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I. Tamil Nadu's Liquor Policy

(i) Chronological Timeline of Tamil Nadu's Liquor Policy

- 1852 & 1864: Initial regulations and laws introduced in Madras Presidency to control liquor sales and collect revenue.
- 1886 (Madras Abkari Act, 1886): Enacted as the legal foundation to regulate the import, export, transport, manufacture, sale, and possession of liquor and intoxicants.
- October 1937 (Rajaji's Prohibition Policy): C. Rajagopalachari, Premier of Madras Presidency, introduced phased prohibition starting in Salem district by closing toddy and arrack shops. It was later extended to Chittoor, Cuddapah, and North Arcot.
- 1937 (Introduction of Sales Tax): Sales tax was introduced for the first time to offset the loss of excise duty revenue caused by prohibition.
- 1939–1946 (Governor's Rule): Prohibition continued under Governor's rule following the resignation of the Congress ministry in protest against WWII involvement.
- 1946–1967 (Congress Era): Successive Chief Ministers (Prakasam Pantulu, Omandur Ramasamy Reddiyar, P.S. Kumaraswamy Raja, Rajaji in 1952, and K. Kamaraj) maintained prohibition as a key social welfare policy.
- 1967–1969 (DMK under C.N. Annadurai): Maintained strict prohibition after taking office.
- 1971 (Prohibition Lifted under M. Karunanidhi): Prohibition was lifted due to state revenue leakage caused by alcohol availability in neighboring states. Sales of toddy, arrack, and Indian-Made Foreign Liquor (IMFL) were permitted.
- 1973–1974 (Reintroduction of Restrictions): Toddy shops were closed in 1973, arrack sales stopped in 1974, and IMFL sales were restricted strictly to permit holders.
- 1974–1981 (Growth of Illicit Bootlegging): Prohibition led to widespread illegal liquor (kallachharayam) production, toxic chemical adulteration causing deaths, and excise revenue diverting into the black market.
- 1981 (MGR Government Policy Shift): M.G. Ramachandran's Government re-licensed toddy (tender system), arrack (auctions), and IMFL production (private and cooperative sectors).
- 1983 (TASMAC Established): The Tamil Nadu State Marketing Corporation (TASMAC) was created to bring wholesale liquor distribution under Government control.
- January 1, 1987 (Toddy & Arrack Ban): Toddy and arrack were banned again, while licensed IMFL production and sales continued.
- 1990 (DMK Re-introduction): Toddy and arrack production was re-allowed via the Tamil Nadu Spirit Corporation, with TASMAC handling wholesale and retail sales.
- 1991 (Jayalalithaa's Ban): Jayalalithaa banned toddy and arrack production and sales upon coming to power.
- November 29, 2003 (TASMAC Retail Monopoly): Jayalalithaa's Government granted TASMAC sole monopoly over retail IMFL sales, replacing private vendors under the Tamil Nadu Liquor Retail Vendors Rules, 2003.
- Statutory Basis: The governing legal framework remains the Tamil Nadu Prohibition Act, 1937. Though titled a prohibition act, it grants the executive power to issue licenses for manufacture, transport, and retail sales.

(ii) Financial Facts & TASMAL Price Breakdown (750 ml Bottle @ Rs. 680)

- State Revenue Share: Liquor taxes generate ~Rs. 60,000 crore annually, constituting 1/8th of Tamil Nadu's total budget revenue and funding social welfare schemes.
- Anatomy of a 750 ml Bottle Price:
 - Production Cost: Rs. 68 (extra neutral alcohol, water, flavor, label).
 - Packaging & Bottle: Rs. 25.
 - Distillery Profit & Transport: Rs. 20.
 - Basic Purchase Cost: Rs. 110 (pre-tax value).
 - Excise Duty: Rs. 149 (based on 42.8% alcohol strength).
 - Value Added Tax (VAT): Rs. 365 (up to 220% tax rate).
 - TASMAL Margin & Cess: Rs. 56 (shop maintenance, wages, margin).
 - Final Retail Price: Rs. 680 (reflecting over 400% total tax markup).

(iii) Pros & Cons of the Current Policy vs. Prohibition

Pros (Advantages of State-Controlled Sales):

1. Provides ~Rs. 60,000 crore annually to finance public infrastructure and welfare schemes.
2. Legalized availability deters reliance on toxic adulterated bootleg liquor (kallachharayam).
3. Stops Tamil Nadu residents from purchasing alcohol in neighboring states (Puducherry, Kerala, Karnataka).
4. Eliminates private retail cartels and puts pricing and distribution under government regulation.

Cons (Disadvantages & Negative Impacts):

1. Causes addiction, family distress, health deterioration, and crime spikes among workers, youth, and students.
2. Commercial IMFL contains 42.8% alcohol, creating higher health risks compared to natural drinks.
3. Massive liquor tax revenue masks low growth in the state's own tax revenue (state GDP grew 12–13% while own tax revenue grew only 7% due to weak GST compliance).
4. Illicit liquor tragedies continue in border areas involving political-police corruption (e.g., Kallakurichi tragedy where Rs. 10 lakh compensation per family was paid).
5. The ban on natural toddy (4% alcohol content) hurts palm/coconut farmers' livelihoods and eco-friendly rural employment, while benefiting commercial distillery owners.

(iv) Regional Comparison & Expert Proposals

- Neighboring Models:
 - Kerala: Government monopoly (KSBC) with 289 retail outlets and strict dry days.
 - Karnataka: Private retail licenses moving toward electronic auctions.
 - Andhra Pradesh: Re-privatized retail sales under the 2024–26 policy.
 - Telangana: Private licensed A4 shops and 2B bars.
 - Puducherry: Governed by the Excise Act, 1970 with licenses for arrack, toddy, and liquor.
- Expert Recommendations:
 - R. Subhash (Economist): Implement a 10–15 year phased reduction of liquor reliance, improve GST enforcement, and increase revenue from mineral resources and sales tax.

- N. Logu (Consumer Activist): Halve the number of TASMAL shops, mandate a minimum 5 km gap between outlets, and consider permitting toddy.
- C. Nallasamy (TN Toddy Movement): Lift the 1987 ban on natural toddy (4% alcohol vs 42.8% in IMFL), treating it as an eco-friendly food product that creates jobs and export potential without electricity demands.

2. India's Economic Growth

Prime Minister's second Principal Secretary and former Reserve Bank of India Governor Shaktikanta Das stated that the Indian economy has recorded 8% growth due to comprehensive reforms, including the Goods and Services Tax (GST), flexible inflation targeting, banking sector reforms, and fiscal consolidation.

(i) The external sector remains stable due to export diversification, Free Trade Agreements (FTAs), a surplus in services trade, and steady foreign exchange inflows.

(ii) Artificial Intelligence (AI) technology is playing an important role in sustaining economic growth. He stated that India should focus on sustainable development through initiatives such as the National Green Hydrogen Mission, electric mobility, energy-efficient infrastructure, and agriculture.

3. Russia-Ukraine War Impact on Indian Assets

- A Russian drone attack in Ukraine struck and damaged a production unit belonging to an Indian pharmaceutical firm operating in the country.

4. The German Chancellor paid an official visit to Ukraine to discuss continued military and diplomatic support amidst the ongoing war.

5. 19th Asian Games Tally

- India achieved 4th position overall in the final standings.
- Total Medals: 107 medals (28 Gold, 38 Silver, 41 Bronze).
- Top three positions were secured by China, Japan, and South Korea respectively.
- The next Asian Games are scheduled for 2030 in Qatar.
- India's performance was highlighted as the country's second-highest medal haul in Asian Games history.
- Asian Games are organised by the Olympic Council of Asia (OCA).

6. Irani Cup is associated with cricket.

7. GST and the Next Phase of Economic Reform

(i) GST was introduced in 2017. Its basic objective:

- Create a unified indirect tax system.
- Replace multiple indirect taxes.
- Reduce cascading taxation.
- Facilitate movement of goods and services across States.

(ii) The need for the next generation of GST reforms. Important areas identified are

- Simplification of tax compliance.
- Better tax administration.
- Improving taxpayer experience.
- Greater use of technology and data.
- Strengthening State revenues.
- Improving refund mechanisms.

(iii) GST reforms should be linked with:

- Economic growth
- Formalisation
- Ease of doing business
- MSME development
- Export competitiveness.

(iv) Tax reform must move from merely increasing revenue towards:

- Efficiency
- Transparency
- Predictability
- Lower compliance costs.

8. Cambodia – Removal of Landmines with Indian Assistance

(i) Cambodia has large areas affected by landmines because of its prolonged conflict history.

(ii) Indian assistance has contributed to the removal of mines.

- Around 1.98 lakh sq. metres of mine-affected area has been made safe with Indian assistance.
- Landmine clearance has:
 - Improved civilian safety.
 - Made land available for productive use.
 - Supported agriculture and development.
 - Reduced long-term humanitarian risks.
- Mine clearance contributes directly to human security and development.

9. Presidential elections are being held in Brazil.

- 12 candidates are contesting. Major attention is focused on Luiz Inácio Lula da Silva. The political camp associated with former President Jair Bolsonaro.
- Brazil is the largest country in South America and an important member of:
 - BRICS
 - G20
 - Major multilateral economic institutions.
- Brazil's political direction matters for:



- Climate negotiations.
- Amazon rainforest protection.
- Global South cooperation.
- BRICS.
- India–Brazil

relations.

10. Formula 1 driver – Verstappen (Dutch and Belgian racing driver)

