

THE BUDGET—LIST OF DEMANDS.

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

DEMAND NO. 5—LAND REVENUE.

Mr. President: The question is:

"That a sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Land Revenue'."

The motion was adopted.

DEMAND NO. 6—EXCISE.

Mr. President: The question is:

"That a sum not exceeding Rs. 4,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Excise'."

Mr. B. Venkatapatiraju (Ganjam cum Vizagapatam: Non-Muhammadan Rural): Sir, my motion is that the demand under the head 'Excise' be reduced by Rs. 100. When I ask for reduction by a small amount, it is understood that it is with a view to raise a discussion with reference to the excise policy of the Government of India. I know, Sir, that in all provinces it is reckoned as a provincial subject. We are only concerned with the excise revenue raised in a few of the minor provinces under the Government of India. My object in raising this question is that the Government of India should set a good example to the other provinces in this matter. After all, the Government of India is raising about 50 lakhs which they are able to increase within the last ten years after the war, and they are spending very small amounts for the recovery thereof. The question is whether it is necessary to raise excise revenue at all; whether it is necessary to continue the policy hitherto adopted. Unless the Government of India can afford to forego such a small amount as 50 lakhs, we cannot expect the provinces, which are realizing crores, as in Madras, in Bombay and in the United Provinces, to be able to afford to give up that revenue. Though it is not very easy at one step to put an end to the drink evil in this country as it was in many other countries, we can usefully follow the example set in such a backward country as Russia or even such an advanced country as America. We have seen the advantage derived in America. It is practically admitted and conceded that she has increased not only individual efficiency but also increased the national efficiency. Though there is complaint from the richer section in America, the poorer section, especially the ladies, welcome that prohibition, because it ensures their husbands' attending to the domestic duties better, their saving a larger amount than they did before, their being able to work harder, their being more useful to themselves and to the country. I do not understand, that by adopting the policy of restricting the hours of sale and restricting the places of sale, we are reducing the consumption. If we go minutely into the figures, though there is a slight decrease, they are bad enough for the country. The whole country including the Government

[Mr. B. Venkatapatiraju.]

of India should thank Mahatma Gandhi for setting up this crusade against this drink evil; and you will find that through his association with this question in the years 1921 and 1922, not only here and there but throughout India there was a decrease of consumption and also, necessarily, a decrease of revenue. Even under the Government of India, as was pointed out by the Retrenchment Committee, you find that they considered about the expenditure of Rs. 38,000 in order to prevent any liquor shops being opened three miles around cantonments. What is the object? The object is to see that their own sepoys or soldiers are not tempted to indulge in this drink. I ask, if the military population need to be safe, why should you not attempt a similar thing with reference to the civil population? It is suggested in some provinces that local option can be adopted. But I may tell you, Sir, from my own experience of a municipality, though on principle they agree that we should not open shops if they are not desired by the people, as a matter of fact they are opened in spite of protests. It is properly stated that, when you raise a large revenue, you naturally depend upon it for your general purposes. When you depend upon it for your general purposes, you will find some excuse or other for securing a larger revenue to meet your expanding objects of administration; and therefore the persons who advocate prohibition always suggest, "Do not depend upon this excise revenue for your general purposes."

Mr. President: Before I allow the Honourable gentleman to open that very large subject of Prohibition under a very small vote, I should like to be satisfied what this vote is for.

The Honourable Sir Basil Blackett (Finance Member): The sum asked for under this head represents the loss on exchange on the leave allowances of certain excise officials employed in minor administrations.

Mr. B. Venkatapatiraju: Sir, I may be permitted to state that I am constitutionally entitled to raise a discussion of the policy when the demand of even a rupee is made. It is not a question of the amount. It is a question of the policy we are criticising. We want to impress this upon the attention of the Government of India so that they might follow a better policy in the matter of excise. We have no

Mr. President: I wish further to be satisfied that in this case it is not the Government of India merely acting as the agent of the Local Governments.

The Honourable Sir Basil Blackett: No. It refers to officers of the minor administrations whose leave salary is payable by the Government of India and this is the exchange on their leave salary. They are not acting as the agent for the provincial Governments in this matter. The Government of India are acting in their capacity as a Local Government. Of course the Government of India are not responsible for the excise policy of the greater part of India, and this subject naturally raises a part of the excise policy of the whole of India including the provinces.

Mr. President: Do I understand from the Honourable the Finance Member that the Government of India is responsible for the excise policy of those minor administrations to which this vote refers?

• **The Honourable Sir Basil Blackett:** That is so, Sir.

Mr. President: Then the Honourable Member is in order.

Mr. B. Venkatapatiraju: In order to emphasise my view, I may be permitted to read what the Retrenchment Committee have stated in order to increase the revenue. They have stated it at page 243 of their report. After stating:

“Of the increase of Rs. 1,47,000 since 1913-14, Rs. 38,000 is on account of excise compensation to the Indore Durbar, under an agreement by which a zone of 3 miles round the Mhow cantonment is kept free of State liquor shops”,

they add:

“It has been brought to our notice that there is a considerable loss of revenue to the Central Government owing to the North-West Frontier Province and Delhi drawing their supplies of country spirit from major Provinces which retain the still-head duty on the liquor so supplied. We think that endeavour should be made to come to some equitable arrangement with the supplying Provinces, or, alternately, that the possibility should be considered of manufacturing the necessary supplies of country spirit in an area under the administration of the Central Government. It is estimated that an arrangement of this kind would ultimately yield an additional revenue to the Central Government of about Rs. 10 lakhs.”

Sir, I think it is high time that the Government of India should follow the bright example set up in America and even in backward Russia. India should not lag behind in putting an end to this vice-begotten wealth. In England they have utilised a portion of this amount for educational purposes. They call it whisky money for education. May I ask the Member in charge of the Government of India whether he is going to utilise the amount raised by this excise revenue even for educational purposes. On the other hand, we find in these minor provinces, instead of increasing the educational charges, they have reduced it by Rs. 9 lakhs. Then, what are you doing with this revenue? You do not want it for your ordinary purposes. My object is that you should not at all depend upon this portion of revenue for any of your administrative purposes. I do not want to go into the provinces, because the same cry was made in all provinces. But I confine myself to the Government of India. They can set a bright and good example to the other provinces in either putting an end to his encouragement indirectly of the drink evil or in utilising this amount by earmarking every pie of it for educational purposes. With that view, Sir, I move my motion that the Demand under the head ‘Excise’ be reduced by Rs. 100.

Mr. President: Amendment moved:

“That the demand under the head ‘Excise’ be reduced by Rs. 100.”

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I associate myself fully with the views expressed by my Honourable friend from Madras. It is high time that the Government of India should now consider whether it is not right in the interests of the masses of this country, about whom they many times speak in this House, that they should stop completely the production, distribution and sale of liquor. I think, Sir, there will not be many people here who will say that the habit of drinking is a good habit. Most of us,—although I am very sorry to say that all may not agree with me,—think that, if there is any evil which

[Mr. N. M. Joshi.]

reduces the efficiency of the people of this country more than any other evil, it is this drink evil. Therefore, if we want to serve the interests of the masses of the people, especially the working classes, we ought to stop the production and the distribution of liquor. Unfortunately, the Government of India have got the monopoly of the production of liquor in this country, and they depend to a great extent upon the revenue which they get from the liquor traffic. But, Sir, if the Government of India take a plebiscite of the people of this country, I am quite sure that the majority of people will be in favour of completely stopping the production and the distribution of liquor. If they lose a small amount of revenue from liquor—I say, Sir, small, because if this revenue is lost to the Government of India, they will get a larger amount of revenue from the increased efficiency of the people—they will get a larger amount of revenue from other sources. People themselves will be ready to pay any taxes which will not reduce their efficiency. I therefore think that the Government of India should stop the traffic in liquor altogether; and, if they want more revenue, it is better that they should educate the people and make them able to be more efficient. If the liquor shops are stopped, I am quite sure that the large number of prisons will also be closed and there will be saving more than to compensate for the loss of revenue. I think, Sir, that there is no doubt in the minds of people who have studied this problem of liquor traffic that sometimes liquor shops are forced upon people who really do not want them. I do not say that the people in the locality do not go and take liquor in the shops. But when you start a liquor shop near the house of a poor man, who on account of over-work is exhausted, it is more than human to expect him not to go to the liquor shop. Liquor shops are provided with the approval of Government, and therefore the poor people succumb to the temptation which is placed in their way. If the liquor traffic is prohibited, I am quite sure there will not be a single public meeting of the working classes in this country asking the Government to bring back the liquor shops to them. Although temporarily the Government may lose some revenue, their power to get revenue from the people will greatly increase. I, therefore, think that my Honourable friend, Mr. Venkatapatiraju, should put this motion to the vote and allow this House to express its feelings on this subject.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Sir, I support what Mr. Raju and Mr. Joshi have said on this question. The growth of the evil of drink has been one of the unfortunate aspects of British rule in India. It is not that the habit of drink was unknown in India, but the evil has assumed enormous proportions by the system of excise administration which has grown up during the last several decades. On a number of occasions, members who have met at the Temperance Conferences and at Social Conferences have requested the Government to put down the evil of drink. For a number of years we struggled to have the principle of local option accepted. Some changes have been made and the principle has in some cases been accepted. But even now the evil remains appalling in its character and devastating in its influence upon large numbers of the working classes of this country. It is an evil which particularly afflicts the humbler classes, the men who toil and moil and who sweat in order to earn their living. It is these men who are largely victims of the present policy by which intoxicating drink is brought to their doors and they cannot resist the temptation of utilising it. The evil of drinking is prohibited

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88th by the Hindu religion and by the Muhammadan religion. In a tropical country like India this evil should easily be put down. On the contrary, the system that has been adopted has led to its growth year after year and decade after decade and, even if we take into account the changes and improvements that have been introduced in some parts of the country, the evil remains an enormous one. We have now the happy and cheering example of the United States of America for putting down this evil of drink, and I think that my friend Mr. Raju has raised this point very properly in this House in order that the Government of India should lay down the principle that the manufacture and sale of liquor and of all intoxicating drinks of that character shall be prohibited. India sacrificed a very handsome revenue in order to help China to get rid of the opium evil. (*A Voice*: "With what result?") The moral responsibility for the failure of the effort does not certainly lie on the head of India. Personally speaking, as an Indian, I feel a great moral satisfaction that we are not the means of enslaving the people of China in the matter of the use of opium and I wish that we should be able to feel the same satisfaction that as an administration, our Government are not responsible for enslaving the people of India, so far as the humbler classes are concerned, in the matter of the use of intoxicants and liquor. It is for the Government of India to lay down this policy. I know that under the present constitution, it is principally the provinces which have to deal with this subject of excise, and I have every hope that the provinces will also do their duty in this matter. But unfortunately or fortunately in this instance, so far as the present discussion is concerned, there is still a portion of the excise revenue which is retained by the Government of India. The Government of India is responsible for the administration of Excise in some minor Administrations. Therefore the principle of the Excise policy can be discussed here, and I hope that every Member of this House, European as well as Indian, will be able to give his support to the proposal that the Government of India should formulate a policy of the total prohibition of the manufacture and sale of drinks. I fully realise that this policy, if adopted, will not be brought into full effect at once. It will take some time, it must take time, but once the right decision is arrived at, I hope it will not be many years before the country will get rid of this great demon of drink. It is in the interests of humanity, in the interests particularly of our humbler fellow-subjects, that I plead that this policy should be adopted and adopted now in order that the provinces may be given the right lead from the Government of India.

Colonel Sir Henry Stanyon (United Provinces: European): Sir, with all due respect to the previous speakers and with an equal abhorrence with them of the evil of excessive drinking, I venture to submit to the House that the argument which has been put forward against the policy of excise on liquor has underlying it a fallacy which has now lived long enough to die. The effect of an excise policy is not to encourage but to restrain drink. To increase the price of liquor, which is the direct effect of an excise duty, is to make liquor accessible to a smaller number of people. Drinking is a social evil. It is to be controlled, checked and prevented by education and example, but not by legislation. Let Government give up control of the manufacture and sale of liquor in India. What will happen? India has in the cocoanut palm, the date palm and the *mahua* tree, not to mention others, an endless source of supply for the manufacture of intoxicating liquors. If Government have no control over this manufacture, can it be believed that the manufacture and sale of liquor will stop?

[Colonel Sir Henry Stanyon.]

Are there not people in India who will undertake the manufacture and sale of a commodity which offers handsome profits? And what will happen when the bottle of country liquor for which you now have to pay two annas can be obtained for two pice? Surely that is a question which commonsense can readily answer. I say by all means let India go on in its growing dislike for this evil of drink. Let those who lead the people advise them, encourage them, to give up a degrading and disgusting habit. But do not let us make the mistake that it is encouraged by the control by Government. That makes liquor more difficult and more expensive to buy. It would be a much worse position if Government control were entirely removed; for then, in every village, whosoever pleases could collect his cocoanut juice or his *mahua* flower and turn out liquor for sale. I repeat that the removal of Government control before Indian society generally is strong enough to produce some one of the type of a "Pussyfoot Johnson" would be fatal. I therefore oppose this Resolution.

Nawab Sir Sahibzada Abdul Qaiyum (North-West Frontier Province: Nominated Non-Official): Sir, I do not think I need say very much on this subject. It is known all over the world that liquor and intoxication of every kind are injurious not only to the health of the public but also to the morals of the people. This fact has been recognised in the countries in which the use of liquor was prevailing for a very long time. Those countries have realised the injurious effects of that habit and have legislated for its prevention. A vast continent like America, with its past history of indulgence in liquor, has taought it right and essential to legislate on this subject and there is no reason why India, which is climatically behind America for the necessity of using liquor, should lack in enacting legislation of that character. We must learn this from America and from Europe where it is found necessary to restrict the evil by all possible means, though some of the countries have not gone so far as to legislate for it. Well, if it is considered to be a social evil, as my friend the last speaker has said, there are other social evils which we are trying to stop by legislation. Only the other day in this House certain enactments were passed raising the age of girls, who were taken away by people from lawful custody for illicit purposes. We may as well say that let that evil be removed by social remedies and social means of putting stop to it. These are two things which have just struck me in the speech of the last speaker. What I was really thinking of was this, that the difference between a man and other animals lies only in the matter of intellect. If the use of liquor in unlimited quantities is permitted—and I say here that it is very difficult to keep oneself within the limits, (Laughter and cries of "No.") yes, people have found it very difficult to keep within limits; some have gone to the grave over it; and if that faculty, which distinguishes the human being from the animal, or rather from the ordinary brute, is to be exercised, and the use of that faculty is kept in abeyance for the time a man is under the influence of liquor, is it not necessary that we should stop this evil, and thereby stop people from drifting into the position of brutes? It is possible that custom may keep people within limits, but I ask what about the young persons who are trying to get into the habit of using liquor. Who is there to prevent them from drifting away and exceeding the bounds? There may be the parents to watch them, but possibly even the parents may not be able to keep them in check from indulging in that evil. I think that, if there is any evil to be stopped by legislation, it is this, and if it results in the loss of revenue, which is the only disadvantage, I suggest, that we should forego it and should legislate to stop the evil.

Mr. B. C. Allen (Assam: Nominated Official): Sir, I think that the question is not so much what the different sections of the House wish to do, but what they are able to do. If I am right in assuming that my Honourable friend, Pandit Madan Mohan Malaviya, has not, like myself, been connected with the administration of an Excise Department, I would like to point out to him that the avowed policy of Government is to restrict the consumption of excisable articles. The way to do that is two-fold; one is to restrict the sources of supply; that is, to reduce the number of liquor shops as much as possible; the other is to enhance the revenue with the hope of making liquor, opium or other excisable drugs so dear as to reduce consumption. I would inform the Honourable Pandit from my own personal experience that it is quite easy to force up the price of liquor so high and make it so difficult to obtain as to result in an increase in drunkenness. If people cannot get liquor, they will make it for themselves, and in this country it is the easiest thing in the world to make fermented or distilled liquor. Our experience has been that when liquor cannot be obtained from licit sources, it is obtainable in far less wholesome forms and taken in greater quantities. Garden managers are not likely to encourage their coolies to take liquor. My friend Mr. Joshi regards these gentlemen, I know, with some suspicion, but he will, I think, agree with me in that. Yet in my experience I cannot recall any case of complaint being made to me in respect of Government liquor shops. I do not say that there have not been any such cases, but no such complaint has been made to me personally. But I have frequently received complaints from managers of the serious results arising on their gardens from illicit brewing or distillation, and I remember a case in which a manager asked me to open a Government liquor shop in order to reduce drunkenness amongst his coolies. The Honourable Pandit referred to China. I would point out to him that the poppy is being cultivated freely there. Do you suppose that we could stop the consumption of opium in China merely by stopping its production here?

Pandit Madan Mohan Malaviya: I am reminded of Felix Holt. He said, "If some one must steal, I will not."

Mr. B. C. Allen: The Honourable Pandit is really confusing the moral and practical issues. With regard to America,—I speak with very great discretion as to what goes on in that great country,—one has heard a great deal of the effect of stoppage on the people of America, on the morals of the people. Many have said that it has led to a great increase in consumption of liquor among the young. I assure the House that they would be making a great mistake if they adopted this Resolution, and that they will be doing nothing whatever to encourage the cause of temperance.

Diwan Bahadur M. Ramachandra Rao (Godavari cum Kistna: Non-Muhammadan Rural): My Honourable friend, Mr. Allen, referred to the policy of Government in the past. This policy has been stated to be the maximum of revenue and the minimum of consumption. This policy has undergone considerable examination during the last three years, since the new constitution has come into existence, and it has been generally felt that, while the maximum of revenue has been retained, the minimum of consumption has not been adhered to, and, while the rates have been put up, consumption has considerably increased in various classes of liquor. It is absolutely unnecessary at the present time to examine the figures.

[Diwan Bahadur M. Ramachandra Rao.]

Every Provincial Government and every Provincial Legislative Council has gone very fully into this matter, and it seems to me altogether unnecessary now to discuss the past policy of Government as to whether it has been successful or not.

Reference has been made to America and to the experiment with regard to total prohibition. In regard to that there are two views. One set of views regards prohibition as a total failure, while the other states that it has done considerable good so far as the poorer classes are concerned. Crime is stated to have decreased; general conditions have improved, and so on. Literature has been distributed throughout India on the subject in favour of temperance, and various temperance organisations in the country are also discussing the question. The whole case of total prohibition has already been stated by my Honourable friend Sir Narasimha Sarma in the old Legislative Council; so that, so far as we are concerned we have given thought to this Resolution. Well, I do not know whether he holds the same opinion at the present day. That is a matter which we should like to know, because Members' opinions seem to change very much after taking office. (*The Honourable Mr. A. C. Chatterjee*: "They are much wiser men now.") There are, however, one or two points which I should like to bring to the notice of Honourable Members, and that is, that with the introduction of the Reforms, the subject of Excise has been transferred to the Provinces and the Ministers have been placed in charge of the administration of these excise laws. One question which has been discussed is whether a new policy of either gradual reduction or total prohibition should be introduced in the Provinces, and I should like to bring to the notice of Honourable Members the difficulty that has been caused by the Government of India in this matter. As Honourable Members are aware, foreign liquor is a source of considerable revenue on which my Honourable friend Sir Basil Blackett certainly relies to make up his Budget

The Honourable Sir Basil Blackett: You have thrown out the request for money with which to collect it.

Diwan Bahadur M. Ramachandra Rao: I am perfectly certain you will take care that this money is realised somehow.

The Honourable Sir Malcolm Hailey (Home Member): Not by your aid.

Diwan Bahadur M. Ramachandra Rao: I am not going to discuss that question now. Sir, the revenue that is derived from spirits and liquors is Rs. 2 crores 22 lakhs. Under the head, Beer, Porter, Cider and other fermented liquors, it is Rs. 14,40,000 and under Wines about Rs. 12 lakhs. Sir, I myself was anxious to introduce a Bill in the Madras Presidency known as the Local Option Bill, and I introduced it in the Madras Council and it was sent up for the sanction of the Governor; the Bill was about to be introduced, when suddenly, a telegram was received from the Government of India that I should not proceed with that Bill. The reason for it was that the Bill as defined also touched foreign liquor, and empowered local authorities to restrict the consumption of this foreign liquor which forms the subject of this revenue to which I drew attention. Therefore, Sir, if the question of local option, or the question of total prohibition, is to be pursued in the Provinces, we have here a complication that the Government of India come down and say that their revenue, with reference

to the import of liquor, will be interfered with by any measure introduced in the Provinces.

The Honourable Sir Malcolm Hailey: It cannot now.

Diwan Bahadur M. Ramachandra Rao: There again my Honourable friend is referring to something which has nothing to do with the present motion. Therefore, Sir, if you wish that Provinces and Ministers are to pursue a policy, you must get over the difficulty that is being experienced in the Provinces, namely, that, while they will be at liberty to proceed with local option laws dealing with liquor, this question of foreign liquor has introduced a complication and local option Bills in the Provinces cannot now be proceeded with. I would therefore ask my Honourable friends who sit opposite to me to consider, if this policy of leaving this question of excise entirely to the Provinces is carried out, whether they should not make up their minds to give liberty to the Provincial Legislatures to enact laws which would cover, not only country liquor and duty, but also the prohibition of the sale of imported liquors in this country. That is a question for the serious consideration of the Government. If they wish really the Provinces to shoulder the responsibility of dealing with this question of social reform, they must make up their minds to leave liberty with the Provinces to deal with the question, not necessarily of country liquor, but also to prohibit the sale of these spirits and liquors imported from abroad. That is one question that I should like to place before my Honourable friends.

Then, as regards the broader question, I might perhaps mention that the Punjab has now a Bill, I do not know if it has been put on the Statute-book yet, but that Bill has been affected by this difficulty, and in Madras I was unable to proceed with my Bill and it could not be placed on the Statute-book. Therefore, Sir, I would earnestly ask my Honourable friends who wish to promote reform in this House to consider this aspect of the case, and I would especially appeal to the Honourable Members of the Government to decide once for all whether it would be open to Provincial Legislatures to undertake legislation affecting also the imported liquors, thus removing the ban which has been placed on my Bill.

As regards the general question, Sir, I might perhaps also say that the Provinces at present derive considerable revenue from the sale of intoxicants. In Madras our revenue has gone up considerably from 375 lakhs in 1916-17 to 585 lakhs in 1920 and to the neighbourhood of 500 lakhs in 1922-23. In fact, of the revenue we have assigned to Madras, about one-third is now derived from Excise. The question of excise revenue becomes extremely complicated. I am bringing this fact to the notice of my Honourable friends for the reason that the whole basis of these Provincial revenues will have to be gone into, and what sources should be assigned to the Provinces and what sources should be assigned to the Central Government is a matter which requires much fuller consideration than it has received in the past. Sir, there is one other matter. Sir James Meston (as he then was) said deliberately before the Joint Parliamentary Committee, that the one reason why the excise revenue was assigned to the Provinces under his scheme was to check the tendency of Provincial administrations to undertake legislation with reference to temperance reform. I say, Sir, that attitude is altogether unfair to the Provinces. To place revenues in the hands of Provincial administrators purposely with a view to check this tendency to undertake temperance reform is certainly a circumstance of which I, at any rate, do not approve. Therefore, Sir, the whole question is beset with difficulties, and I implore my

[Diwan Bahadur M. Ramachandra Rao.]

Honourable friends who are responsible for the Provinces of this country to undertake the re-examination of the principles of the division of Provincial and Central revenues with a view to ease the situation in the Provinces. Honourable Members are also aware that this question is continuously raised in the Provincial Legislatures and the Ministers are face to face with this tremendous difficulty which would throw upon them the responsibility of finding ways and means for the omission, or rather for the gradual reduction, of this great revenue which they are now receiving.

Dr. L. K. Hyder (Agra Division: Muhammadan Rural): Mr. President, statements are sometimes made in this House which go unchallenged. I must say statements sometimes emanate on this side of the House and a large number of times I have noticed that they emanate from that side of the House also. Two things have been said, one that the total number of shops has decreased. I grant that this book, which has not been written by me but has been compiled by the Statistical Department of the Government of India, bears that statement out. But with regard to the second statement, that the excise revenue has decreased, I do not think that that statement is borne out by this book. Consider, Mr. President, that your revenue from excise has nearly doubled in the course of a decade. In the year 1910 you got only 11 crores, in the year 1920 you got 20 crores. The policy has been enunciated by my friend Diwan Bahadur Ramachandra Rao: maximum revenue from minimum consumption

Diwan Bahadur M. Ramachandra Rao: The policy is not mine, it is the Government's.

Dr. L. K. Hyder: Maximum revenue from minimum consumption. I shall put it to any sensible man, if common sense has not disappeared, that these two things are diametrically opposed to each other. If the Government of India monopolise this business of manufacture, distribution and sale of all manner of intoxicating liquors and drugs, I say it can follow the policy of a monopolist in two ways. Number 1 is this—that it says we shall sell only a small number of units and charge a very high profit. This is one way. On the other hand, it can say we shall sell a large number of units and charge a very small profit. I say that these figures which I have quoted to you show that in the course of 10 years your revenue has been going up:

In 1911 it was 11 crores.

"	1912	"	12	"
"	1913	"	13	"
"	1914	"	14	"
"	1915	"	12	"
"	1916	"	13	"
"	1917	"	15	"
"	1918	"	17	"
"	1919	"	19	"
"	1920	"	20	"

The Honourable Sir Malcolm Hailey: Have you the figures of consumption?

Dr. L. K. Hyder: I have not got the figures of consumption—I will look them up, but what is the exact point you wish to raise? (*Mr. H. Calvert and another Honourable Member:* "The increase is due to higher rates".) Both my friend there and Mr. Calvert raise the point that the rate has been put up. Now, it is contrary to all principles that, if you put up the rate, the amount consumed will go on increasing. (*An Honourable Member:* "Has it increased?") I say that your revenue has doubled in the course of 10 years. They say "What about the figures of consumption—has the total quantity consumed increased or not?" I put to them this position—that, if your object was to gain revenue, you have been eminently successful. If your object was to restrict the consumption of these deleterious drugs, you have not been successful. Consequently, from these figures which I am quoting the monopolist's policy of selling a very small quantity and putting a high rate of tax on it, but you have been doing just the opposite thing—you have been charging the same amount of excise revenue and the natural result has been that the total quantity consumed has always been increasing. (*The Honourable Mr. A. C. Chatterjee:* "That is quite untrue".) You will have an opportunity of refuting it. Well, Sir, the second point to which I wish to refer is this that the Government of India could not honestly face any other civilised Government in the world if a list were made out of the kind of things from which the Government of India derive this revenue. These are the things from which the Government of India derive their revenue—rum, country spirit, *ganja*, *bhanga*, opium. It would make any Government uncomfortable, and the only two things which I have to say are first, that the Government of India have not followed the policy of restricting the consumption of these deleterious drugs in India, and secondly, that they have been deriving an ever increasing quantity of revenue from them.

Mr. H. Calvert (Punjab: Nominated Official): I am afraid this Assembly runs a grave risk of adding one more to the grievances of the Sikhs. I tried to get my learned friends to speak on that point, but they seem unaccountably shy. All I want is just to add one or two remarks to those which fell from my friend, Mr. Allen. I think, I am correct in saying—and I hope the learned Member from Bombay will correct me if I am wrong—that in that Province they deliberately adopted a policy of progressive reduction of consumption, with the result that the last annual report issued from that Province shows a marked increase in cases of illicit distillation. We in the Punjab, also have tried this policy of progressive reduction of output with progressive increase of taxation and we came to a limit at which we were defeated by a very marked increase of illicit distillation. What any Government has to aim at is just that balance by which you can decrease consumption without stimulating illicit distillation. I think, Sir, that most Provincial Governments would be very thankful to any Member of this House who would assist them in arriving at a policy which would enable them to reduce consumption without increasing illicit distillation. I think those who have had experience of excise administration agree that practically every provincial administration is anxious to show a reduction in the consumption of liquor but that every administration is faced with this difficulty, and I think, Sir, if instead of putting all the blame on the administration for failure to bring about a further reduction, Honourable Members' interest took the form of assisting the administration by suggestions of practical utility for stopping this consumption, most Local Governments would be very thankful indeed. In our particular

[Mr. H. Calvert.]

case, Sir, we have special local difficulties into which I do not wish to enter; but the mere fact that the Punjab is so interspersed with territories belonging to Indian States makes it practically impossible for us to control the import of liquors across these various boundaries. We are much interspersed with islands of State territory, especially in those districts where the consumption of liquor is most popular among the local inhabitants.

Dr. H. S. Gour (Central Provinces Hindi Divisions: Non-Muhammadan): I move, Sir, that the question be now put.

Mr. President: The question is that the question be put.

The motion was adopted.

(The Honourable Sir Basil Blackett rose in his seat.)

Mr. President: I will allow the Honourable Member his right of reply on this occasion, but I think he might have risen earlier.

The Honourable Sir Basil Blackett: Sir, the discussion to-day has been on the question whether we shall reduce by Rs. 100 a vote of Rs. 4,000 for Excise. On that we have discussed very broadly the general Indian policy of Excise. That is a policy which, as was stated at the beginning, depends almost entirely on the Provincial Governments, and though no doubt a general discussion was entirely in order on this particular vote I think that a good deal that has been said travels very near the line of relevancy.

As regards the statements that were made by my friend, Dr. Hyder, I would like to draw his attention to the fact that it has been the experience of many Governments besides the Government of India and the Local Governments that a policy of maximum revenue and decreasing consumption is a successful one. In the United Kingdom there has been a very large increase in revenue raised from liquor during the last 10 or 15 years accompanied all the time by a very large decrease in consumption. The idea that the two cannot go together is, I think, one which he would find it difficult to support if he looked into these statistics of actual consumption. I have no statistics of the actual consumption in India with me at the moment, but I am informed that the same fact is true in the case of India.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Not in Madras.

The Honourable Sir Basil Blackett: The total revenue which is raised in connection with this vote is not the large sum which has been spoken of, but it is a sum of Rs. 45 lakhs. This vote has reference only to those minor administrations such as Ajmer-Merwara, the North-West Frontier Province and others which are under the control of the Government of India. In their case the policy adopted by the Government of India is to follow the policy of their big neighbours. It comes back, therefore, to the question of what is the policy of the Punjab Government, and what is the policy of the Government of the United Provinces in regard to Excise, and it would not be possible, I think, for the Government of India to introduce a policy, shall we say, of prohibition, even if it were desirable, in such a place as Ajmer Merwara by itself. It must depend on the provinces with whom in this matter it is not for the Government of India directly to interfere.

The point has been made by Diwan Bahadur Ramachandra Rao that the Government of India's policy in connection with imported liquors comes in. I am sorry I am unable to discuss that. It was in order on the Customs vote. If the Honourable Member had given me an opportunity then, we might perhaps have been able to discuss it. I might add however that, the Committee on Taxation which is under consideration may have an opportunity of considering this question. Undoubtedly, the existence of two different Governments collecting revenue from the same commodity is one of the difficulties which has been raised by the federalisation of the Government of India and it is one of the difficulties that will have to be looked into. A copy of the Volume entitled "India in 1921-1922" has just been put into my hands, on page 224 of which occurs the following statement:

"A study of the excise figures of the different provinces shows plainly the honesty of Government in its professions to reduce the consumption, and the success of the policy which it is at present pursuing. In the United Provinces, while the increase in excise revenue from alcoholic liquor during the decennium ending 1920-21 was 52 per cent., the consumption decreased during the period by no less than 26 per cent. In Madras, while the total excise revenue has risen during the last ten years by 81 per cent., the consumption per hundred of population has been almost stationary."

We have had an interesting discussion on this vote. I should like now to ask the House to come back to the question of what it is. This is a vote for Rs. 4,000 to pay the loss in exchange on the leave salaries of certain officials who will during the year 1924-25 draw leave salaries in sterling, and those officials are connected with the excise administration of Ajmer-Merwara, Delhi, etc. The reduction of that vote by Rs. 100 would possibly lead to the necessity of our presenting a supplementary demand because it is such a small vote. I would therefore suggest to the House that, having made clear its opinion on this subject, it should not proceed to deprive us of money which may be absolutely necessary for the purpose for which it is obviously required.

Mr. B. Venkatapatiraju: Under the circumstances, I do not wish to press my motion.

The motion was, by leave of the Assembly, withdrawn.

Mr. President: The question is:

"That a sum not exceeding Rs. 4,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Excise'."

The motion was adopted.

DEMAND NO. 7—STAMPS.

Mr. President: The question is:

"That a sum not exceeding Rs. 1,14,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Stamps—including expenditure in England'."

Maulvi Muhammad Shafee (Tirhut Division: Muhammadan): Sir, I want to . . .

Mr. President: Does the Honourable Member wish to move his motion?