the Government receives in the shape of duty—was held in abeyance in some cases.

. The results of this experiment are described in the papers forwarded with your letter. The tenders for extra duty were so high as to enhance the total duty by about 70 per cent., and to raise the duty in most of the talukas to a rate higher than that levied in any other part of the presidency. The selling-prices of spirit necessarily followed this increase in the duty, and the retail prices are reported as having risen by between 50 and 100 per cent.

5. The result of this large rise in price was to cause a strong stimulus to illicit distillation, the prevention of which was the more difficult because the monopolist was no longer influenced by the motive, created by the guarantee of a minimum revenue, to co-operate in suppressing illicit practices and to refrain from them himself. The revenue from country spirit largely declined in both districts, though the consumption is shown to have greatly increased; and it is reported that "there is no room for doubt that in Thana the only difference is that illicit liquor is consumed instead of licit, and that the demoralising practices, which had, with difficulty, and after a continued and costly struggle, lasting through nearly ten years, been nearly suppressed, have, in as many months, and in spite of strenuous efforts, become as rife as ever; and that the same is true to a very great extent of Kolaba also." It thus appears that the modification of the system which was introduced with the object of diminishing consumption diminished licit consumption only, while it resulted in more than proportionately increased illicit consumption.

6. The Governor in Council has in these circumstances determined not to persevere with an experiment of which the results have been so unsatisfactory, and has ordered a change of system to be introduced from 1st August 1889. From that date the payment of extra duty over and above the ordinary fixed still-head duty is to cease, and the farmer is to be required to guarantee a minimum revenue: the amount of the guarantee, however, will not, as heretofore, be fixed by tenders, but will be settled by the Commissioner on his estimate of what the actual demand for licit liquor is likely to be. The Commissioner is to select the best man he can from the persons who offer to guarantee the minimum so fixed, and to grant the monopoly to him.

7. These orders have the approval of the Governor-General in Council. He considers that the system by which the amount of the minimum guarantee is fixed by the Commissioner and not left to be determined by competition is an

improvement in the conditions under which the guaranteed minimum system has hitherto been administered. It engages the co-operation of the monopolist in the prevention of illicit practices, and secures his own abstention from them; and it removes the risk of the guarantee being fixed so high as to offer an inducement to encourage consumption in excess of the natural demand. It will be desirable to fix the minimum at a moderate amount rather below that which the ordinary consumption would yield. I am to suggest that His Excellency the Governor in Council should be moved to consider whether it would not be desirable to extend to other districts also this mode of fixing the amount of revenue to be guaranteed.

8. The Governor-General in Council finds in these papers a confirmation of the soundness of the contention that illicit production can only be checked by strong preventive measures, and, in the words of our despatch of 25th June 1887, that "the ability of the Excise Department to prevent illicit distillation is the only limit which is imposed in practice to increase in the rate of taxation." In Bombay it is abundantly clear that, even where the amount to which the rate of taxation is raised falls appreciably short of the tariff rate, the prevention of illicit practices becomes impossible. The history of the Thana and Kolaba experiment affords a practical illustration of the difficulties which must be encountered when attempts are made to raise the rate of duty above that which prevails at present.

9. There is one matter regarding which I am directed to call for a further report, namely, the allged rise in the price of raw toddy. In paragraph 41 of the Commissioner's report it is stated that the retail price of raw toddy prior to August 1888 was 6 pies a bottle at the tree-foot and 8 pies a bottle at the shops, and that in May 1889 it had risen everywhere to 9 pies a bottle. As one of the changes made in August 1888 was a considerable lowering of the tree-tax, this result is the reverse of what was to be anticipated. The report shows that there has been a large increase in the supply of raw toddy, and the rise in price must, therefore, be due to one or other of two causes—either (*a*) to an increased demand for fresh toddy to be consumed as such, caused by drinkers of spirit having been driven by the high price of spirit to drink fresh toddy instead of spirit; or (*b*) to an increased demand for toddy to be used for the purposes of illicit distilation. The papers do not contain full information on this point, though it seems probable that the latter was the true cause. I am to request the favour of an expression of the view of His Excellency the Governor in Council on this matter and the submission of a report, after such further enquiry as may be necessary, stating whether the rise in price is beyond doubt, and, if so, explaining the causes which have led to this result.

No 113 (Revenue), dated 21st November 1889.

From—The Secretary of State for India,
To—The Government of India.

I have received Your Excellency's letter No. 323 (Finance and Commerce), dated the 15th October last, reporting and forwarding papers concerning the changes introduced or ordered in the Bengal excise system.

2. I observe that the Lieutenant-Governor has directed that the outstill system of excise shall be replaced by a central distillery system throughout Bengal, save in exceptional cases where sparse population, difficulties of supervision, proximity to foreign territory and the character of the local liquor may render the change inexpedient. Steps are being taken to strengthen the excise staff, and to make supervision possible. At the same time, the Excise Commissioner is arranging to control outstills, and to enhance the duty on, and the price of, outstill liquor in the exceptional tracts where that system may, for the present, be retained. I observe also that the Bengal Government, the Board and many of the local Revenue officers are in favour of most of the excise reforms advocated in Mr. C. E. Buckland's interesting and suggestive report upon the Bombay and Madras excise systems.

3. I approve the orders which have been issued by the Lieutenant-Governor; and I agree in his view that no general increase in the number of licensed liquor-shops is desirable or

should be encouraged. The changes that have been ordered can hardly be effected at once over the whole of Bengal. But I am confident that, under the direction of Your Excellency's Government, the Lieutenant-Governor and his Revenue officers will do what may be possible to secure the early introduction of an excise system calculated to secure the objects summarised in the final paragraph of the Bengal Government orders.

4. At paragraph 3 of my despatch No. 67, dated the 18th July last, I intimated my acceptance of the views of your Government on the subject of consulting local public opinion in the matter of licensing liquor-shops. I request that the writers of provincial excise reports may be instructed, in future, to state briefly, year by year, how far and with what result action may have been taken under your circular letter No. 3686, dated 18th July 1889, on the subject of a modified local option in excise affairs.

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removing the grogshops to a decent distance from our gardens, where, the consumption being less, they will naturally get less money for it. Tell FitzGerald I am with him and send him this letter. Gordon is sure to help him.

Dated Jaipur, Dibrugarh, the 17th May 1889.

From—S. HOGARTH, Esq., Jaipur Tea Estate, Limited,

To—G. FITZGERALD, Esq.

Thank you for the copy of the letter from the Secretary to the Chief Commissioner of the 8th instant.

With the exception of the notorious Doom Dooma case, I doubt your getting in any records of protests against the liquor shops. The Government showed such a very determined force in the matter, under the plea of "want of revenue," that planters saw protesting was only waste of time, and adopted protective measures in taking up any land likely to be spotted by Government as suitable (financially) for a shop. I myself have done this, and with a partial success. Another reason is that Government officials won't answer letters from tea-planters, they won't even acknowledge receipt of them, and effectually stifle complaints by this means. I have made complaints about our liquor-shop to coolie inspectors. I have complained that the mixture sold as "sarkari grog" is not only maddening to our people, but that our attempts at doctoring and feeding are discounted by the near pr oximity of the grogshop The stereotyped reply is—"You have a remedy in your own hands by buying up the shop." And, mind you, this is one of the so-called unhealthy gardens that the Government put in the "black list," and very kindly published in the *Indian Planters' Gazette* in March. I enclose a letter from our Jaipur grogshop. The shop used to be in the bazar, and the road to it, having a rather tigery reputation, acted against large sales. A new man took the license up last year, and has been allowed to open the shop within a few yards of our garden. I had very serious complaints about drunken coolies in the lines, and actually found grog being taken to the hospital. Last pay-day I found the grog-seller in the lines trying to get money out of the coolies. I had him turned out and threatened to prosecute him for trespass. The result is this enclosed letter, in which he says my coolies owe him R450.

I don't think the Chief Commissioner goes far enough when he only refers to protests being ignored. Every one knows that Assamese don't drink spirits, and the sale depends on the imported Bengalis; and I think we have a right to expect to be consulted on a matter of such vital importance.

Dated the 17th May 1889.

From—HENRY HANNAY, Esq., Wilton Tea Company, Limited,

To—G. FITZGERALD, Esq., Chubwa.

Your letter of the 14th instant to hand, enclosing copy of a letter addressed to you by the Secretary to the Chief Commissioner of Assam on the working of the outstill system.

I have never personally made any complaint aginst one of these liquor shops being placed near a garden, but my experience of them is that they do the greatest harm, and more than the Assam Government can imagine.

1st—They lead to excessive drinking and quarrelling in the lines amongst a set of men who are naturally very quiet.

2nd—There is no arrangement made for inspecting these shops, and there is liquor sold from them that is to a large extent the cause of sickness amongst coolies which could otherwise be avoided.

The liquor I refer to is the usual country rum adulterated in a way that makes a coolie drunk in 10 minutes. Mr. Moran, of Khonikor, has had this spirit analysed, and could let you know about it.

There is one of these outstill shops between this station and the Dinjan bridge. Beyond this bridge there is a small patch of tea which I have to cutivate and pluck. If I send men down to hoe there, there are sure to be one or more come back drunk, and the same with women sent to pluck.

Summaries of letters prepared by Mr. FitzGerald and enclosed in his letter.

MR. KIRWAN, Superintendent of the Doom Dooma Tea Company, writes—

"As regards the system, I have always condemned it, and it is my opinion that it leads to a great deal of drunkenness, and thereby affects the health of the coolies, where shops are situated too conveniently to the gardens. To this effect I wrote to my Agents, with a view of the Tea Association taking the matter up, and bringing the planters' views as a body before Government, as in my opinion most of my neighbours objected to these same grogshops for the same reasons as I did himself. As regards my individual case, it was this:—The Deputy Commissioner at the time wanted to put up a grogshop just outside my garden, on the 75 feet from centre of Trunk Road, which he considered was Government land. I objected, as I contended this land was only for purposes of road repairs, and that if not required for that, I had a prior right to the land, as buildings in front of my road frontage would be a great nuisance to me. Well, we fought the matter, and eventually I won and the grogshop vanished. The matter in the end was settled amicably between the Deputy Commissioner and myself and I have never since heard anything about it."

MR. GORDON, Manager of the Tingrai Tea Company, Limited, writes—

"I have had no trouble much with grogshops in this district, for the simple reason that they are a good way off me, 9 miles in either direction, but, when in Mangaldai, I had one planted almost at my very door, and all my remonstrances were of no avail; even an interview in 1883 with Mr. Elliott, the then Chief Commissioner, did no good. If I had a shop placed close to my garden, I should try and have it removed. It tends to drunkenness, and generally demoralises your coolies, and my experience has been that, given a grogshop within easy access of your garden, you may depend on a large amount of sickness."

MR. HOLMES, Superintendent of the Brahmaputra Tea Company, writes—

"I have never protested against grogshops officially. I have often pointed out to the Magistrate the evils arising from the sale of country spirits. That it is a curse to the country there can be no denying, and I would be very glad to see the outstill system done away with. Our coolies are simply being ruined by it, and the sickness and death-rate on some of your gardens very much increased since the system came in force."

MR. MORAN, Manager of Khonikor Estate, writes—

"There is not the slightest doubt but that planters condemn the outstill system, but we can do nothing to stop it. At Rangagora (K. G. bazar) drunkenness got so bad in 1885 that there was one case of death. A man got hopelessly drunk at the shop; he was carried to Guijan, never recovered consciousness, and expired in a few hours. I had some of the liquor sent in to Godfrey to have examined, but there was nothing in it. Most probably I never got the stuff sold to the coolies. The real poison is drunk on the premises, and never allowed to go out. Stramonium, I am convinced, is used in drugging the coolies."

DR O'BRIEN, Managing proprietor of Behesting Estate, writes—

"Providence has been good enough to me to spare me the infliction of a grogshop in my neighbourhood. Ever since I came to Assam there has not been any of those cursed dens near me. Such being the case, I have had no personal experience (except from hearsay) of the baneful effects of these wretched grogshops on the coolies."

MR. MIDDLETON, Manager of Nahorkattia Estate, writes—

"The shop here is about 300 yards from my bungalow. Fortunately for me, my coolies are not great supporters of it, as they use opium freely, and so the shop gives me very little annoyance. My coolies have a wholesome dread of the grog, as several who got drunk when the shop was first established fell victims to cholera in the cholera year, and I have had two cases of death since, quite traceable to the grogshop. There is little use our taking care of the water our coolies drink, so long as these grogshops are allowed to dilute the spirit with any filthy water that may be handy, and the spirit is not strong enough to correct the impurities. I certainly protested most strongly against a license being given for the shop here, pointing out to Mr. Godfrey, Mr. Bolst, Mr. Driberg, and lastly to Mr. Lea, the nuisance it might become, and the injury it had already done the estate, detailing the cases of supposed cholera traceable to the grogshop to Mr. Bolst and Dr. Whitwell during their inspection visits. The only reply I got from the Deputy Commissioners was—'If you don't like the shop being licensed, buy it in yourself.' These words were used by two of the above-named gentlemen, and one added—'Why should I lose revenue to please you?' Of course, I could say no more."

MR. PRICE, of Dholajan Estate, writes—

"I look upon such shops as the curse to this country, and being the cause of all rows on gardens."

MR. HAINWORTH, Manager of the Jamirah division of the Jokai Company, writes—

"Grogshops, all the same, are a curse to the country, and it would be a good job if they were got rid of. They are the cause of constant rows and broken heads, besides robbing of the coolies. The one at Boorboor is a nuisance to me, and it is seldom a Sunday passes without a row of some sort. I had to put a police case against that man for selling in my lines, and he got fined for it, and the man that owned it had the cheek to write to me after that, and ask me to help in collecting his bad debts for grog from my coolies. These grogshop people not only give it on credit, but receive stolen property from coolies to pay for it."

MR. BLAMEY, Manager of Romai and Tipling Tea Estate, writes—

"I have always been against these native grogshops. They sell such a lot of the muck at such a small price, while a small quantity gets a strong man drunk and helpless, or if not helpless, they kick up fearsul dis-

2. Precise information is called for on the following points:—

(1) the extent to which the "farming," "contract outstill" and "regulated outstill" systems are respectively employed in the Central Provinces;
(2) the reasons for which in each case these systems are preferred to the more perfect system of the central distillery;
(3) how far the description given in the extracts quoted in paragraphs 1 and 2 of the letter under reply correctly describes the effect of the arrangements made for regulating the manufacture and supply of liquor from the outstills; and
(4) how far, in particular, these arrangements are such that more than a limited quantity of liquor cannot be produced at each outstill, and that the price of outstill liquor cannot be unduly reduced.

A copy of the excise rules and circulars in force in the Central Provinces is also called for. A copy of the Excise Manual corrected up to date is accordingly forwarded (separate cover from Nagpur).

3. As to the first point, the returns recently received for the year 1887-88 show that the area supplied in that year from Sadar (central) distilleries was 10,410 square miles, from contract-stills 14,085 square miles and from outstills 43,996 square miles. Feudatory States and zemindari tracts, in which the zemindars enjoy the right of making their own excise arrangements, are excluded. In certain districts some changes have been introduced, chiefly in the direction of substituting outstill for contract-stills, since the 1st April last. Precise statistics as to the areas affected are not, however, available at this moment. What the contract-stills and outstills of the Central Provinces are is explained below. I am also to append a copy of the map which accompanied the Provincial Excise Report for 1886-87, indicating in different colours the area supplied in that year from the several classes of distilleries, and showing that the excise system varies with local circumstances.

4. The "regulated outstill" system is at present unknown in these provinces, but in January last, the Chief Commissioner ordered enquiry to be made as to the practicability of limiting the capacity of still used by outstill manufacturers. The result of this enquiry has not yet been reported. It is extremely doubtful whether anything can be done in this direction to check production. Any rule could be easily evaded, and would probably only provide a source of income to underlings of the Excise and Police Departments.

5. The contract-still of the Central Provinces corresponds for the most part with the "contract outstill" as described in paragraph 3 (*b*) of your letter, but the time (sunrise to sunset) within which manufacture may be carried on is fixed, and it is physically impossible to produce more than a certain outturn which admits of a roughly approximate estimate within that time (Excise Manual, pages 10-12 and 33).

6. The outstill system of the Central Provinces corresponds generally with what is spoken of as the "pure farming system," that is to say, no control is exercised over the quantity of liquor manufactured. The control over consumption is confined to limiting the number of shops. It may be added that no large tracts of country are farmed in these provinces. Small areas only are farmed, the object being to excite local competition and so enhance the price paid for the monoploy. (Excise Manual, pages 10 to 12 and 19.)

7. The next question is, why are the contract-stills and outstills of the Central Provinces preferred to the more perfect system of the central distillery. The answer in brief is that the latter system has been found by experience to be unsuitable to the greater portion of these provinces. When the Central Provinces were first formed, the pure farming system was in force everywhere. The central distillery system was first introduced upwards of 25 years ago in the Jubbulpur and Nurbada Divisions, being borrowed from the North-Western Provinces, to which this portion of the country was formerly attached. Some years later, its extension to the rest of the Central Provinces was sanctioned with some reluctance by the Government of India, who apprehended that it would not prove suitable to a backward province. This apprehension was justified by events. It was impossible to set up central distilleries except in places where the supervision required for working them was available, and the result of attempting to supply extensive and thinly populated areas from a few central distilleries manufacturing a weak liquor that does not keep well and is not appreciated by country consumers unless freshly made, was that either the liquor did not reach the rural tracts at all, or, if it did reach them, was not worth buying at the price demanded. Scarcity of taxed spirit and prohibitive prices beyond the immediate environs of the central distilleries led, as experience shows that like conditions always do lead, to illicit distillation.

8. Within ten years from the date of its first introduction into these provinces, the sadar distillery system, as an exclusive system, stood condemned. Experience showed that it had to be supplemented by a system of rural stills. It was impossible in a country like the Central Provinces with its long stretches of hill and forest, and with a large aboriginal population habituated for generations to the use of liquor, and requiring this for the daily worship of their deities, as well as for their own consumption, to carry on the excise administration under the central distillery system, pure and simple.

According to the last census, the population of these provinces (Feudatory States excluded) averages only 116 to the square mile, sinking in some districts to below 70, and only 6 per cent. of the population inhabit towns. It has been pointed out before, but it may be well to repeat, that the material (mowha), from which spirit is universally distilled in these provinces, is readily procurable in every district and that the apparatus required for extracting the weak liquor ordinarily consumed is of the simplest description. A couple of earthen vessels and some pieces of hollow bamboo are all that are necessary. The mhowa tree occurs everywhere. Its flower is freely used as food by the hill tribes and also affords the material for the manufacture of spirit. That under these conditions illicit distillation became very prevalent under a pure central distillery system is not a matter for surprise.

9. At a conference of the Chief Administrative officers of the Province, convened by Colonel Keatinge, the then Chief Commissioner, in 1871, the serious pass to which the excise administration had been brought by a too rigid adherence to the central distillery system was one of the subjects of discussion, and shortly after this a special officer was appointed to the charge of the Excise Department. Mr. J. W. Chisholm, now Commissioner of the Chhattisgarh Division, was the first Commissioner of Excise, and it was during his tenure of office that the then Chief Commissioner, Mr. (now Sir John) Morris, who possessed an intimate knowledge of the country and its people, established the mixed distillery system which is still at work here. What was done was to supplement the central distillery system by the establishment of two classes of rural still, the contract-still and the outstill, so as to cut off the stream of illicitly distilled liquor.

10. The above sketch of the history of the excise administration in these provinces shows that the present system is the outcome of experience, that the central distillery system, as an exclusive system, was tried, and that it was discarded because it proved a failure. It has not been pronounced by this Administration to be inapplicable to other than limited areas holding a considerable population, where there is adequate supervision, without a fair trial. The experience gained here appears to correspond very nearly with that gained in Bengal. The Bengal Excise Commission has recorded that—

"in all thinly-inhabited and jungly districts, the sadar distillery system completely failed to secure its main object, namely, to levy a duty on the actual quantity of spirit which passed into consumption, owing to the fact that much spirit was consumed without paying any duty whatever."

As already noticed, the average population per square mile in the Central Provinces, excluding Feudatory States, is 116.

11. The Bengal Commission, while advocating the retention of the outstill system in rural tracts under certain precautions, was of opinion that—

"wherever there is a large population of drinkers in a comparatively small and easily defined area, with a trustworthy supervising agency available, the best system undoubtedly is to tax every gallon manufactured according to alcoholic strength. The required conditions are satisfied in large cities which are the head-quarters of districts."

There are 18 districts in the Central Provinces and 29 central distilleries are now working. So far from its being desirable to increase their number, there can be little doubt that some of those existing are practically failures. The amount of supervision required for efficient working can only be had at really large stations. There are few large centres in these provinces. There are only five towns (Nagpur, Jubbulpur, Kamptee, Saugor and Burhanpur), with a population of over 30,000, and it is only in the three first named that the population exceeds 50,000. The drinking classes are, moreover, by no means chiefly confined to the towns. The strain of aboriginal blood runs through the majority of the agricultural and labouring population, and where that is found there is probably a taste for liquor. But so far as he has yet seen, the Chief Commissioner does not think the population generally drinks to excess. The spirit consumed is the very smallest of small drinks.

12. There are now contract-stills in 11 out of the 18 districts. There are some out-stills in all districts. In two districts the outstill system only is in force. In others this system is combined to a greater or less extent according to local circumstances with the central distillery and contract-still systems. As regards the respective merits of the outstill and the contract-still systems, the Chief Commissioner's opinion is that the latter opens the door to fraud unless closely supervised, and that it is not easy to secure the required supervision in rural tracts. He therefore prefers the outstill system, provided that the number of shops is carefully regulated and that a proper upset price is maintained for each still. He considers this system, with these restrictions, the best for all but large towns. It is in large towns that excess in drinking is chiefly to be apprehended. As noted in paragraph 4, the Chief Commissioner has ordered enquiry to be made as to the practicability of imposing a further restriction by limiting the capacity of the stills used by outstill manufacturers.

13. Next, as to the effect of the arrangements made for regulating the manufacture and supply of liquor from contract-stills and outstills as known in the Central Provinces. Dealing first with the latter, I am to observe that abuse of the outstill system occurs when the distiller offers large quantities of liquor for sale at attractively low rates. He can only do this with profit to himself when (1) his license to manufacture has been cheaply bought, and (2) when the number of customers who are within easy reach of his shop is sufficiently large. By putting a proper upset price on the monopoly, which renders unduly cheap retail rates unprofitable to the monopolist, and by restricting the number of shops at which sale of liquor is allowed, the amount of "business" which can be done by the distiller can be effectually restricted. The average* area per shop in tracts where the outstill system is in force is 10½ square miles, and the average population per shop is 1,245. According to the last census report the average population per village is 237 for the whole province. On an average, therefore, the great majority of consumers are not provided with a shop close at hand. They have to go some

* The average area per outstill is 25 square miles.

connected with Excise administration. In the first place, it is not allowable for members of the Muhammadan community to openly countenance or tolerate in any way the consumption of spirituous liquors. The use of spirits is forbidden by the Koran, and the representatives of this community would undoubtedly, were it in their power, uniformly declare against the grant of licenses to sell alcoholic stimulants." And again, notwithstanding that many Hindu gentlemen are entirely free from all prejudice in the matter, the general feeling amongst them is adverse to the consumption of spirits, and they would in most instances join with the Muhammadans in negativing proposals to grant licenses. On the other hand, the lower classes who habitually resort to stimulants, and who seldom use them in immoderate or injurious quantities but in many cases as an antidote to the climatic influences to which they are exposed, are entirely unrepresented upon Municipalities and District Boards, and would, were their supply of liquor removed, be undoubtedly forced to have resort to illicit distillation and consumption. We are led by these considerations to the conclusion that it is altogether chimerical to expect that the lower classes could, by the removal of liquor shops, be driven to habits of strict temperance; and that the Government would be guilty of a dereliction of duty if it were to permit the creation of the class tyranny that would inevitably result from the adoption of a system of local option.

9. We fear that the advocates of temperance in England who press for the adoption of this system of administering the liquor traffic, are not well informed regarding the peculiar structure of Asiatic society in general, and of Indian society in particular. To attain even a partial success "local option" demands a certain homogeneity of character, tastes, and moral standards in the community into which it is introduced. In India this condition does not exist; society is not so much an aggregation of individuals as of classes, and, moreover, of classes whose habits, opinions, and views of right and wrong are widely divergent. On such elected bodies as exist there are no representatives of the great mass of the people, and if the licensing power, unaccompanied as it would be with any kind of responsibility, were entrusted to Municipal and District Boards, it seems very probable that it would be exercised without much forbearance or regard for the susceptibilities of those chiefly interested. It is idle to expect the difficult problem of the administration of the liquor traffic to be solved by the votes of representatives who are subject to these disabilities, and, in our opinion, no system of "local option" could be devised that would not, under the conditions that have to be dealt with, be doomed to failure.

10. Your Lordship is aware that even in countries where no violent differences of social habits and tastes exist, where representation is fully developed and political life most active, attempts to enforce abstinence under penalties have not been altogether successful or useful to the cause of morality; and we have little hesitation in coming to the conclusion that such attempts would be wholly unsuited to the existing conditions of this country, and that, even if representative institutions were more completely developed than they are, it would be exceedingly unwise to make India a theatre for experiments of this nature. These grave difficulties, which are not absent even in the most advanced cities of the Empire, would be especially felt in the smaller municipalities and outlying districts.

11. But while fully convinced of the impracticability and impolicy of introducing, or attempting to introduce, now or within any measurable distance of time, into this country any general system of local option, we are of opinion that no genuine expression of public opinion should be ignored in deciding whether a liquor license shall be given or not, and particularly in determining the location of a shop. To enable us to place accurately before Your Lordship the facts regarding the extent to which deference is now paid to local public opinion, we called for information from Local Governments bearing upon this aspect of the case. A brief summary of this information is now given.

12. In the district of Ajmere-Merwara, although no special rules have been drawn up upon the subject, the public in the vicinity are consulted as well as the police authorities previous to the opening of a new liquor shop; and the District Magistrate in his capacity of Excise Collector is the authority under whose permission all such shops are licensed.

13. The wishes of the residents of the neighbourhood are similarly consulted in Coorg, in which Province it is stated that, since 1886-87, 35 shops have been closed with a view to checking an undue disposition to drink among the people, while only one new shop has been opened.

14. In the Hyderabad Assigned Districts the number of liquor shops is fixed for each district by the Deputy Commissioner in charge. No remonstrance regarding their location has apparently been ever received, though, "if it were, it would," we are assured, "undoubtedly meet with full consideration."

15. The Chief Commissioner of the Central Provinces reports that although, in his opinion, it is only in one or two of the larger towns in which there exists an educated community whose opinion is of any weight or consequence, nevertheless, if the residents in any locality were to petition for the closing of a shop, the local authorities would give attention to their wishes. But, it is added, that here, as in the Hyderabad Assigned Districts, no instance of such a petition can be recalled. The opening and closing of shops is left entirely to the discretion of the Deputy Commissioners, who are also the District Magistrates, and the excise authorities have no immediate voice in the matter.

16. From Burma it is reported that proper weight is always given to the expressed wishes of the neighbourhood concerning the location of liquor shops, though no rules have been issued upon the subject. The Chief Commissioner cites several instances which have come under his own personal observation of licenses refused or withdrawn in deference to the wishes of local bodies, and states that they might easily be multiplied upon a reference to the district authorities.

17. There is no separate Excise Department in Assam, the Deputy Commissioners and Magistrate having the control over matters of excise within their respective jurisdictions, under the general superintendence of the Commissioner of the Division in the Assam Valley, and the Commissioner of Excise (who is also the Inspector-General of Police) in the rest of the Province. Representations against the establishment or maintenance of shops, though rare, are on record; and the Chief Commissioner reports that they "seem always to have received the very fullest consideration." It is stated that "Agents of Tea Gardens have sometimes a word to say for or against the establishment of a shop in a particular locality." We may add that the Chief Commissioner has been requested to make a careful enquiry into the cases referred to in the letters which accompanied Your Lordship's Despatch No. 13, dated 31st January 1889, regarding the alleged facilities for drinking afforded to, and increase of drunkenness among, tea garden labourers, and the opening of outstills and shops in spite of the protests of planters.

18. In Bengal more specific instructions have been issued for the guidance of the responsible officers in such matters. They have been iustructed, in the circular quoted in paragraph 2 of the letter from the Government of Bengal, which forms one of the enclosures to this Despatch, to ascertain and to consider, though not necessarily in all cases to conform to, local opinion. Where municipalities exist, the Board of Revenue has been specifically directed to see that the Commissioners shall always be consulted; and remonstrances made by local bodies against the selection of the site for shops are never disregarded without good reason. It is further particularly ordered that, save for special cause, no liquor shops shall be opened near market places, schools, factories, and other places where they are likely to afford more than usual temptations to drink, or to offend public feeling.

19. In the North-Western Provinces, although, as in most of the preceding cases, no rules exist requiring that the opinion of local bodies should be obtained upon the licensing question, the excise regulations provide that opportunity shall be given to zemindars and neighbours of objecting to the position of shops; and any representations made by them or by local public bodies receive attention.

20. The excise rules of the Punjab distinctly lay down that no shop shall be opened in a village the inhabitants of which object to its establishment; and as a consequence the Lieutenant-Governor reports that various instances have occurred of the refusal to grant or renew licenses on these grounds. Nor is a single instance recalled in which a shop has been opened in opposition to the wishes of the inhabitants. The District Magistrate is here also the local head of the Excise administration, and no shops are opened or closed without his knowledge and concurrence.