

Economic Gain or Social Concern: The British Opium Policy in the Punjab Hill States, 1890-1940

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Abstract

The opium trade, a controversial but profitable aspect of the British Empire, has attracted considerable scholarly interest in the history of colonial India. The differing perspectives of British parliamentarians and Indian reformers prompted the British government to establish the Royal Commission on Opium in 1893. The report supported colonial policies and dismissed concerns about the negative impacts of opium. However, it faced criticism from groups that highlighted the harmful effects of the opium trade on public health. The Punjab hill states, known for their significant opium production under both British and native rulers, are often overlooked in discussions about the opium trade. The socio-economic patterns and challenges surrounding substance regulation in Himachal Pradesh have their roots in the colonial policies introduced in the Punjab hill states. Understanding these historical factors is essential for comprehending the evolution of modern-day Himachal Pradesh. An analysis of British colonial policies reveals a paradox: while the Commission emphasised the benefits of the opium trade, it downplayed the negative impacts on local communities. This paper explores archival records and the interactions between colonialists and reformists, particularly focusing on Kullu in the Kangra District of British Punjab. It assesses British actions related to opium and their subsequent consequences, using the Commission report as a contextual framework.

Keywords: Opium, Punjab, Kullu, Hill States, Economy, Revenue, British

Introduction

[T]here is no nation on earth, no social class, and perhaps no individual, who does not use some form of stimulant. To assume that the hundreds of millions of people in India would unite as one and collectively vow to abstain from all stimulants—including alcohol, hemp, tobacco, tea, opium, and coffee—is an utterly unrealistic idea, one that could only be entertained by an overly idealistic dreamer (*The British Medical Journal*, 1894).

During the 1890s, the *British Medical Journal* played a key role by publishing influential articles supporting the *Royal Commission on Opium 1893-1895* (hereafter RCOO 1893-1895). This nine-member commission was sent to India in 1893 to investigate issues surrounding opium consumption in the subcontinent. Its main objectives were to assess the state of opium use in India and evaluate the prohibition of its use and cultivation within the British Empire and Native Indian States (RCOO 1894: A3). After two years of extensive research and evidence gathering, the Commission submitted its report in 1895. The Commission's findings endorsed the British Empire's opium policy, portraying it as beneficial to the Indian subcontinent by emphasizing that opium use, deeply rooted in longstanding cultural practices, served as a form of preventive medicine for various endemic diseases and was therefore not significantly harmful to the region's social fabric or public health (RCOO, Vol. VI: 93-97). This perspective faced strong opposition from anti-opium advocates, including policymakers and social reformers, who demanded immediate action to restrict opium trade and consumption in India. Despite this criticism, the report's findings shifted public and political opinion in favour of the British Indian government's pro-opium stance, which hindered the anti-opium movement. This change eased the pressure on the British Parliament and society to ban poppy cultivation or to stop the lucrative opium trade with China. Consequently, the British Indian

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government was able to uphold its opium policy without facing significant opposition for a decade (RCOO, Vol. VI: 7). External pressures from the United States and China, along with a growing awareness of opium's social consequences, ultimately forced the British to reconsider their policies on external trade and the internal production and consumption of opium.

During the late 19th and early 20th centuries, the mountainous region (Hills) of Punjab province experienced significant changes due to British policies, particularly regarding opium production and trade. This agrarian area, which had limited surplus production, was deemed unprofitable by British authorities. Many mountainous regions struggled to meet annual revenue demands, a situation worsened by a barter-based economy and the lack of a robust monetary system, which hindered effective tax collection. In response to these challenges, the British sought to increase revenue and agricultural output by promoting local opium production. Previously, poppy had only been cultivated in small quantities for personal use; however, it was now designated as the region's primary cash crop, marking a significant shift in policy. This new approach represented a clear departure from practices established before the 1893 commission. British officials emphasised profit maximisation, contradicting testimonies they had presented before the commission. This inconsistency supports the claims made by anti-opium activists, highlighting the exploitative nature of colonial policies and the hardships they imposed on local communities.

The present research analyses the findings of the RCOO, with a specific emphasis on the Punjab & Shimla hills. The administrative structure of these regions underwent significant changes during the eighteenth and nineteenth centuries. After the transfer of power from the *East India Company* in 1859, the *Punjab Hill States* came under the protection of the British Crown. A major reorganisation occurred in 1921 with the establishment of the *Punjab States Agency*, which included thirteen salute states such as Mandi, Sirmaur, Bilaspur, Chamba, and Suket, all governed by the Governor General's Agent. In 1936, the *Shimla Hill States*, which had previously been administered by the Punjab government, were placed under direct central control through the *Residents of Punjab States*. This shift resulted in the creation of a subordinate agency known as the *Punjab Hill States Agency* in Shimla. This agency was responsible for managing the administration of states like Sirmaur, Bilaspur, Bushahr, Hindur, and Keonthal, along with their feudatories. This administrative framework remained in place until 1947 (Verma 2019: 40). This study will explore the actions of British officials in the region, examining their motivations, methods, and the wider effects of their governance, as

well as the transformative impact of their policies. By integrating a variety of sources and perspectives, this research aims to offer a comprehensive understanding of the complex socio-political landscape of these hills, particularly about psychoactive substances like opium during this significant historical period.

British Opium Policy

Opium is a narcotic obtained from the capsules of the opium poppy plant (*Papaver somniferum*). While "poppy" refers to the whole plant, "opium" specifically denotes the latex that contains psychoactive alkaloids such as morphine and codeine. The poppy is the source, while opium is the potent extract used for both medicinal and recreational purposes. The poppy has been cultivated in the Indian subcontinent for a long time before the arrival of Europeans. However, its significance greatly increased during the colonial period as it transformed from a traditional crop into an essential global trade commodity. In the seventeenth and eighteenth centuries, European powers fiercely competed for control of opium production and trade routes. The British ultimately established their dominance through the strategic port of Calcutta (Derks 2012). The opium trade became essential to Britain's economy, as it financed tea imports from China to Britain, where tea had become a staple of British culture by the early nineteenth century. From 1814 to 1829, the total revenue generated from tea consumption in the United Kingdom reached 5,712,588 pounds sterling, compared to 2,924,694 pounds sterling from wine (Kaur 2013: 53). However, the imbalance created by the lack of demand for European goods in China led to a substantial outflow of silver from Europe to Asia. "During the initial decade of the 19th century, China accrued an estimated 26 million dollars' worth of silver in its global balance of payments" (Flynn & Giraldez 2002: 391-427). This drainage of wealth caused panic among the British, leading them to seek alternatives for silver. Indian-produced opium emerged as an ideal product for export to the Chinese market due to its established demand initiated by local merchants from Patna and various European traders (RCOO 1895, Vol. II: 344).

Recognising the potential of this lucrative trade in 1772, the then Governor-General, Warren Hastings, established a government monopoly on opium production in Bengal, generating significant revenue and solidifying British control over the trade (RCOO 1895, Vol. II: 371; Richards 1981: 63). This move not only provided the British government with substantial revenue but also solidified their control over the opium trade network, which in turn helped in the consolidation of the British empire (Sharma 2024). *The Opium Act of 1878* strengthened the British

monopoly on opium by regulating every aspect of its cultivation, manufacturing, trade, and possession under the direct authority of the Governor-General in Council. Cultivation and trade required government-issued licenses, which could be obtained for a fee, and violators faced penalties (Deshpande 2009). This regulatory framework, with only minor adjustments, continued into the twentieth century, highlighting the lasting economic and political importance of opium to the British Empire.

Economic Gain or Social Concern

Scholars have extensively debated opium's role in British imperialism, particularly its economic significance in colonial Asia. Supporters of British imperial policy present two main arguments for the opium trade. First, they contend it was vital for the development of the colonial Empire, generating substantial revenue that funded infrastructure projects, stimulated local economies, and created employment opportunities. Second, they defended the policy by emphasising cultural and medical aspects, arguing that it respected indigenous practices while maintaining opium's traditional therapeutic uses in local medicine. They also highlight opium's ritualistic importance in traditional social and cultural customs. These views were presented as arguments by the *Royal Commission on Opium* in support of British opium policy, which were later echoed by pro-opiumists in their writings (RCOO, Vol. VI, pt. I; Richards 2002). Sir Richard Temple advocated for the opium system in British India, asserting that it was 'morally justified'. He compared the taxation of opium to that of alcohol, arguing that both substances can be harmless when consumed in moderation and that opium is less dangerous than alcohol (Richards 2002: 385). Similarly, Turner equated opium with alcohol as a luxury, arguing that taxation was necessary to control its harmful effects (Turner 1876: 41). Richard Newman defended the policy, noting the Company did not promote drug use for profit but regulated existing practices (Newman 2007: 68). Similarly, they emphasized the opium trade's economic benefits, highlighting its advantages for Indian merchants and the broader South Asian economy while noting state controls ensured regulated availability (Richards 2007: 79).

Critics condemned the opium trade as exploitative, arguing that Britain prioritised profit over ethical concerns and public welfare. They pointed out the devastating effects of widespread addiction on social structures and public health. Joshua Rowntree's critical analysis of the Royal Commission's findings offered a significant critique of the British Opium Policy, raising important questions about imperial responsibilities toward colonial subjects. He highlighted the Commission's bias through statistical

evidence. Out of 722 witnesses, the majority were pro-opium officials, while cultivators were seldom heard. (131 were officials of the British government, 89 were officials from Native states—predominantly from regions known for opium production—74 were European officials, 62 were merchants, and 57 were landowners, among other categories (Rowntree 1895: 7). He mentioned the petitions from villages to abolish cultivation and emphasised the profitability of other crops with less labour. His conclusion emphasised revenue prioritisation over morality in government policy (Rowntree 1895: 14-106).

The scholarship of the recent past reinforces this revenue-focused critique. Haq (2002: 1) argues that British policy promoted drug addiction through revenue maximisation, while Trocki (2012: 10) links the Empire's growth directly to the opium trade. Additionally, Markovits (2009) highlights the financial benefits accrued from the pass fee on Malwa opium exports. Kaur (2012) critiques this dynamic as the "Imperialism of Opium", arguing that the British prohibition of private opium cultivation led to the introduction of government-controlled 'Abkari Opium,' aimed at maximising colonial revenue.

Paradox of Revenue

The economic impact of British colonial rule in India remains intensely debated among scholars. Nationalist thinkers, influenced by Dadabhai Naoroji's "Drain of Wealth Theory", argued that the British Raj systematically drained India's resources to enrich Britain, leading to industrial decline, agricultural stagnation, and increased dependency on British manufactured goods. This economic drainage severely hindered local development and created lasting economic dependence (Naoroji, 1901). Conversely, colonial proponents like John Strachey emphasised modernisation benefits. They pointed to infrastructure developments, railways, roads, and canals, arguing these projects facilitated trade and improved connectivity. Strachey and his supporters contend that British policies fostered open trade, stimulated commercial activities both domestically and internationally, and laid the foundations for India's economic growth and integration (John 1903: 507-515). This scholarly debate exemplifies the paradox of British colonial policies, particularly visible in opium administration: while cultivation generated significant revenue and developed commercial networks among cultivators, improving their quality of life and business acumen, it simultaneously led to increased consumption and smuggling, creating profound social and economic implications.

Opium was a significant commodity in trade during the British Raj, particularly within the Indo-China trade, which proved to be highly profitable. While initially controlled by East India Company merchants, British opium policies were influenced by a paternalistic ideology that claimed to regulate cultivation and restrict already existing opium consumption in British territories. A key dispatch from the Court of Directors to the Governor in Council of Bengal, dated October 24, 1817, stressed that their measures aimed to limit opium use. They asserted that the goal was not to generate revenue but to curb the consumption of the “pernicious drug” (RCOO, Vol. VII: 52). This restrictive policy seems to have influenced government actions well into the late 19th century. Mr C. W. Bell, a revenue official in Bombay, observed that government initiatives often prioritised the reduction of alcohol consumption over the enhancement of opium revenue (Report 1871: 206). However, official records suggest a different perspective, indicating that the government's actions may have been driven by alternative motivations.

In his seminal work, Richards explored the opium revenue collected by the British government from both foreign trade and domestic consumption. He found that annual returns increased dramatically, rising from 17.2 million rupees in the 1830s to 93.5 million rupees by the 1880s (Richards 2002: 149-180). By the 1890s, opium revenue exceeded excise duties, customs, stamps, and income tax, ranking only behind land revenue and the salt monopoly. Richards underscores the increasing fiscal significance of opium revenue within the colonial economy, noting that it constituted approximately 4 percent of the total revenue of the Indian government in the 1790s, rising to 16 percent during the 1860s and 1870s; similarly, its contribution to land revenue grew from 8 percent to 43 percent over the same period—figures that notably exclude internal consumption, which was minimal and accounted for separately under excise revenue (Richards 2002: 155). Nonetheless, he raises a compelling question: why did the British fail to establish an internal market for opium when the conditions for addiction were already present?

This can be answered by examining the principal motive as to why the opium trade started in the first place. Deming (2011: 6-7) argues that the primary motive behind the opium trade was the revenue it generated for the British, especially from external markets, which were far more profitable than domestic consumption. This challenges the notion that the “Maximum Revenue with Minimum Consumption” policy was intended to prioritise the well-being of imperial subjects. Also, Turner (1876: 48) notes that opium for domestic use was priced about three times its production cost, while exported

opium fetched nearly four times the cost. On average, a chest of opium sold at Calcutta auctions for 1,372 rupees, in stark contrast to the raw opium cost of just 370 rupees required to produce that chest (Richards 2002: 152). As a result, a focus on internal consumption would have yielded considerably less revenue than overseas trade in opium. To maximise revenue, the government sought to expand poppy cultivation during the nineteenth century, often to the detriment of the peasants compelled to grow it. This is supported by the testimony of William Muir in his minutes dated February 22, 1868 (Turner 1876: 49). The emphasis on revenue is further illustrated by the constant increase in the pass fee levied on Malwa opium exports through the west coast, primarily from the port of Bombay, which surged from 125 rupees per chest at the beginning of the 19th century to 600 rupees per chest by its end (Richards 2002: 149-180). Turner (1876: 40) explicitly describes British opium policy as a “Policy of Repression and Revenue,” balancing repression at home with revenue generation abroad.

The British government's stance on opium demonstrates a significant duality. On one hand, it advocated for the reduction of both opium production and consumption in British India, characterising it as a dangerous drug. Conversely, the government focused on maximising revenue from opium, often overlooking its social and public health implications. This contradictory approach profoundly altered how opium was perceived in various societies across the subcontinent. The commodification of opium, coupled with its profitability, led to increased smuggling and other activities that the British government deemed criminal. While numerous authors have pointed out that poppy generated economic benefits for regions engaged in its cultivation, it ultimately gave rise to a range of social issues related to drug consumption that continue to affect society today. The report from the *Royal Commission of Opium* in 1895 encapsulated the government's intentions by endorsing its opium policies and failing to acknowledge any inherent problems with the existing system. Despite signing international agreements such as the *Shanghai Conference of 1909* and the *Hague Conference of 1912*—both designed to establish a global framework for drug control and promote evidence-based policies—the government persisted in its practices regarding opium production. This contradiction is further highlighted when examining the Hill Society, a key opium-producing region in the subcontinent that emerged after the Royal Commission.

Societal Transition

Hill societies have a long-standing tradition of cultivating poppy, dating back to the pre-colonial period. This crop

was typically grown in smaller quantities, primarily for local consumption rather than for commercial trade. The local people utilised various parts of the poppy plant for multiple purposes, including as a food source, for producing oil, and in traditional medicine. Particularly, in Saraj in the Kullu region of the former Kangra district during the colonial era, poppy seeds were an important component of the local diet and were frequently incorporated into everyday meals (Harcourt 1871: 54-55). The seeds were prized not only for their nutritional value but also for their medicinal properties. They were frequently utilised to treat ailments such as diarrhoea. Additionally, the stems left over after the extraction of opium and seeds were not discarded; instead, they were returned to the soil, serving as natural manure that enriched the land for future crops (Harcourt 1871: 174). Due to the relatively small scale of poppy cultivation, the opium trade remained limited. It was primarily managed by the Gossains of Jwalamukhi, who were known for their involvement in the opium market and purchased surplus opium beyond local consumption needs and traded it in distant markets as far as Hyderabad (Barnes 1862: 88-89). In these native states, the cultivation of poppy was mostly unregulated, and growers were not subject to specific taxes on this crop. They only had to pay general taxes imposed by the state. However, this situation changed significantly with the arrival of British colonial rule in the nineteenth century, which introduced new regulations and taxation policies that transformed the dynamics of poppy cultivation and the opium trade in the region.

After the annexation of Punjab in 1846, the British introduced their opium policy to include taxation on poppy cultivation. An attempt was made to implement a monopoly akin to that established in Bengal; however, this initiative ultimately failed. In this context, Walker (RCOO 1895, Vol. 5: 103), the Commissioner of Excise in Punjab during the late 19th century, writes:

It may, however, be mentioned that many years ago experiments were made with a view to seeing whether it would be possible to introduce the Bengal system of a government monopoly. The result was, at once, to show that the system could not be worked in the Punjab. Apart from other considerations affecting the questions, and there are very many, it may be noticed that the whole business is on much too small a scale to make it possible to work a monopoly profitably, while the areas producing opium are far apart from each other.

Furthermore, for taxation purposes, Punjab was administratively divided into two distinct regions: the first comprising five primary opium-producing districts—Umballa, Shimla, Kangra, Shahpur, and Dera Ghazi Khan—and the second encompassing 21

additional districts where poppy cultivation occurred on a significantly smaller scale (RCOO 1895, Vol. VI: 103). In 1860, the Punjab government instituted a tax for the first time, imposing a fee of 2 rupees per acre as an acreage tax in territories under direct administration. Native states and hill states, however, retained the authority to establish independent policies regarding poppy cultivation (RCOO, Vol. V: 101). Notably, opium produced in these native regions, as mentioned by R.M. Dane (Officiating Commissioner of Excise of Punjab in 1891), was still classified as part of Punjab's overall production, allowing licensed vendors the freedom to source opium from any supplier without restrictions on drug manufacturing (RCOO, Vol. V: 101- 104).

This scenario underwent significant modifications with the introduction of new regulations by the Punjab government on 20 May 1889 and subsequently on 8 April 1891, which raised the acreage duty in the 21 low opium-producing districts from 2 to 4 rupees per acre, while the major opium-producing districts remained unaffected (RCOO, Vol. V: 101). Additionally, cultivators in these 21 districts faced a prohibition on the consumption of their crops, a restriction not applicable to those in the principal opium-producing areas. The British government imposed high taxation in twenty-one districts, disguising this measure as social reform through prohibitive policies. However, taxes remained unchanged in the five districts that generated substantial opium revenue, thereby protecting British economic interests. The prohibition on the consumption of self-produced opium in these twenty-one districts similarly concealed another economic motive: increasing the consumption of more expensive Malwa opium, which was sanctioned for sale in Punjab following a per-chest import duty, particularly benefiting the revenue generation in the low-yielding districts that were also high-consumption zones. For example, Malwa opium was taxed at 700 rupees per chest or 10 rupees per seer as an import duty in Punjab (RCOO: 120). Ferozepur, Ludhiana, and Amritsar emerged as the leading opium-consuming districts, with average consumption rates from 1883 to 1893 recorded at 33.9, 26.1, and 16.7 ounces per 100 individuals, respectively (RCOO, Vol. V: 110). The consumption of Malwa opium generated substantial revenue through licensing fees, retail sales, and import duties, which were significantly lacking in the case of hill opium. In the fiscal year 1892-93, the revenue accrued from duties levied on Malwa opium amounted to 17,115 rupees in Ludhiana, 15,115 rupees in Ferozepur, and 10,290 rupees in Amritsar. These figures noticeably surpassed the financial returns from excise opium and hill opium, which generated merely 31,996 rupees and 15 rupees for the entirety of the province, respectively (RCOO, Vol. V: 119).

Beyond serving as a commodity taxed by the government for revenue generation, poppy functioned as a cash crop within the region, primarily utilised to fulfil annual revenue obligations (Kangra District Gazetteer (KDG 1917: 93). The economic significance of this crop in comparison to others can be demonstrated by the fact that poppy cultivation yielded revenues of 60-70 rupees per acre. Letter No. 331 (11 February 1889), from the Punjab Government to the Government of India, confirmed these details. Due to its profitability, the district administration of Karnal District, where poppy cultivation was prohibited in 1889, formally requested the Indian government to revoke the ban, as it had significantly hindered the region's economic well-being (RCOO, Vol. V: 103). This economic importance is further exemplified in the case of Kullu.

Kullu displayed characteristics of a primarily agricultural society. Due to its mountainous terrain, the region had limited agricultural output, resulting in minimal surplus production. Most agricultural products were consumed locally or traded for essential goods. Although poppy was cultivated, its use was largely restricted to medicinal and social purposes. Traditionally, taxes were paid on goods or through labour. However, with the arrival of the British, the taxation system underwent reforms that rendered a cash basis to the tax demand (Alam 2008: 162). This change eliminated the leniency previously granted to residents during unfavourable weather conditions or crop failures, making it more challenging to make timely tax payments in a largely non-monetary economy. Land settlement records indicate that approximately 500 acres were designated for poppy cultivation in the Kullu subdivision, which accounted for 5 per cent of the total cultivated land in the area (Lyall 1874:144). The cultivated area subsequently expanded from 699 acres in 1873-74 to 1,843 acres in 1883-84, ultimately peaking at 2,001 acres in 1891-92. The statistics provided here relate to the entire Kangra district and can serve as a reference for understanding the increase in acreage. It is important to note that cultivation in regions outside the Kullu subdivision has been minimal or negligible (RCOO, Vol. V: 102). This expansion can be attributed to the crop's economic significance, as it was primarily employed to settle tax obligations, prompting every village in the subdivision to engage in its cultivation (KDG 1897: 86). Despite the British government's official stand to discourage the cultivation and reduce the acreage under poppy cultivation, officials encouraged its growth in hilly regions where agricultural production was insufficient to meet local revenue demand. In 1908, the Assistant Commissioner of Kullu urged residents of Sargah, Raghupur, and other

poppy-producing *Kothis* (administrative subdivisions) in Kullu to increase cultivation, given that it generated revenue predominantly from this crop and still permitted some surplus for personal use ("Negi Books in Kullu" (NBK): 1-2). However, he recognised a prevailing lack of business acumen among the local population, frequently highlighting the disparity between prices offered to cultivators in the area and those available in Hoshiarpur. He advocated for local merchants to collaborate with *Ganja* (*Cannabis Sativa*) producers to negotiate more favourable prices from traders (NBK: 5). For *ganja*, the flowering tops of female cannabis are harvested and dried for its psychoactive effects. It can be consumed by smoking, vaporising, or ingesting through edibles or oils. Notably, the Assistant Commissioner sought the involvement of individuals with notable business skills and considerable influence, such as Hait Ram, Dharam Das, and Uttam Ram, to spearhead this initiative and encouraged farmers to refrain from selling their produce unless they received a minimum price of 14-15 rupees per seer (NBK: 5-13).

The encouragement arising from the profitability of poppy cultivation significantly motivated individuals in the region to engage in this agricultural practice with increased zeal. By the early twentieth century, almost every household or village had adopted the cultivation of poppy, regardless of the size of their land holdings (KDG 1917: 93). In response to this expansion, the British government sought to capitalize on the situation by raising the acreage tax from 2 rupees to 9 rupees per acre in 1911, which placed a substantial financial burden on the peasants. Consequently, many abandoned poppy cultivation, resulting in a reduction of the cultivated area to approximately 744 acres. In light of the revenue losses attributed to this decline, the government implemented relief measures for certain cultivators, ultimately increasing the area devoted to poppy cultivation to 870 acres, with the tax varying between 4.3 and 12 rupees per acre (Coldstream 1910-1913: 5). The increase in cultivation, coupled with uncertain taxation and inadequate prices offered by the government to farmers, led cultivators to seek alternative buyers who provided more competitive pricing. This shift consequently resulted in a significant rise in illicit opium trafficking within the region. However, to address the issue of smuggling, the government prohibited poppy cultivation in 17 *phatis* of the Kullu subdivision, which were deemed to produce negligible quantities. Additionally, they restricted the issuance of licenses for the cultivation of more than 5 *biswas* of land (Opium Smuggling, File No. 30: 35). Thus, the British focused on revenue generation, and their policies regarding poppy cultivation resulted in

economic benefits; they also gave rise to various societal issues that proved detrimental to the community fabric.

The excessive reliance on opium for revenue led to smuggling, and increased production resulted in a rise in opium consumption. Often, this issue was concealed from the Opium Commission by witnesses, possibly due to the importance of revenue or to advance a pro-opium agenda. This problem was first officially highlighted by Sir Malcolm Lyall, the finance commissioner of Punjab in 1881; however, the concerns were never addressed (Letter No. 265, 1887: 121-122). The British policies eventually led to further increase in drug consumption over the years; as the number of retail shops selling opium in Kangra rose from 39 in 1885-86 to 95 in 1890-91, while in the Shimla district, the number of shops expanded from 26 in 1885 to 71 in 1890-91 (RCOO, Vol. V: 112). The shift from a traditional agricultural society to one struggling with widespread substance trade highlighted the significant social costs of British economic policies. The very fabric of hill communities changed as monetary transactions replaced traditional exchange systems, with commercial interests overshadowing customary practices. This increase in consumption further encouraged smuggling, which negatively impacted the revenue from the sale of excise opium in Punjab and its neighbouring states. By 1931, the level of smuggling had become so concerning that the Punjab government deemed it necessary to conduct a special investigation into the issue (Opium Smuggling, File No. 31, 1931). This was done to protect their excise revenue and to explore alternative revenue-generating strategies for the region. Despite the signing of international conventions over time, the British government and the hill states under their jurisdiction failed to reduce the number of retail outlets. For instance, in Mandi, the number of retail shops surged from 14 in 1934 to 40 in 1935, and in Bilaspur, the count increased from 4 in 1934 to 16 in 1939 (Annual Report on Traffic in Opium, File No. P. 350/40, 1939: 38 & 323-24). The rapid increase of retail outlets marked a significant shift in hill society, transitioning from traditional, regulated consumption patterns to widespread commercial availability. This change from medicinal and ritualistic use to regular consumption reflected broader transformations in social structures and cultural practices. Hill society underwent a complete transformation, moving from self-regulated traditional communities to commercially oriented ones that now face modern challenges, including substance abuse and illegal trade. The traditional social and moral controls that once governed opium use have been replaced by market forces and government regulations.

The overall situation in the Punjab hills illustrates a profound paradox within colonial administrative policies. While the implementation of the Opium policy brought

about significant economic improvements among hill communities by increasing monetary circulation, it also led to concerning social effects, notably elevated patterns of substance consumption among the populace.

Aftermath of British Policies

British opium policies and their associated regulations had a lasting impact on the Himalayan region, with effects that continued well into the post-independence era. In the Punjab Hill States—now part of Himachal Pradesh, India—uniform regulatory measures concerning the cultivation and consumption of psychoactive substances were implemented, following models established in the plains and other areas of colonial India. However, this standardised application of prohibitive laws did not take into account the region's unique socio-economic and administrative context. The ongoing presence of smuggling networks and the development of a smuggling-based economy in the area highlight the limitations of these regulations. Weak and inadequate government infrastructure made enforcement difficult, allowing illicit trade to flourish. Moreover, the lack of viable alternative sources of income forced many locals to engage in the cultivation, processing, and distribution of psychoactive substances as a means of economic survival. A notable example of this persistent underground economy is Booti Nath, a notorious smuggler from the Sirmaur region, whose operations continued into the late 1950s (“Case of Booti Nath” 1956). His eventual acquittal not only emphasises the ongoing prevalence of illegal practices despite legal prohibitions but also highlights the ambiguity and limited effectiveness of both central and state-level enforcement mechanisms, including those of the Government of Himachal Pradesh.

At the same time, the region underwent socio-economic transformations due to the arrival of foreign tourists influenced by the countercultural “hippie” movement, as well as an increase in domestic tourism. These visitors were drawn by the Himalayan climate and the allure of “black gold”, specifically, the “Malana Cream”, a high-potency cannabis resin. (Malana Cream, known internationally for its purity and high potency, refers to the *Charas* from Malana Village in the Kullu Valley). Amid widespread poverty and the continued lack of sustainable economic alternatives, local communities increasingly turned to cannabis cultivation. The harvested product was then transported by middlemen to cafés and hotels that rapidly emerged across the valleys to cater to the growing tourist population (Charles 2011). Over time, these substances became ingrained in global pop culture, inadvertently positioning small Himalayan communities

as central players in their circulation and visibility, despite the illicit nature of the trade.

Conclusion

The British opium policy in India was initially unapologetically pro-opium, driven by the immense revenue generated from both domestic consumption and export to China. From the late 18th century, the *British East India Company* established a lucrative monopoly, with policies such as the *Opium Act of 1857* and government auctions in Bengal that actively promoted production and trade. This approach framed opium as a traditional and medicinal commodity deeply embedded in Indian society. However, growing global criticism, particularly from missionaries, reformists, and anti-opium activists, pressured the British government to adopt an anti-opium stance, at least superficially. The *Royal Commission on Opium* (1895) exemplified this pretence, as it outwardly investigated the alleged harms of opium while ultimately endorsing its continued production, dismissing concerns about its social and public health impact. This contradictory approach was especially evident in the hill states, as demonstrated in the present study. Historically, poppy cultivation in these regions was limited and culturally regulated. However, under British rule, it expanded significantly due to policies that promoted the poppy as a cash crop to meet revenue needs. For example, in Kullu, the area dedicated to poppy cultivation increased from 699 acres in 1873-74 to 2,001 acres by 1891-92. At the same time, British officials began imposing restrictive policies in certain districts, such as the prohibition of local consumption in low-yield areas in 1889, under the guise of reform. These measures were not aimed at reducing harm but were designed to maximise profits by redirecting consumption to more expensive imported opium. This illustrates the duplicitous nature of their policy.

The transition highlights the paradox of British colonial governance, challenging the official British narrative that stated poppy cultivation was not primarily aimed at generating profits. While monetisation and commercial agriculture contributed to economic integration in the hill states, they also disrupted traditional practices, resulting in increased addiction, smuggling, and social disintegration. By the 1930s, retail opium outlets had proliferated in hill states such as Mandi and Bilaspur despite international conventions like the *Shanghai Conference of 1909* that aimed to limit the opium trade. The dual legacy of British

opium policies, economic modernisation coupled with social harm, underscores the deep contradictions inherent in their rule over India.

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