

## **Protecting the State and its Citizens: the implications of the ban on Arrack sales**

by  
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It is not surprising, that the people in the Arrack trade, whether they are the contractors or the brewers such as the Karnataka Arya Idigara Sangha, have raised their voice and cautioned the Government not only about the loss in excise revenue but of the loss of their own livelihood. They are also pointing to the well known dangers of brewing of illicit liquor and arguing that these shady and dangerous areas will expand.

This voice and its concerns have to be addressed and addressed thoughtfully and compassionately if the policy of banning arrack sales has to not only be sustained, but also seen as a rational move.

Some aspects of the production and sale of arrack in Karnataka, often not recognized, were brought into visibility through a 2006 field based study that was conducted by the ***Singamma Sreenivasan Foundation (SSF)***, Bangalore with guidance from academics from the National Institute of Public Finance, New Delhi, the Institute of Social and Economic Change, Bangalore and a scholar from the University of Mysore. The study was undertaken only in 120 villages of 3 Districts of Karnataka viz., Bijapur, Bellary and Chamarajnagar, but statistical design was such that some generalizations could be drawn. A comparison was made between arrack consuming and non-arrack consuming households, within the same economic class. Some of the study's findings are worthy of notice.

First, it was found that the major proportion of those who consume arrack are from BPL households and since BPL households by and large converge with SC/ST households those who consumed arrack were largely SC/ST.

Second, on absenteeism, 15.2% of men in arrack consuming household compared to 5.6% in non-arrack consuming household were absent for 5 days or more. Since most of them were casual labourers, the loss of that daily wage immiserised the family, and revealed itself in the nutritional status of their children.

Third, such households spent on an average 637/- per month on health care, more than the double the amount, Rs. 288/- spent by the non-arrack consuming households.

Finally, it was interesting to find that the expenditure incurred on drinking and health care and the loss of wages due to absenteeism from work impacted their ownership of assets: 73% of non-arrack consuming households, owned land compared to 62% of the other.

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The study had many more findings, but these four are being highlighted to show that there are other forms of *illicit or unknown* losses that are being suffered including livelihood loss, just as there is loss of livelihood of those who are in the sector of production and trade of arrack, and that these households are predominantly from the least privileged classes and castes.

There is thus a case here for asking whose loss and whose gain? And at what cost?

Another aspect of this study relates to the production process of arrack. The main source of Arrack is rectified spirit, which in turn is made from molasses. The quantity of water mixed with rectified spirit differs from Arrack to other IMFL. As the availability of molasses decreases more and more dangerous raw materials are being used. For example a report in the Deccan Herald of April 20, 2000 says that

*“Urea fermented jaggery, rotten bananas, etc are some of the ingredients used for the famous ‘**potion**’ that is loved by the men here in Raichur. More than 1000 litres of liquor is manufactured and sold in Raichur and surrounding areas every day. The daily trade amounts to nearly Rs. 1 crore. It is said that these manufacturers earn about Rs. 24 lakh daily in Raichur alone.*

*Another flavour, which is believed to be more profitable, is the chemically processed liquor made of chloro hydrate, a poisonous chemical mixture apparently comes into the state from Krishna, Adhoni and Gadwal regions of Andhra Pradesh. This is supposed to be highly intoxicating and burns the organs of the body, resulting in instant death.”*

But the most devastating finding of this study done through focus group discussions with the arrack contractors was that those who are manufacturing the “over the table top” arrack and selling it through licensed outlets were the very same people who were distilling the brews in hidden battis and selling it under the table!

The explanation that they gave for this covert operation is quite straightforward. They said that as it stands now given the price and the tax on the production and sale of arrack, it was not profitable. Hence the only way they could make profit was to engage in back door production and sale! So they were the illicit brewers and contractors whom they were trying to protect the citizens from!

The question then arises, what is a compassionate response to those who will be losing their livelihoods, as different from the issue of what is called the dangers of illicit brewing?

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One of the possibilities for sustainable livelihoods is to enable groups of those who are traditional brewers from eg the Idigara community, to get engaged in the growing and sale of medicinal, aromatic and vegetable dye plants. According to National and State level

statistics, there is an enormous gap between the supply and demand of these plants. As stated by WHO, India exports herbal material and medicines to the tune of Rs. 436 crores only, while it has been estimated that this can be raised to Rs. 3,000 crores by 2008 .

The second aspect of this product is that there are a variety of species: some that can grow in arid areas and some can grow in wet areas.

In another pilot project implemented by the same Foundation women from marginal farms were trained to grow medicinal plants in their kitchen garden in small lots. They were then introduced to pharmaceutical companies like Himalayas, etc. Two findings emerged. One the adaptation to grow the medicinal plants was rapid and effective in that the women cherished the idea of growing these plants which to some extent was also an inherited tradition in rural India. Many of them, almost 30% immediately became healers in their village giving advice on plant based cures for several ailments. Others increased their income, sometimes by Rs.3000/- per month due to buy back arrangements with the plant based medicine manufacturers.

Since growing in small lots, does not create sufficient self strength, it is intended to associate them as women medicinal plant growers association and create a collective enterprise – a business where the women not only grow in small lots but own an extraction plant from which they go to the next stage in the manufacture of the raw materials, as is being done in the famous Amul project . Household based milk producers, through the cooperative mechanism are not only selling their milk but ensuring that the product reaches an ever widening market. The Federation in turn supports them with technical and other connectivity.

Imagine if such a project is directed towards the same communities which have always been engaged in brewing of liquor? Those who are brewing liquor would now brew health giving liquids and powders. Such alternatives could save the livelihoods.

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Karnataka State has proudly announced, in the same budget, that they would have two wine valleys one in Bijapur and one in South Karnataka to imitate the NAPA valley of California.

Wine growing is economical only when it is cultivated in what is called plantation mode i.e. in large tract of 100 acres and more, with intensive use of chemicals both as fertilizers and assured water. It is currently a highly technical, not necessarily labour intensive activity. The exploitation of ground water, as indeed they would have to do in Bijapur through bore wells, could devastate the water availability for other users, including domestic use ? 75 words

Imagine if instead Karnataka would decide to have medicine, aromatic and vegetable dye valleys? Whole areas like the earlier industrial estates for small scale industries, reserved for growing these plants as home stead farming and in association with Karnataka Milk Federation which has an extensive and capable network of stations all over Karnataka, which is used to collect milk , used to collect medicinal plants ? With Karnataka also announcing an Ayurvedic hospital, and also being the location of the Central Institute of Medicinal and Aromatic Plants, headed by brilliant dedicated Scientists , the environment in Karnataka offers the necessary **“infrastructure”** to launch such a scheme.

Another issue is the fact that when you close the lid on something as addictive as alcohol whether it is arrack or IMFL, it erupts in other ways. But a national consultation of women's anti arrack struggles as well as the voice of the Karnataka State Self Help Groups Association argued that if they are given the power, including legal powers they will make sure that illicit brewing and selling will not take place. How will they make sure? This was answered by the leaders of the famous anti-arrack struggles of Nellore in Andhra Pradesh. They suggested to the National Commission on Women in 1996 that the Zilla Panchayats and perhaps even the taluk panchayats should be given powers under one of the more pungent Sections of the Law, to prosecute anybody they find distilling it illegally. "*Give us the powers, we will make sure that there will be no leakage in the ban*" say the Stree shakthi groups of Karnataka .

Finally regarding loss of revenue which the Chief Minister has estimated to be about 2000 crores. A study done in Andhra Pradesh again by a National Institute of Social Science Research revealed two significant findings:

That improved, less corrupt tax collection could actually double the revenue of Andhra Pradesh . And another that for every one rupee of revenue that the Excise Department collects from the sale of arrack, an individual has to drink Rs.5/- worth of arrack. It is almost like pouring arrack down a poor labourer's throat in order to extract that Re.1, which in turn is supposed to go into various social amenity expenditures!

To any body this may see absurd but the calculations have been published in the news papers.

Thus, overall the announcement and implementation of the ban on arrack in Karnataka, is not only to be welcomed, but if some of these suggestions for rehabilitation can be implemented, it could be a model for other areas to follow. This is the challenge before the State and before the Women's Movement.

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