

## Chapter 21

### Opium.

Another question of importance between the two governments Viz. British and Baroda in the financial-cum-jurisdictional sphere was that of opium and its export . Considerations of British interests were too dominant and their monopoly of it and consequent large realisations from this commodity weighed to such an extent that they could not tolerate competition from any other source, and definitely not from an Indian Native State under their complete control.

Originally no restriction on its cultivation and export.

Now under the arrangement with the British Government , in 1878\*, it was agreed that the cultivation of poppy should be limited to the supply of licit demand, that is, the demand for Baroda grown opium for consumption within the Baroda territories and also the demand as determined by His Highness' Government, for export to the scales at Ahmedabad.

There was thus no restriction as regards the export trade in opium of Baroda. China was the biggest market of opium. To rationalise the consumption of opium in their country they started restricting its import.

Change of policy necessitated.

In confirmity with an agreement entered into between His Majesty's Government and the Government of China for restricting the importation of Indian opium to China, the Government of India issued orders for the curtailment of the area on which poppy was grown in Bengal, and the

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\*H.P.O. 'Opium' Vol. III P.VII  
" Vol. I Sections A to E.

United Provinces and for a radical reduction in the amount of Benaras and Patna opium and decided that for three years the quantity of opium to be exported from India to countries beyond the seas, would be confined to: \*

61,900 chests in 1908

56,800 " " 1909

51,700 " " 1910.

On these, the export of Malwa opium which term was held to include all opium exported from the Port of Bombay irrespective of where it was produced, was to be restricted only to 15,100 chests in 1908, 13600 in 1909 and 12,100 in 1910%. The Government of India also desired that His Highness' Government should curtail the area on which poppy was grown in their Kadi division.

This notice was conveyed to His Highness' Government at the fag end of the year 1908@ when the limit of exportation of 15,100 chests of the "Malwa opium" to Bombay had already been reached and Bombay merchants had very nearly purchased Malwa opium to the extent allowed for 1909. His Highness' Government ~~presented~~ protested against this measure which was adopted without consulting them and which entailed considerable loss on them, and requested that some definite arrangement should be come to and that out of the total of the reduced number of chests for export, they should be allowed a pro rata allotment in accordance with the average of their exports for the preceding three years. The question was referred for orders by the the Government of ~~India~~ Bombay to the Government of India, Messrs R. Oakden , I.C.S. and

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\*H.P.O. 'Opium' Vol. III. P. 37  
 % " " P. 38  
 @ " " 8th September 1908.

and M.S.D. Butler, I.C.S. were thereupon deputed by the Government of India to enquire into the question and the conference was held at Baroda in February 1909 between them and Messrs R.C. Whitnack and Mahomed Alli, in the presence of the Amatya\*. A detailed Memorandum \* in support of the Baroda Government's contention was, as settled thereat, drawn up and copies thereof were furnished to the British representatives and one was also sent to the Residency.

The result of these deliberations was that the Government of India finally decided that His Highness' Government should be allotted 7% of the total assignment, subject to the conditions that this 7% was the maximum export permissible; that the actual export was not to exceed the amount of opium actually grown in Baroda territory less any quantity required for the consumption in the State; and that any purchases made by Baroda from Malwa were to be taken in reduction of the total figure assigned to Baroda. %

#### Position of Baroda Worse.

The position of Baroda was subsequently rendered much worse by the passing of two Resolutions by the Government of India Nos. 6785 and 6786 F.E.@ dated 3rd November 1911. By the first Resolution, the pass duty on the opium was raised from Rs. 600 to Rs. 1200. In the second, it was directed that the opium imported into the Presidency of Bombay during the calendar year 1912, should be subjected - in addition to the enhanced pass duty, to duty at such rate for each chest as might be certified by the Collector of Customs, Bombay to be the average

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\*H.P.O. 'Opium' Vol. III Pp. 48-58  
% " " Pp. 74-75  
@ " " P. 105.

rate per chest at which the bids for the right of export of Malwa opium were accepted by him at the auctions already held during the calender year in which any opium imported from Baroda territory into the Bombay Presidency for exportation by sea \*

The measures were particularly calculated to discourage Baroda from growing poppy in their territory. The Government of India further ruled that His Highness' Government should bring their full consignment for the calender year into Bombay before the 1st of August each year, and that, in future , they would not be allowed to supplement any deficit due to dryage in the total number of chests intended for export.

On the top of these, the Collector of Income tax, Bombay, issued a notice subjecting the profits of His Highness's Government from the sale of Baroda opium for export to China to the payment of the British Incometax at Bombay%

As all these innovations were again calculated to affect injuriously the opium revenue of His Highness' Government, they entered a strong protest, with the result that the demand for the Incometax had been withdrawn and the Government of India agreed to place Baroda on the same footing as the Malwa States by sharing annually with His Highness' Government both the excess Pass duty of Rs. 600 and the average amount realised from the sale of the right of export. British Government, however, demurred to extend the time limit for taking the consignments of Baroda opium to Bombay, as also to make any allowance for the loss by dryage of opium in transit.

# Absolute stoppage of export trade in 1913.

In 1913\* , the export trade was abruptly stopped by Government. The Baroda State had thus been put to a considerable loss of revenue amounting to nearly 15 to 20 lakhs per annum. Moreover no compensation was offered for this loss. Though under the terms of the opium arrangement of 1878, His Highness' Government were free to export opium to non-China markets, they had heretofore confined their operations to China alone. But, as in consequence of the international action of the British Government, a progressive decrease in the quantity of opium to the exported to China was being enforced since 1908 and the opium trade with China was to cease by the end of 1916. The Baroda Government were naturally anxious to secure some opium revenue in future by adopting other measures. Taking advantage of the speech made ~~by~~ in February 1912 by the Finance Minister of the Supreme Legislative Council , wherein he gave expression to the intention of the Government of India to take during 1912 on behalf of the poppy growing States in Central India 1000 chests of opium, as an experimental measure, to non-China markets;§ Baroda Government requested the Government of India to permit them to send or sell for export to non-China ports uncertificated opium on payment of the original pass duty of Rs. 600 only.% The Resident ~~having~~ informed His Highness' Government in reply that Government regarded that it ~~was~~ too late to consider their proposal ~~and~~ this year, as they had ~~de~~ decided to drop the question of the export of Malwa opium to non-China markets during 1912@. Baroda Government asked him to move India Government to favourably consider their request when British Government took up the question again.

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\*H.P.O. 'Opium' P. 169  
 % " " P. 224  
 @ " " P. 225

### Baroda Government's Suggestions.

As considerable inconvenience and expense were caused by the existing arrangement whereby Baroda opium was weighed in the first instance at the scales at Ahmedabad before it was transported to Bombay, Baroda Government was anxious to allow them to take their consignments direct to Bombay and weighed there for the payment of the British pass duty. On this consideration they moved the Bombay Government more than once, but the <sup>latter</sup> expressed their inability to comply with this request of the Baroda Government.

Baroda Government even suggested another course to minimise their loss of revenue from this commodity. They requested the British Government that the farmers might be permitted to purchase Baroda opium for local consumption in Kathiawar, Rewakantha, Mahi Kantha and Palanpur Agencies \* - territories formerly under the control of the Baroda Government and over which certain powers for collection of tribute etc. only had been delegated to the British Government. In these territories, the Baroda Government claimed and it was theoretically true, sovereign rights and therefore could sell therein opium manufactured in Baroda to the exclusion of opium imported from other districts.

They also reported to the Central Government that new markets for Indian opium were reported to have been found in some of the countries in Europe for the preparation of medicinal drugs, such as Morphia etc. and may therefore be allowed to export opium to Europe and especially to Netherlands. % as Baroda opium was not inferior to Bengal opium as regards medicinal properties. But these suggestions were not adopted by the British Government. However, in order to partially recompense

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\*H.P.O. 'Opium' Pp. 253-254.  
% " " P. 236

for the loss to the Baroda State, they purchased some 50 chests of Baroda opium at a cost of Rs. 1400 per chest.

So here also the story was of disappointment for the Baroda Government.