

## **Economic and Social Effect of Prohibition in India**

(Russel Memorial Lecture delivered at Patna College on 10 May, 2016)

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### **Abstract**

India is vast country comprising of 29 states and 7 union territories. Alcohol prohibition is in force in 4 states namely Gujarat, Nagaland, Kerala, Bihar and one union territory i.e. Lakshadweep. There is partial prohibition in few districts of Manipur. Kerala has been implementing prohibition in phases since 2014. Bihar is the latest addition to the list of few states which have implemented total prohibition. Total prohibition was implemented in Bihar in April 2016. The author has tried to present a brief sketch of prohibition in the above states and the union territory. He has also tried to take social and economic effect of prohibition into account. The present paper is based on the Russel Memorial Lecture delivered by the author in Patna College, Patna University on 10 May, 2016.

### **Keywords**

**Prohibition, Alcohol, Liquor, Dry day**

### **Introduction**

Prohibition of alcohol is the term used to denote that the making, transporting, importing, exporting, selling, purchasing, and or consuming of alcohol is an illegal act. Prohibition of alcohol is more commonly just called prohibition and is considered very controversial throughout the world. As a result, let's review both the advantages and disadvantages of prohibition.

### **Prohibition of Alcohol in India**

Alcohol prohibition in India is in force in the states of Gujarat, Nagaland and parts of Manipur; as well as in the Union Territory of Lakshadweep. Kerala has been implementing prohibition in a phased manner since 2014. Bihar banned alcohol sale on 1 April 2016. All other Indian states and union territories permit the sale of alcohol. It's never an easy decision for a state government to declare a ban on alcohol in India.

## States with Prohibition of Alcohol

### Gujarat

Bombay State had prohibition between 1948 and 1950, and again from 1958. Gujarat has a sumptuary law in force that proscribes the manufacture, storage, sale and consumption of alcoholic beverages. The legislation has been in force since 1 May 1960 when Bombay State dissolved into Maharashtra and Gujarat. The Bombay Prohibition Act, 1949 is still in force in both states; however the licensing regime in Maharashtra is quite liberal with granting licenses to vendors and traders. Gujarat is the only Indian state with a death penalty for makers and sellers of homemade liquor where fatalities are caused. The legislation is titled the Bombay Prohibition (Gujarat Amendment) Bill, 2009. The legislation was prompted by numerous deaths resulting from the consumption of methyl alcohol.

Predictably, smuggling and illicit sale of alcohol are very common even though liquor was banned for long periods during the pre-Independence days, most of the states lifted bans soon after India achieved freedom. "Folder" is a slang term of unknown origin, used in Gujarat to refer to a bootlegger who delivers alcohol on-demand.

But Gujarat, after its formation in 1960 out of Bombay State, continued the ban and still enforces it to this day. So basically, the manufacture, sale, consumption and storage of alcohol are illegal in the state. But that has failed to stop a massive industry of illicit liquor widely prevalent in the state. In fact, it's said to be so easily available as you can get bottles delivered at your doorstep. Foreigners (including NRIs) can purchase a 30 day liquor license/permit at designated 5 star hotels and other locations in Gujarat. To get a 1-month permit, they need passport and proof of the address where they are staying while in Gujarat. As of February 15, 2010, tourists arriving via Ahmadabad's airport can purchase a liquor license on the spot via the Gujarat Tourism Department counter located inside the domestic terminal. The process to obtain the permit in the city is the same as at the airport.

### Nagaland

Nagaland Total Liquor Prohibition Act, 1989, was enacted in the state following the demand of the Church bodies to declare Nagaland as dry state. The NTLP Act 1989 prohibits the sale of liquor and issuance of license, but it does not stop individual from consuming liquor, as there is no such law within the Act. Recently, the state government had moved for partial lifting of the

prohibition but it was strongly opposed by the Church and the Naga Mothers' Association. The state government's argument was that for tourism industry at least there should be a partial lifting of prohibition which was not accepted by the Church and the mothers.

Nagaland is losing Rs 750 crore annually because of prohibition, but the Nagaland Baptist Church Council (NBCC) which says it would fight tooth and nail against lifting of prohibition argued that life is more precious than Rs 750 crore.

In spite of implementation of total prohibition in the state, flow of India-made foreign liquor (IMFL) has increased manifold through liquor barons and bootleggers. The IMFLs are easily available even in grocery, confectionery and garment shops, restaurants and hotels. In a place like Kohima, even *paan* shops are doing brisk business in IMFLs.

## Kerala

On 24 August 2014, the Chief Minister Oommen Chandy announced, after a long persuasion from KPCC President V M Sudheeran, that state will implement prohibition in a phased manner. The decision was supported by the Indian Union Muslim League (IUML) and the Kerala Congress. Liquor bars in Kerala had to renew licenses every year; the state government did not license any bar on 31 March 2014, resulting in the closure of 418 bars. The state government also declared its intention of not renewing licenses of the remaining 313 bars in the state next year. The state owned Kerala State Beverages Corporation (Bevco) has 338 shops, and Bevco will shut down 10% of them every year. Consumerfed, which has 46 shops, will also be closed. However, sale of alcohol will continue to be permitted in 5-star hotels, and there were fourteen 5-star hotels in the state as of August 2014. Toddy will also continue to be legally sold, and toddy shops will be permitted to operate as earlier.

The Congress government in Kerala introduced a liquor policy in August, 2014 advocating for total prohibition. Now, this is a state which is among the big consumers of liquor in the country and the state government knew that the loss in revenues would be a big hit for the administration as well as for the tourism industry. But the party's policy was opposed aggressively by bar owners who feared a loss in employment. The fight between the government and the powerful bar owners lobby even led to a major scandal in which several ministers were allegedly bribed in order to procure licenses for opening liquor shops. The top court in December 2015, finally backed the state's liquor policy restricting the sale of alcohol only to five-star hotels and establishments. More than 700 bars were reportedly shut down in the wake of the policy.

## Lakshadweep

Lakshadweep completely bans the sale and consumption of alcohol. Consumption is permitted only on the island of Bangaram. Bangaram is an uninhabited island, but the Bangaram Island Resort has a bar.

## Manipur

Prohibition is enforced the Imphal East, Imphal West, Thoubal and Bishnupur districts of Manipur. Prohibition was enforced statewide by the R.K. Ranbir Singh government with effect from 1 April 1991. Local brews called *ashaba* and *atingba* are available in most areas, and authorities usually ignore their sale and consumption.

In 2002, the Okram Ibobi Singh government lifted prohibition in the five hill districts of Manipur. The state Legislative Assembly passed the Manipur Liquor Prohibition (Amendment) Bill 2002 on 31 July 2002 lifting prohibition in the districts of Chandel, Churachandpur, Senapati, Tamenglong and Ukhrul. In July 2014, Chief Minister Okram Ibobi Singh stated in the Manipur state assembly that the state government was looking at the option of lifting prohibition in the state.

## States Experimented Prohibition but Failed

Andhra Pradesh, Haryana, Tamil Nadu, Mizoram and Manipur are all states that have experimented with partial or complete ban on liquor. But changes in governments as well as a negative feedback from the public have forced political parties to reverse the decision. Widespread smuggling and sale of illicit liquor have also been the reasons for such bans to collapse.

### Andhra Pradesh

Total prohibition was introduced in Madras State (which included Coastal Andhra and Rayalaseema) when C. Rajagopalachari became Chief Minister in 1952. Again ban was introduced by N.T. Rama Rao in 1994. N. Chandrababu Naidu repealed prohibition in 1997, claiming that it was "not successful or feasible because of the leakages within the state and from across the borders".

### Mizoram

In 2007, the Mizoram Liquor Total Prohibition (MLTP) Act 1995 that banned sale and consumption of alcohol in Mizoram was amended to allow wine to be made from guavas and grapes, but with restrictions on the alcohol content and the volume possessed. It is illegal to transport these products out of the state. Mizoram repealed prohibition on 10 July 2014, a period of 17 years after it had been imposed. On that date, the state Legislative Assembly passed the Mizoram Liquor (Prohibition and Control) Bill 2014 (or MLPC), replacing the MLTP Act. The Presbyterian Church had organized mass prayers in all member churches across the state twice that year opposing the repeal of prohibition.

Excise and narcotics minister R. Lalzirliana who introduced the MLPC bill explained, "As the prohibition only increased the sale of spurious liquor, we strongly felt the need to lift the prohibition so that those people who cannot do without drinks can find good quality liquor at cheaper prices."

Lalzirliana, who also belongs to Presbyterian Church, had also participated in a mass prayer at his local church. The minister stated, "I asked God to prevent me from introducing the bill in the Assembly if that is what he really wanted."

## **Bihar Turns Dry in 2016**

The state had earlier tried prohibition in 1977-78 during Karpoori Thakur's time but failed to implement it effectively. On 26 November 2015, the Chief Minister of Bihar Nitish Kumar announced that Alcohol will be banned in Bihar from April 1, 2016. Kumar officially declared the total ban on 5 April 2016, and said in a press conference, "All type of liquor will be banned in the state from today. Sale [and consumption] of any type of alcohol in hotels, bars, clubs and any other place will be illegal from today onwards." Violating the law carries a penalty of 5 years to 10 years imprisonment. Consumption of liquor is now a punitive offence with a minimum punishment of a five-year jail term. The amended act stipulates up to seven year imprisonments for trade in liquor.

It's never an easy decision for a state government to declare a ban on alcohol in India. That's primarily because liquor revenues are not easy to ignore and have consistently formed the bulwark of government funds. Therefore, when Bihar Chief Minister Nitish Kumar announced that he was going for complete prohibition of alcohol in the state, it surprised many as the action would lead to huge financial loss to the poor state. According to a report, the state government may face a loss of up to Rs 6,000 crore in the absence of sales of country liquor and IMFL. But the Chief Minister strongly said there was 'overwhelming response' from women and children to the ban and it's tough to ignore that. The decision on the ban was also a fulfillment of Kumar's election promises that he made in 2015.

At the same time, there are widespread concerns as to whether the ban would naturally result in the increased supply of illicit liquor in the state and a situation where people would cross borders to buy alcohol.

Nitish Kumar described the decision of his government as historic. He said, "The government will lose more than Rs 4,000 crore revenue annually but it is not a revenue-driven decision" People will now use the money invested in liquor to add nutrition to their plates, avoid disease and economic ruination. That offsets all revenue concerns."

No hotel, bar or club would be allowed to serve drinks though army personnel have been exempted for the time being. A ban on toddy drinking in public places was also imposed. The state will implement guidelines that allow consumption of *neera*, the drink derived from palm trees before sunrise. The same juice from palm trees acquires alcoholic properties after sunrise and is sold as toddy. Though consumption of toddy was not banned, it will no longer be sold openly in places like rural market places.

Anti-liquor activists said the state will face a challenge in checking flow of liquor from illegal units and neighboring states and nations like Nepal, Bangladesh and Bhutan.

## Concept of Dry Days

Dry Days are specific days when the sale of alcohol is prohibited. Dry Days are fixed by the respective state government. Most Indian states observe dry days on major religious festivals/occasions depending on the popularity of the festival in that region.

National holidays such as Republic Day (26 January), Independence Day (15 August) and Gandhi Jayanti (2 October) are usually dry days throughout India.

Dry days also depend on the establishment of selling alcohol. For example, generally 5-star hotels do not have to observe all the dry days that liquor stores and small bars may have to. Dry days are also observed on and around voting days. National dry days also occur during Election Commission of India-ordained voting and result days.

## Reasons for Total Prohibition

1. Addiction of youth - Prohibition of alcohol limits prevents alcohol addiction among youth. This particular addiction can easily ruin people's lives, including their jobs, their friends, their families, and obviously themselves too.
2. Health - Alcohol, especially in large quantities, can damage people's kidneys and livers, and can eventually lead to death.
3. Crime - There is direct correlation between alcohol consumption and an increase in crime. Violent crimes, assault, and disorderly conduct are most common with persons who are intoxicated.
4. Drunk Driving - Prohibition reduces the casualties and damages through drunk driving.
5. Cost – Alcohol can be very expensive habits.

6. Religion - Some religions such as Islam, Mormonism, and some Pentecostal Christians expressly forbids the consumption of alcohol

## Reasons against Prohibition

1. Economy – Prohibiting alcohol leads to loss of taxes and legitimate jobs.
2. Underground or black-markets - People who want alcohol will still be able to purchase it or make it, albeit at a higher cost and purchased from more seedy locations.
3. Freedom of choice – People should have the freedom of choice to decide to drink alcohol or not, as long as that freedom does not infringe on the freedom of other people. Therefore a law prohibiting alcohol would remove the freedom of choice .Similarly to the previous reason, people should be free to harm themselves. Alcohol addiction is considered a victimless crime, since it primarily affects the alcoholics. While it does affect the people around alcoholics, it does not directly affect them. People can always keep their distance from or leave alcoholics, if they choose.
4. Safety - Alcohol made without government regulations and inspections pose a possibly serious health and safety risk to consumers.
5. .Crime- Organized crimes that in return, will promote other illegal activities. And they can mostly profit from prohibition a - Criminal organizations even more.
6. Society - In most cultures and religions, social drinking is an acceptable practice.

## Conclusion

Bihar has become the fourth state after Gujarat, Nagaland and Mizoram states to impose a blanket ban on liquor. The Chief Minister of Bihar, Nitish Kumar described the decision of his government as historic. He said, "The government will lose more than Rs 4,000 crore revenue annually but it is not a revenue-driven decision" People will now use the money invested in liquor to add nutrition to their plates, avoid disease and economic ruin. That offsets all revenue concerns." Critics have said that a total ban will lead to revenue losses in a poor state such as Bihar and will give rise to black market and underground production activities. The state Finance Minister Abdul Bari Siddiqui said, "In the name of revenue collection we cannot allow poison to be served to people," He further said, "Families have been destroyed, as a large number of rural youth took to drinking due to the proliferation of cheap local liquor stores," The minister, however, said that to make up the lost revenue the government will bring more sectors into the tax net. The social and cultural fabric of the state was under threat due to rapid increase in drinking habit among youth in particular and people in general. It appears that imposition of total ban on the sale of all forms of alcohol in the state will lead to significant social and cultural change in Bihar.

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