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(With special reference to Gujarat.)

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PRICE CONTROL IN INDIA

With special reference to Food Supply

By

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POPULAR BOOK DEPOT,

Bombay 7

1946

PREFACE

This study was initiated and planned by Professor C. N. Vakil towards the end of 1943-44. After the publication of our earlier book *Price Control and Food Supply with special reference to Bombay City* in February, 1943, it was felt that a similar enquiry on an all-India scale and embracing controls relating to all consumption goods would be appropriate. Questionnaires for this purpose were sent to the Central and Provincial Governments and Indian States in November 1943. To collect the replies to the same and also to make further enquiries on the spot from official as well as non-official sources, Dr. Lakdawala, Lecturer in Economics in this School, was sent out on a tour of capital cities in January 1944. This tour was completed in April. About the same time, i.e. from February to May 1944, a more detailed enquiry as to conditions in different parts of the Bombay Province was conducted. Mr. M. B. Desai, Research Assistant in the Economics Department, toured Gujarat and Mr. S. A. Pandit, then a Fellow in the Department, visited several places in Maharashtra and Karnatak, collecting information along the lines of questionnaires prepared for the purpose for rural as well as urban centres. The work of touring and gathering the necessary data was thus completed by the middle of 1944. The work of tabulating and systematising these data took a longer time than was at first expected. Some of the Provincial Governments could not reply to our questionnaires until about the end of 1944. Even so we had expected to bring out this book by the middle of 1945. There have, however, been a number of unexpected delays mainly on account of the difficulties of printing. This, in turn, necessitated considerable revision of the manuscript in view of the rapidly changing situation.

Professor Vakil, who planned and guided this enquiry in its crucial stages when the work of collecting and tabulating the data was being done, was called away to Delhi in February 1945 on deputation to the Government of India. It has fallen to me, therefore, to direct the work thereafter and to edit this volume. The most arduous part of the work in connection with this book has

been done by Dr. Lakdawala who not only did the touring mentioned above but also analysed the data thereafter and prepared the first drafts of most of the chapters of this book. Mr. D. R. Samant has collected the information and written the chapter on Textile Control. He has also helped in the general work of arranging and interpreting the results of the various enquiries made for the purpose of this study. I should like to take this opportunity of thanking all my colleagues in the Department whose co-operation has made this study possible.

Our thanks are due to the Central Government, the Provincial Governments and the Governments of Baroda, Mysore, Hyderabad, Travancore and Cochin who replied to our questionnaires and gave us all the information asked for. We would also express our thanks personally to the heads of the various departments in all these Governments from whom we received not only courtesy but also considerable help at a time when they were already working under pressure due to urgent war work.

Finally, it is a pleasant duty to thank the University of Bombay for their research grant to meet the cost of the enquiries on which this work is based and also for their substantial grant towards the cost of publication of this book.

Bombay,

J. J. ANJARIA

April, 1946.

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CHAPTER I

THE PROBLEM

In "Price Control and Food Supply," published in March, 1943, we tried to set out the problem of the acquisition and distribution of Bombay's food supply in the context of the All-India situation as it had developed since the outbreak of the war in September, 1939. A survey of the evolution of Government policy in this vital matter over the period, together with an examination of the working of such controls as had been instituted by then, brought out clearly certain significant facts regarding the food situation. Few now doubt that a considerable part of the food muddle in which we found ourselves during 1942 and 1943 must be attributed to the failure of the authorities to grasp the entire situation in time and to take steps on a sufficiently comprehensive scale to meet the same.¹ Upto the beginning of 1943, there was no such thing as a food policy for the country. Controls were imposed on one foodgrain after another as necessity arose; there was no uniformity or consistency as between the policies followed by the different Provinces; the purchase of military supplies and the supplies for export had hardly any reference to civilian needs; transport almost broke down. In the meanwhile, the continued inflation of currency exerted its inevitable influence on the general price level, thus giving a direct impetus to hoarding and withholding of supplies, and making it at the same time difficult for the poorer classes to purchase even their minimum requirements at the going, mostly black market, prices.

Food Control since December 1942

The Food Department at the Centre was established in December, 1942. It applied itself to the task of estimating the surpluses and deficits of the various Provinces and building up with the help of such data as were available a Basic Plan for the allocation of these as between the different regions. It was now realised that in regard to food control

¹ This has been borne out by the Famine Inquiry Commission's report.

the Central Government must take greater initiative and must see that the different regional authorities fell in line with the policy chalked out by the Centre. The Food Department encountered several difficulties in connection with the execution of the Basic Plan. In the meanwhile, the situation in Bengal was becoming more and more acute. The main problem before the Department then was to alleviate the food situation in that Province. The tragic happenings in that Province later in the course of the year are too well known to need repetition.¹ The point which concerns us here primarily is that for several months even after the establishment of the Food Department, no clear-cut food policy for the country as a whole had been formulated, and the Department had therefore to make one experiment after another which only made the food problem more complicated. It was in the midst of such confusion that in July 1943, the Government of India appointed the Foodgrains Policy Committee to "examine the past policy and present position in India in relation to the supply, distribution and price of foodgrains in the light of all the relevant conditions including those imposed or liable to be imposed by the War, and to make recommendations both of policy and for administration, for securing, for the duration of the War, maximum supply, equitable distribution and proper control of prices in relation to foodgrains." The Committee submitted its report to Government about the middle of September, though this was made available to the public only several months thereafter.

The Report confirms the view that the food problem in India had assumed the alarming proportions it did in 1943 just because of the Government's failure to take timely action with forethought, understanding and firmness. It makes the admission: "It is not in a deterioration of productive conditions—taking India as a whole . . . that the key to the present difficulties is to be found: they lie elsewhere."² By way of analysis, the Report mentioned a number of factors on the

¹ Cf. "It has been for us a sad task to inquire into the course and causes of the Bengal famine. We have been haunted by a deep sense of tragedy. A million and a half of the poor of Bengal fell victim to circumstances for which they themselves were not responsible. Society, together with its organs, failed to protect its weaker members. Indeed there was a moral and social breakdown, as well as an administrative breakdown" Famine Inquiry Commission's Report on Bengal p. 107.

² p. iii.

supply side and the demand side which had brought about the situation, but the bearing of currency inflation on the problem was not brought out. We are however more interested in their recommendations.

The main recommendations of the Committee were as follows :

(i) That for the duration of the War, India must cease to be a net exporting country and must become a net importing country. Government must press for the import of $1\frac{1}{2}$ million tons in the first year and 1 million tons annually thereafter; (ii) That while the only perfectly logical solution to the problem of procurement would be a Central Government Foodgrains Monopoly, this was not practicable for the present, and that, therefore, it was enough for the time being for the Central Government to see that competitive buying was eliminated and transport priorities properly arranged so as to allow official buying to function effectively; (iii) That while rationing all over the country was unmanageable, rationing of the larger cities of India should be undertaken forthwith; (iv) That statutory price control of the major foodgrains should be instituted in all Provinces and States; (v) That the Centre must have more powers as against the Provinces, if it was to be in a position to discharge its responsibility. The Committee also made several suggestions regarding the reorganisation of the Food Department, the collection and compilation of agricultural statistics, the organisation of transport facilities, the promotion of the Grow More Food campaign, the special treatment of famine areas, etc.

The Central Government tried thereafter to follow the general lines of policy laid down in the Gregory Committee's Report, and the situation improved considerably as a consequence. Thus, by the end of 1944, (i) 'free trade' in foodgrains was definitely abandoned; (ii) quotas as between the surplus and deficit Provinces were allocated more or less in terms of the formula suggested by the Committee; (iii) even the surplus Provinces gradually accepted the principle of price control and rationing; (iv) maximum statutory prices for the 1944-45 crop were fixed by the Central Government in respect of wheat, jowar and bajra, and the principle was accepted that pending the statutory control of prices of all cereals throughout the country, control by Provincial Governments was to be allowed subject to approval by the Central Government; (v) while procurement operations, whether for local consumption, or for export to deficit areas, or for Central Government needs were left to the Provincial authorities, competitive buying

was eliminated, and steps were taken to keep the Central Government informed periodically about the progress of these operations ; (vi) rationing was introduced in 226 towns and cities covering a population of 35 millions and further extension of the same contemplated so as to cover almost the entire urban population,

While thus by the beginning of 1945 considerable progress had been made towards the formulation of an All-India policy and a co-ordination of the policies of different Provinces, it could not be said that India had even so a well-planned, coherent and well-integrated scheme for the maximisation of food production in the country and for the most equitable distribution of the available supplies.

Shortcomings of Food Control

As a result of this deficiency, the operation of food control has been characterised by the following shortcomings :—

(i) The “Grow More Food” campaign could not add materially to our food supplies ;¹ (ii) the imports recommended by the Gregory Committee were not forthcoming to the desired extent ; (iii) surplus areas on the whole fared better than deficit areas in respect of food supplies ; (iv) in respect of procurement, while some Provinces, like Bombay, resorted to crop planning and a compulsory levy others followed an inchoate and experimental policy ; (v) food control failed to embrace important nutritive foods like milk, eggs, vegetables, etc. ; (vi) the rations allowed per adult varied considerably from place to place ; and (vii) some sections of the population found it difficult to purchase the necessary amount of foodgrains at the prevailing prices. The objective of food policy is obviously to guarantee to all a certain decent minimum of nutrition, and to secure that any hardship that may have to be endured on account of difficulties inherent in the situation should be

¹ Cf. “The lesson to be drawn from the experience of the Grow More Food campaign stands out quite clearly. It is this. A large increase in agricultural production in India by an extension of the area of cultivated land and an improvement in the yield per acre of crops through irrigation and other measures will not be achieved without intensive and sustained effort on the part of both Government and the people. There is therefore need for laying down a clear agricultural policy and providing administrative machinery for its execution.”

shared equally by all. It is evident that we in India have been far from approximating to this ideal.

The end of the war in Europe did not lessen the seriousness of the food problem. The war with Japan was, in fact, expected to involve heavier demands by the military on India's limited food supply. Fortunately, that latter phase lasted much shorter than the most optimistic had hoped for. This cessation of war does not, however, lessen the seriousness of the food problem and the need for a sound policy. For some years to come, there is expected to be a world shortage of food. It will take some time for the war-devastated European countries to resume normal agricultural operations; their demands, however, will in the meanwhile be large and urgent. For India, the resettlement and reopening of Burma may be expected to ease the situation in respect of rice, but the problem of endemic food shortage in the face of a continuously rising population will be with us. It is necessary, therefore, not only not to relax our efforts to increase the production and improve the distribution of food during the transition period, but also to lay the foundations of a long range policy of greater food supplies, properly distributed, so as to bring up the standard of nutrition and efficiency in the country to a reasonable level. The chronic and widespread under-nutrition of the masses in India is a fact to which attention has been drawn prominently in recent times. The Memorandum of the Imperial Council of Agricultural Research, for instance, estimates as follows the percentage increases in the production of various foods in order to provide a well-balanced diet to the whole population :

Cereals	..	..	10%
Pulses	..	..	20%
Fats & oils		..	250%
Fruits	..	..	50%
Vegetables	..	..	100%
Milk	..	..	300%
Fish & eggs	.	.	300%

The Famine Inquiry Commission have rightly emphasized the futility of *Laissez Faire* and the imperativeness of a positive policy. They have stated categorically that the State must recognise its ultimate responsibility to provide food for all. A well-planned food policy for India becomes especially necessary when one bears in mind this larger

perspective. If even now the authorities take a proper long-range view of the problem and inaugurate systematic planning of food production and distribution in the post-war period with a view to this objective, the sufferings of the masses during the last few years will not have been in vain.

The Evolution of Cloth Control

The emergence of the cloth problem dates back to the early months of 1941 when prices of yarn and cloth started rising as a result of the freezing order on Japanese assets. The Third Price Control Conference which met in October that year discussed the possibilities of producing standard cloth for the poor and stimulating the production of yarn. Matters were, however, allowed to drift for another year and a half. Cloth prices rose sharply about the middle of 1942, the index number with August 1939 as 100 rising to 424 at the end of December. This was the year in which cotton mill production in India was very much lower than in the previous year, lower even than in 1938-39; imports were negligible and exports heavy, so that the supplies left for civilian consumption were only less than one-half of those available in 1938-39. By May 1943, cloth prices were about 5 times the pre-war level. It was only when such a critical stage was reached that the Textile Control Order was promulgated. The subsequent development of cloth control is dealt with later in this book. It is noteworthy that as in the case of food, so in respect of cloth, we had the same complacency in the early days, and the same failure to take effective steps of a comprehensive nature at the proper time. The result has been a cloth famine quite comparable to the food famine. It is the same story of procrastination on the part of the authorities in sizing up the problem, delays in administration, lack of transport, failure to check the hoarder and the profiteer in time, and, above all, failure to inspire confidence in the public. A special feature of cloth control is that unlike in the case of food, it is the producers who in the main form the controlling authority, so that it is a 'unique' case of an industry controlling itself in the interests of the consumer! What are the results? It is true that the cloth situation has improved considerably as compared to the worst days of 1943, but even to this day, (i) there has been no substantial increase in cloth production; (ii) cloth prices remain high, the index number for manufactured cloth being 276 (March, 1945) as compared to 100 in August, 1939 and 524 in May, 1943; (iii) over a

large part of the country, cloth is simply not available in the open market, and the black market prices are often twice or thrice the controlled prices; (iv) some varieties of cloth are now rationed in urban areas but that touches hardly the fringe of the problem. Thus, in spite of these two years and a halt of cloth control, the consumer has been starved of a vital necessity of life like cloth, while the needs of the military and exports have been given priority in the name of the war effort and/or building up markets for the post-war period! At the other end, the producers, i.e., the millowners, have been making handsome profits, Ahmedabad alone having contributed Rs. 40 crores by way of excess profits to Government in the year 1943-44.

Controls of Other Necessities

In addition to foodgrains and cloth controls, we have been having a number of controls on other prime necessities of life, like sugar, kerosene, charcoal, etc. These too have been administered with varying efficiency and varying degrees of success. It is not possible to estimate for this country the curtailment of civilian consumption consequent upon the diversion of resources to war needs, but it may be presumed that the real cost of war in this country has been shortages of foodgrains, milk, vegetables and other nutritive foods, clothing, fuel, housing, transport, etc. Except for food control in the later stages, the contribution of any of these controls towards a reduction or more equitable distribution of this burden must be regarded as but small.

Anti-Hoarding and Anti-Profiteering Ordinance

The one aspect of the problem that seems to have weighed most with Government is hoarding and profiteering, and it is against these two evils that their efforts have in the main been directed. The theory underlying their policy seems to have been that the real shortage of essential articles in India has been small, or, at any rate, even if it was considerable, nothing much could be done to make it good; that, therefore, the problem was no more than to counter the anti-social activities of middlemen and traders who created a difficult situation only through hoarding and profiteering. There has therefore been a certain negativism about all these controls. The Prevention of Hoarding and Profiteering Ordinance has also had this narrow objective; it could only be a small and tardy step in the direction of a general stabilisation

of prices. Even within this limitation, the success attained has not been commendable. Black marketing and profiteering have continued and it cannot be said that the administration in this country has at all added to its reputation for efficiency, promptness or integrity during these war years when the consumer was really helpless.

The Future of Controls

However, now that the war has ended, the question of improving upon the existing controls with a view to certain immediate objectives recedes into the background. The really important question now is : What is the future of these controls ? It is obvious that with the resumption of normal trade between nations, some of the external trade controls will have to go¹ and this in turn will need a modification of some of the internal controls. The diminution of pressure on the transport system, the cessation of military demands and increasing imports must in course of time exert a downward pressure on prices. Psychological factors might serve to accelerate this trend. If total expenditure on private and Government account comes down suddenly, a sharp recession leading to a depression might result. But that would be a calamity. The consumer deserves and must be given relief, but care must be taken to see that the problems of transition from war to peace are handled in a manner that would secure the minimum of dislocation immediately and the maximum of results in the long run. If our objective was merely to get back to 'laissez faire,' the only question would be by what stages these various controls should be relaxed or abandoned. The problem, however, is to effect a smooth transition from war-economy to peace-economy and also to carry through an agreed plan of rapid economic development. A transition economy is a planned economy and a planned economy must involve controls. A haphazard and unplanned relaxation of war-time controls would have as dangerous consequences as similar imposition of them in the face of an emergency.

But it may be questioned whether our experience with these controls so far should not caution us against a continuation of them in the future. Can these controls be reorientated at all so as to subserve a new set of ends ?

¹ Since this was written, import control has been greatly liberalised.

Economic controls properly conceived and worked can be a powerful aid to planning and development. But control is always a difficult matter, especially in a country of the size and diversities of India. It will be admitted that not all the difficulties in connection with the availability and prices of necessities during the war-period can be attributed to official incompetence or indifference. Part of the trouble is perhaps inherent in a capitalist economy which seeks normally to promote the public good through private gain. War-time controls are known to have brought in such evils as corruption, black marketing and profiteering in other countries of the world as well. In India, these evils have been more conspicuous than elsewhere, partly because of defective conception of policy and partly due to bad administration. But these defects can be overcome.

The gist of the matter seems to be that whereas in other countries war-time experience of controls has revealed the possibilities of utilising them so as to correct the defects of the capitalist system and to subserve certain approved ends, one of the lessons of such controls in India would appear to be the negative one, viz., that unco-ordinated controls in the hands of a constitutionally irresponsible authority operating without the active support of the people are liable to do little good, if not even more harm than good. However, it cannot be denied that the demands made by the working of the war economy have given the administrative system a certain impetus. Tasks which at one time seemed almost impossible of fulfilment are now being handled reasonably successfully. Post-war planning will raise many more complex problems, and it is something that we should now have realised, even though at a heavy cost in terms of human suffering, that a controlled economy, in war as in peace, necessitates forethought and also an expert, trained personnel, working in an appropriate environment provided by an agreement as to ends and continuous endeavour and vigilance as to means.

CHAPTER II

INCREASE IN FOOD SUPPLY

Whatever view one takes about the exact responsibility of the various factors like initial scarcity, hoarding, greater demand, etc. for the difficulties of the food situation in India, it is evident that an increase in available supplies forms a pre-requisite to any general improvement in it. This improvement is possible only in two ways—by producing more at home and/or by importing more foodgrains from abroad. The latter, however, offers at best only limited possibilities. There are difficulties of shipping ; there are other demands, for example, by way of the needs of the liberated countries in Europe. Our main reliance must therefore be placed on home supplies.

A.—Increase in Production

An increase in production is desirable both from the immediate as well as the long-run point of view. In view of the agricultural conditions expected to prevail in the world for some years to come, it would not be wise for us to rely on imported food supplies, and an increase in the production of foodgrains in India is welcome, nay, imperative, in view of the requirements of our growing population.

The Government of India recognised this necessity comparatively late. In April 1942, the first step was taken and a Food Production Conference comprising the representatives of both the Centre and the Provinces was called. On the basis of the recommendations of this Conference a series of measures to facilitate an increase in food production, including an extensive Grow More Food campaign, was undertaken. The results of these measures were far from satisfactory, and the Gregory Committee had to emphasise the need for greater efforts in this direction. After the publication of this Report, more vigorous measures under greater initiative on the part of the Central Government were taken, but not much success was attained in respect of the production of foodgrains. Considering the vast sums spent on this campaign¹ the results have not been impressive. This need not cause surprise if one reflects on the fundamental facts of the situation. Agricultural production all over the world is inelastic in the short run,

¹ Between 1943-45 the Central Government gave a loan of Rs. 295 lakhs and grants-in-aid of Rs. 268 lakhs out of the Cotton Fund to the Provincial Governments which must have spent in addition an equal amount out of their own resources for this purpose.

and especially so in India. That being so, it was too much to expect that Indian agricultural production would increase in a year or two in response to prices or other monetary inducements. Any attempt at an increase in food production presupposes much else besides short term monetary inducements. It implies greater aid in materials and greater facilities in kind to farmers, and a removal of impediments to production. War, however, meant a curtailment in the pre-war farming facilities and special efforts on the part of the Government were necessary to maintain them even at their pre-war level.

While Indian agricultural production, i.e. the total area under cultivation and the yield per acre, is inelastic, the acreage under commercial crops has shown wide variations according to the prices obtained by the farmers during the previous year. A relatively large rise in cotton or jute prices has been followed by a larger cultivation of these crops through a diversion from food crops and vice versa, insofar as the character of the season did not rule it out.¹ Here lay the key to a possibility of a quick increase in the production of foodcrops. This realisation came late but whatever success the Grow More Food campaign has attained has been due chiefly to the lower prices of commercial crops and the consequent diversion to food from these. A more enlightened policy might have yielded better results, but even here there are limitations. The pre-war acreage under non-foodgrains in British India was 469 lacs of acres compared with 1,863 lakhs under foodgrains. Only a part of these could be switched over to foodgrain production. Moreover, the consumption of all non-foodgrains could not be reduced to any considerable extent during war time. Sugarcane is an important instance in this matter. Some of the non-cereals like jute are important war goods. The production of the exportable surplus might however be considerably curtailed, if technically possible. The following figures are interesting in this connection :—

Name of Crop	Percentage of export to total production (1938-39)	Acres (in millions)
Groundnuts	25.9	8.5
Linseed	72.0	3.9
Jute, raw	56.7	3.2
Cotton, raw	53.2	23.5
Tea	77.0	0.7 (British India)

¹ Burns: *Technological Possibilities of Agricultural Development in India*, pp. 14-18.

We can now pass on to a detailed review of the Grow More Food campaign. We shall first take up the process of diversion of land from non-food crops to food crops.

Conversion from Non-Foodgrains to Foodgrains

The Table on p. 13 gives the acreage under non-foodgrains for the years 1937-38 to 1944-45.

From our view-point changes in cotton acreage are the most important, as among the non-foodgrains cotton occupies the largest area. The 1942-43 cotton acreage shows a fall of about 4 millions over 1940-41. This was due largely to the fall in the price of cotton but the process was greatly helped by the Government of India's concessions, and the Indian Central Cotton Committee's insistent propaganda that the area under such cotton as was exported to Japan should be reduced by 50%. In 1943, however, in spite of the technically unsound position of cotton, cotton prices rose due to inflationary conditions. The ex-Finance Member expressed his rage at this "economic sabotage", but it was not till May 1943 that some steps were taken and not till November that the floor and ceiling prices for 1943-44 were announced. By that time, however, the sowings had already been made. The result was that instead of a further diversion from cotton to foodcrops which the Government of India was aiming at, the area under cotton increased by more than one million in 1943-44. In 1944-45, however, because of the already fixed low prices for raw cotton, the acreage under cotton showed a substantial decline.¹

Crops other than cotton do not present the same possibilities for reduction, because of the smaller acreage devoted to them and because of the maintenance of or increase in pre-war demand for most of these. Jute production is directly regulated in the most important jute-producing province, viz. Bengal, and falls into a class of its own. Owing to the loss of markets abroad and because of lack of shipping space, the production of other crops had recorded some decrease either in 1941-42 or 1942-43 but slowly the demand revived and in 1944-45 the area under them was in most cases near the 1938-39 level. Sugarcane and ground-

¹ It must be remembered that this reduction in cotton acreage had an adverse effect on the supply of cotton seeds which in turn affected the health of the cattle and milk supply. It is estimated that even in 1943-44 there was a reduction of 5 lacs of tons in cottonseed production.

The Famine Inquiry Commission, Final Report, p. 14.

Table I
Production of Non-Foodgrain Crops

	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
				(in lacs of acres)				
Cotton ..	253	235	210	223	242	192	204	148
Sugarcane ..	38	31	30	40	35	36	41	41
Linsced ..	38	39	37	36	33	34	35	35
Jute ¹ ..	20	32	32	57	22	33	26	21
Sesamum ..	42	43	41	41	41	43	43	40
Groundnut ..	87	85	84	88	71	77	85	98
Castorseed ..	11	12	10	10	10	14	12	15
Rape and Mustard ..	55	55	61	62	62	59	55	58

1. Figures of jute cultivation from 1940-41 onwards are not comparable with earlier figures because of change in the method of estimation of jute acreage introduced in Bengal in that year.

nut crops record even a substantial increase over the pre-war year. No serious attempt has yet been made on an all-India scale to directly regulate the prices of these crops.

Compulsory Cultivation of Foodcrops

Prices of commercial crops take time to work out their effects on the cultivated area ; and it is not easy to maintain them in proper relationship with foodgrains prices. It may therefore be thought that a compulsory reduction in the area under commercial crops may be more effective in securing a diversion. There is nothing objectionable in principle against this measure. The State has a right to regulate agricultural production as well as industrial production, and in neither case the fact that if left to himself, the producer would have made more money cuts any ice. But any such regulation on an all-India plane would be difficult. If the proceedings of the Crop Planning Conference of 1934 are any guide, the claims of the rival Provinces, especially of those which have exhausted the possibilities of extensive cultivation of a particular crop and of those which have only recently taken to it, are very hard to reconcile. The necessity of a huge technical staff to supervise these arrangements and the need of quick change-overs according to the character of the season would be other obstacles. The absence of even correct acreage statistics in some Provinces makes this task further hazardous.¹

The regulation of commercial crops by the Provinces is also beset with difficulties. The Provincial Governments have not to contend with the conflicts of "autonomous" areas, and except in zamindari tracts with the unreliability of acreage figures. But the main advantage of an all-India plan viz. that commercial crops could be restricted in areas where they are the least economical and according to their utility would be lost. Instead, they would be restricted mainly in deficit provinces, and according to the extent of their production in such places. Nevertheless, if deficit provinces have to shift for themselves, they must be armed with the powers to regulate the production of crops. Hence it was that the Foodgrains Policy Committee, though ruling out all-India regulation, recommended that regulation powers should be given

¹ The Planning Sub-Committee of the Indian Central Cotton Committee has, however, recommended compulsory reduction in cotton acreage so as to have only 16.1 million acres under cotton cultivation in 1945-46 and 1946-47.

to provincial governments.¹ This recommendation was accepted, and one Province, Bombay, has made full use of the same.²

Extension of Cultivation

A less promising but in the long run more useful way of bringing more land under foodcrops is by bringing hitherto uncultivated areas under cultivation and by introducing double cropping. Before the war about 94 million acres in British India were "cultivable waste other than current fallows." At least a part of even the 'uncultivable' waste which was 92 million acres might be fit for cultivation. Further, out of 209 millions of cultivated area only 34 millions were double-cropped. Thus, it might appear that the task of expanding cultivation was a comparatively easy one. To see how illusory such an impression is, one has only to reflect on the fact that in spite of an unprecedented pressure of population, these unutilised lands had not been brought under the plough. Many causes had contributed to this:—unfavourable climate, initially heavy expenses, lack of knowledge, etc. To get any substantial results in this field, an initial survey must be organised, and appropriate assistance provided. Thus, extension of cultivation by land reclamation and improvement was essentially a long-term measure. It will be seen from Appendix II attached to this chapter that very few Governments have been able to take in hand even the task of surveying. They have, more or less, tended to rely on haphazard assistance to farmers which resulted in an extension of cultivation of about 47 lacs of acres in 1943-44.³

¹ Report pp. 24-5, para 4.

² For details see Appendix I.

³ Area (in millions of acres)

		Average for 3 years 1936-37 to 1938-39	1943-44	Increase or De- crease over pre-war period
Rice	..	73.8	80.0	+6.2
Wheat	..	34.8	33.7	-1.1
Jowar	..	35.2	36.1	+0.9
Bajra	..	17.2	21.1	+3.9
Total under major Foodgrains	..	161.0	170.9	+9.9

Subtracting from this total increase in acres under foodgrains that due to switching over from non-foodgrains crops whose acreage declined by about 5.2 millions in 1943-44 the extension in cultivation comes to nearly 4.7 millions. Out of this, introduction of double-cropping accounted for 3½ million acres.

Increase in Yield

Another way of increasing the production of foodcrops is by increasing the yield per acre. There is a large scope here in view of the low yields obtained at present.¹ Once again one has to ask oneself the question why in the past these yields have not increased. It is for a large number of reasons that Indian farming has remained what it is, and, the more fundamental among these are not amenable to any war-time treatment. For instance, the problem of providing a proper incentive to improvement, which is fundamentally connected with the question of ownership and cultivation of land, or the problems of sub-division and fragmentation which waste even the small capital resources the farmer can afford, cannot be solved in the span of a year or two. Other reasons like lack of proper water facilities and the need for artificial fertilizers and improved seeds can be remedied without any fundamental change in social relationships but they also take some time to plan and more to put into execution. Big canals cannot be built in a year or two; improved seeds take time to multiply. Further, the tempo of any such planning is apt to be limited by the most tardy item, for increased fertilizers may yield meagre or no results without irrigation facilities and imported seeds, and vice versa. The war added greatly to the normal difficulties of adopting any comprehensive plan in this respect. In the case of artificial fertilizers, for instance, according to the Gregory Committee during 1943-44 only 10,500 tons of ammonium sulphate were available for agricultural purposes as compared with the 110,000 tons normally available before the war.² For the whole of 1944, 76,000 tons were imported. The existing supplies of oilcake manure are competed for keenly by the intensive crops and the foodgrains, and the latter usually

¹ *Yields of Rice and Wheat in Important Countries of the World*
(in lbs. per acre)

	Rice	Wheat
India	728	636
Burma	959	—
Siam	943	—
U. S. A.	1,469	846
Canada	—	972
Italy	2,903	—
Europe	—	1,146
Australia	—	714
Egypt	2,153	—

(Reports on Marketing of Rice and Wheat)

² Report, page 21, para 8.

emerge the worse. The Provincial Governments tried to remedy this both by increasing the supplies of alternative manures such as farmyard manure and by direct distribution of oilcake at concessional rates. These measures probably just prevented a further deterioration of the situation. The scarcity of fit cattle as a result of their indiscriminate slaughter is another instance of an aggravation of our peace-time agricultural problems by the course of the war. Military contractors were forbidden to slaughter cattle fit for draught, but the administration of this order was often lax. The prohibition of the same in civilian slaughter houses was a matter for the Provincial Governments, some of whom had the matter "under consideration" for too long a time. The difficulties experienced by farmers in getting more agricultural implements or even their old implements repaired is a further instance. As a result of the Government of India's commandeering of most of the iron and steel production, little was left for civilian consumption. There were no proper arrangements to see that the agriculturists got a definite proportion of this. The only two directions in which a definite increase in supplies seems to have taken place are State irrigation facilities and improved seeds. In spite of considerable wartime handicaps, the expenditure on irrigation works increased considerably. Even here, however, the increase in money expenditure exaggerates the real increase in activity because of the rise in prices. We also do not know how far this increase was counter-balanced by existing wells falling out of repair etc. Almost all Governments made considerable progress with their seed distribution schemes, though a large part of the seeds distributed were only ordinary seeds.

In view of all these difficulties in the task of food production, one would not expect any substantial results from the Grow More Food campaign in increasing the yields of foodgrains. The actual production figures show no consistent result. Whereas the 1943-44 rice yield showed an increase over that of 1942-43, the wheat yield showed a decrease. In 1944-45 the results were reversed :—

	1943-44		1944-45	
	Area as percentage of 1942-43	Outturn as percentage of 1942-43	Area as percentage of 1943-44	Outturn as percentage of 1943-44
Rice	106	123	99.6	88
Wheat	98	88	105	107

This result can be explained partly by the large part played by the character of the season and partly by the unreliability of yield figures.¹

Increase in Foodgrains Production

In 1943-44 there was an increase in production of 3 million tons of foodgrains over the average of the three years ending 1941-42.² Only the growth of population in India meant an increase in demand of 2 million tons of foodgrains between 1941-42 and 1943-44.³ Further 1943-44 was in many ways an exceptionally good year for crops. Thus, the results of the Grow More Food campaign must be pronounced as unsatisfactory in terms of India's needs. The blame for this must be largely shared between the fundamental weakness of Indian agriculture and the Government of India. This does not completely exonerate the Provinces and States for the poor results of the Grow More Food campaign. A perusal of appendices II and IV will show that the efforts made by the Provinces and States varied widely. A Province which gave liberal concessions in one direction did not do the same in others and thereby partly frustrated its own efforts. Further substantial progress in this direction presupposes greater supplies of building materials, of iron and steel, of fertilisers, of fuel, etc., and the Provincial Governments are helpless in this matter. The Government of India claimed before the Foodgrains Policy Committee that "no sound scheme which holds promise of increasing the supply of food quickly has been refused assistance by the Government of India."⁴ The meagre supplies of the above materials that were released for agriculture do not lend much substance to this claim.

B. Imports

In so far as the Grow More Food campaign could not produce enough to make up for the diminution in supplies and meet the increase in demand, imports of foodgrains were the only remedy to meet the shortage. From the viewpoint of justice as well as the needs of the war effort itself, there has throughout been a strong case for such

¹ For further information, vide Appendix III showing the changes in areas and yields of wheat and rice in different regions since 1936-39.

² The Famine Inquiry Commission, Final Report, p. 51.

³ *Ibid.*, p. 53.

⁴ Report, p.27, para 18.

imports. The greater demand for food as also the main impediments to the Grow More Food campaign were due to war conditions. The problem, therefore, was one in which the help of the United Nations was legitimately expected especially as any discontent and distress of the type witnessed in Bengal in 1943 would produce adverse effects on the war effort itself. It is well known that before the Foodgrains Committee Report was out, no efforts had been made at all to help India by imports. On the other hand, in 1942-43, 3.6 lac tons of foodgrains were exported from India. The Gregory Committee went into this question at length, and decided that at least 1 million tons of foodgrains—the normal pre-war imports—must be imported into India. They also recommended that in order to enable the Centre to build up a Foodgrains Reserve, on which would depend the success of its procurement and price control policy, an additional 5 lacs of tons of foodgrains should be imported in the first year.¹ In order to see these recommendations in their proper perspective, it is essential to remember that they were made along with those regarding the Grow More Food campaign intended so to step up agricultural production in British India as to wipe out our entire deficit. Thus the import of 1 million tons of foodgrains and the increase in foodgrains production in Indian States was to meet (a) the demands of the military as then stationed in India estimated at 6,50,000 tons a year; (b) the possible increase in demand due to some of the poorer classes coming into possession of more money and therefore demanding more food, including in this category the farmers who had often in the past to sell more foodgrains than they could spare to meet money charges; and (c) any administrative lag or unforeseen difficulty very likely in the case of a vast country like India. Viewed in this way, it would be clear that the quantity recommended was the bare minimum. Yet, during the fifteen months Oct. 1943 to Dec. 1944, the imports were 11 lacs. The ground given for this was lack of shipping space, but Indian opinion has always been sceptical of this argument when fancy consumer goods could come in in the name of anti-inflationary imports.

To sum up,

(a) The problems of increasing the area under cultivation and the yield per acre are essentially long-term problems and much could

¹ Report, p. 32, paras 13-15.

not be expected of the Grow More Food campaign in this direction especially in view of the chronic shortage of materials. There was an increase of 4.7 million acres by 1943-44. Further results will largely depend on increased supplies of essential materials and fundamental changes in the agrarian system.

(b) The more promising line of attack on the food problem would be by way of a diversion of the area under commercial crops through appropriate price and production control measures. The former was tried with success in the case of cotton; the latter was difficult to enforce on an all-India scale. The Provinces, however, have been given the powers to regulate crops, and at least one Province has utilised the same.

(c) Since except for cotton there was not much scope for diversion, India had throughout a good claim for imports from abroad. But, in fact, even the minimum amounts recommended by the Foodgrains Policy Committee were not obtained.

APPENDIX I

A Note on Compulsory Cultivation of Food Crops in India

Before the publication of the Foodgrains Committee's Report, the Provincial Governments had no power to regulate crops. It was only as a result of their recommendation that the Central Government delegated this power under the Defence of India Rules to the Provincial Governments in January 1944. The Indian States were not handicapped by this lack of power, and one of them had already moved in the matter of crop regulation before. The Baroda State with an annual deficit in foodgrains of about 8 lacs of maunds and having normally 8.6 lakhs of acres under cotton¹ enacted in 1943-44 a measure for the compulsory cultivation of foodcrops. In the two districts of Amreli and Mehsana, a provision was made that the areas placed under commercial crops should not be greater than in 1942-43. For 1944-45 in some talukas of the Mehsana District a further order was passed providing for the compulsory reduction in area under commercial crops by 10%. In all these cases a rebate of 4 annas in the rupee in land revenue was given. Because of the small scale of the experiment and its modest aim

¹ In response to price rise, the area had increased to 8.8 lacs in 1941-42, but it declined to 6.9 lacs in 1942-43, and 6.4 lacs in 1943-44.

it is difficult to pronounce judgment on the same, but it seems that the Government purpose was largely defeated by a mixed system of cropping.

The first British Province to utilise this newly obtained power was Madras where in certain districts the cultivation of mungan cotton as a pure crop or a mixed crop with less than two rows of food crops to one of cotton was restricted. The next Province to follow was Bombay which, because of its large cotton cultivation (3.6 million acres compared with 20 under foodgrains), embarked on a much more ambitious programme. Like the rest of India, Bombay was able to secure a large reduction in cotton cultivation in 1942-43. In 1943-44 inspite of the increase in cotton acreage in India, the cotton acreage in Bombay Province declined.¹ Not content with the results, and with a view to see that all districts fell in line, the Government of Bombay passed a comprehensive legislation called the Bombay Growth of Foodcrops Act, 1944. The Act provided for a compulsory restriction of the two main commercial crops of the Province, cotton and tobacco, and for a compulsory increase in the cultivation of scheduled foodcrops—foodgrains and pulses—in notified areas. Cultivators' holdings having more than 5/6ths of the area under cotton were exempt. In order to prevent mixed farming, a provision was made in the Act that only 1/4th of the total area under the mixed crop was to be counted as the area under the scheduled food-crop. In cases where the Government prescribed the maintenance of the existing area under foodcrops or laid down the maxima and minima of commercial crops and food-crops, it had to guarantee prices for the scheduled foodcrops. Under this Act, the proportions in which food and non-food crops can be raised have already been laid down for most of the areas.

Criticism

Since we have already commented on the regulation of crops in general, we shall confine ourselves only to a few peculiar features of

¹In Bombay Province (including States), the acreage under cotton was as follows :—

	(in millions)		(in millions)
1938-39	5.7	1941-42	6.1
1939-40	5.2	1942-43	4.1
1941-42	5.7	1943-44	3.8

the Bombay Province. Bombay is a deficit province, and it has had to take drastic measures to increase its food production. The two crops directly restricted under the Act are cotton and tobacco. A decrease in the production of the former is desirable even from the All-India view point and the latter is only a conventional necessity. The minimum limits regarding food crops may, however, affect other non-foodgrain crops like groundnuts and even sugarcane and in neither of these cases can restriction be described as innocuous. While Bombay's production of sugarcane is only a small part of the total, in the case of groundnuts Bombay has 25% of the total acreage in British India. There are also some further difficulties. As the Season and Crop Reports of the Bombay Province show, the farmer has often shifted from foodgrains to cotton according to the character of the season and thus saved himself from losses. The slow-moving machinery of the Government would hardly be able to permit changes of this nature. In view of these difficulties as well as the large staff needed for crop regulation, it might be legitimate to ask whether price margins were not, or could not by manipulation have been made sufficient to achieve the same results. The table on p. 23 shows the prices realized for commercial foodcrops in 1938-39 and 1943-44.

It will be seen that the price increase between 1939 and 1944 in the case of cotton was about 100 per cent in Gujarat and 150 to 200 per cent in the Deccan ; it was 200 per cent in Gujarat and 100 to 200 per cent in Maharashtra in respect of groundnut, and over 400 per cent in Gujarat and 250 per cent in the Deccan for sugarcane. The cotton prices had already been fixed still lower on an all-India basis. The groundnut and tobacco prices in 1944 were not so attractive as the food prices which had risen about 200 to 300 per cent so that a larger diversion from non-food crops to foodcrops could have been expected. The only danger was sugarcane prices but the acreage under it was small (76 thousand in 1938-39) and a more thorough gur control could have reduced the attraction. The Bombay Government had already given a guarantee that in areas to which the Growth of Foodcrops Act was applied the prices given for foodcrops during 1944-45 would not be less than 1943-44 prices. A more general guarantee regarding food prices, coupled with the other measures we have recommended would probably have sufficed.

Prices realised by the Farmer

District	Cotton		Groundnut			Sugarcane or Gur			
	Per Bhar	38-39 Rs. a. 100	43-44 Rs. 210	Per Surti md. do.	38-39 Rs. a. 1 8 2 0 ..	43-44 Rs. a. 3 12 6 0 ..	Per Ton cane Md. gur. .. do. ..	38-39 Rs. a. 11 0 1 4 6 to 8 6 to 7-8 6 to 7	43-44 Rs. a. 60 0 7 8 19 0 16 0 16 2
1. Ahmedabad ..	..	..	..	..	1 8	3 12	..	..	..
2. Kaira ..	..	..	..	..	2 0	6 0	..	..	..
3. Surat ..	..	125	240	do.	..	..	..	11 0 1 4	60 0 7 8
4. Broach ..	..	100 to 125	190	..	..	..	..	..	..
5. Panchmahals ..	..	125	200	do.	1 8	3 8	do.	1 8	7 to 7-8
6. Baroda State ..	..	100	225	..	1 8	4 8 (42-43)	..	..	..
7. Poona.. ..	..	..	..	Md.	5 0	10 0	do.	6 to 8	19 0
8. Nagur ..	..	..	..	..	..	..	..	6 to 7-8	16 0
9. Nasik ..	..	..	..	"	3 3 2	10 0	..	..	..
10. Dhulia ..	..	12	37 (42-43)	..	..	..	"	6 to 7	16 2
11. Dharwar ..	..	10-4 to 18-6	35 to 50	..	..	..	..	..	..
12. Satara ..	..	..	..	"	3 5	6-13 to 7-8	..	..	..

APPENDIX II

A Note on Concessions re: Extension of Area under Cultivation (Foodcrops)¹

SIND: Any landowner not owning more than 30 acres of land exempt from all land revenues for fresh land brought under wheat cultivation. Previous restriction of rice cultivation imposed on certain inundation canals removed.

PUNJAB: All 'banjan' land assessed at present to fluctuating land revenue, if broken up and sown under foodgrains, to be exempt from land revenue. Free canal water for ploughing new kharif areas. Crown lands leased temporarily on condition that only food and fodder crops grown.

U.P.: No irrigation rates charged for all fallow or cultivable waste lands in August, September, and October; for rabi crops on some lands, water, if available, to be given at half the rate. Seeds issued at 10% interest instead of 25% and in deserving cases interest entirely remitted. 'Sanguin' seeds upto a maximum of 20,000 maunds distributed for this purpose. In addition, interest-free loans granted for cultivation of old fallow or cultivable waste land by levelling layout, bunding, jungle clearing etc. to those who had quickly productive schemes and proposed to bring 25 acres or more under cultivation. As a result, 31,000 acres brought under cultivation.

BIHAR: Considerable concessions for fresh land under cultivation. Water rates reduced to encourage double cropping.

ORISSA: Special financial assistance for those undertaking building of new wells or repair of old ones with a view to bring fresh land under cultivation. Rs. 20 per acre given as takkavi loans to those willing to reclaim waste or fallow lands. For this purpose, Rs. 3.3 lakhs provided in 1943-44, and Rs. 6.6 lakhs in 1944-45. Water rate reduced in case of double cropping. In 1943-44 100,000 acres brought under cultivation compared with the target of 60,000 acres.

BENGAL: Commissioner of Agricultural Department asked to arrange for a survey to find out what cultivable waste, railway sideland,

² This appendix as well as appendix IV are based on the information obtained from Provincial Governments in the beginning of 1944.

hills, etc. could be brought under cultivation. An order issued under Defence of India Rules to bring all fallow land under cultivation.

C.P. & BERAR: Loans for construction of field embankments at the maximum rate of Rs. 15 per acre to convert single crop into double crop area. Total advances made during 1943-44, Rs. 3 lakhs, 1/3rd of which subsidies. 20,000 acres thus expected to be double cropped during 1944-45.

BOMBAY: For 1944-45, it was proposed to approach all owners of fallow lands individually and persuade them to cultivate these. In the alternative, these lands would be taken over by Government and leased to others. Construction of 200 temporary Bandhars in the Konkan Tract so as to increase double cropping by 10,000 acres. Cost of this measure Rs. 1 lakh, out of which Rs. 30,000 subsidies. A scheme under preparation for utilizing surplus water in canal-irrigated areas of the Deccan Districts thereby raising rice cultivation by 20,000 acres. Suitable seeds and manure to be supplied for this purpose.

MADRAS: Very liberal land revenue concessions extending to 6 years' exemption in case of temporarily-granted lands. Loans of Rs. 20 per acre for wet land and Rs. 10 per acre of dry land for bringing fresh land under cultivation. For land-reclamation loans free of interest for first three years. A considerable liberalisation of existing rules regarding lands to be cultivated. Backyards, railway lands, tank-bed lands, and compounds of institutions and lands adjoining reserved forests allowed to be cultivated if no immediate harm. Land not cultivated for reasons other than labour and capital shortage could be requisitioned.

BARODA: 'Padtar' lands permitted to be cultivated for three years, with no land revenue being charged for the first year, and half the land revenue being charged for the next two. 'Karala' lands leased for five years, no land revenue being charged for the first 2½ years. In cases where not less than 5 bighas brought under cultivation, Rs. 10 per bigha given as loan for 'padtar' lands and Rs. 25 for 'karala' lands.

COCHIN: Most thorough-going in respect of Grow More Food campaign. Food Production Department entrusted with the task of bringing under plough every bit of cultivable land. About 12,500 acres reserved for forest leased for cultivation. Another 4,700 acres brought

under dry paddy cultivation by relaxation in rules regarding encroachment, etc. As early as 15-5-43 an order issued prescribing that no person having land fit for cultivation of foodcrops could leave it uncultivated without reasonable excuse. By diversion of rivers, 4,000 acres brought under second crop in 1943-44 and 10,000 acres expected to be brought under second crop in 1944-45. Charges for double cropping of land registered as a single crop remitted and seeds provided for double cropping at cheap rates.

TRAVANCORE: Being in the same position as Cochin it made commendable efforts in this direction. 500 acres of minor forest reserves were released for food production, and 10,000 acres of lake area reclaimed so as to cultivate them annually instead of once every two years. Light irrigation also undertaken with the aid of electric power. Free manure given to all such farmers.

MYSORE: Another State from which some of the British Provinces could take a leaf. As a result of liberal land revenue concessions and of relaxation in rules, 2 lacs of acres leased for the first time out of which 50% brought under cultivation. The concessions were: unoccupied irrigable lands under canals and tanks leased for three years, assessment being nil for the first year and half for the next two; other unoccupied Government land leased for five years, with no assessment for the first two years and half the assessment for the next two. By means of special schemes of canal areas, another 96,000 acres brought under fresh cultivation. Wherever surplus water available in Government tanks, owners of land allowed to use this for summer rice and ragi without any special assessment or water rates; more than 100,000 acres thus brought under double-crop cultivation.

A P P E N D I X III

Table 1—Increase (+) or Decrease (−) in area under cultivation and outturn of rice crop in the current year over (1) previous year and (2) average of preceding five years

Province or State		Current Year 1939-40		Current Year 1940-41		Current Year 1941-42		Current Year 1942-43		Current Year 1943-44		Current Year 1944-45	
		Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield
Bengal	1	+ 1.4	+12.1	− 6.8	−28.6	+14.7	+69.1	− 2.9	−20.6	+14.0	+68.9	+ 2.8	−18.2
	2	+ 3.5	− 1.4	− 3.9	−27.9	+ 8.8	+21.4	+ 6	−14.6	+10.5	+45.0	+21.4	+24.5
Madras	1	− 2.3	+ 8.9	+ 5.9	+12.5	− 3.8	− 1.4	− 1.8	− 7.7	+ 3.4	+ 7.6	− 2.1	− 0.6
	2	− 3.3	+ 6.0	+ 5.5	+ 8.8	+ 4.3	+10.7	+ 2.9	− 2.1	+ 5.6	+ 5.5	+ 4.7	+ 5.3
Bihar	1	..	+19.7	− 3.8	−32.9	− 3.7	+28.7	+ 4.6	+18.4	+ 7.3	+ 3.6	− 2.4	−10.4
	2	− 2.8	+ 1.9	− 5.4	−28.3	− 8.2	− 7.1	− 3	+12.4	+ 6.6	+21.7	+ 4.7	+ 6.5
C. P. & Berar	1	..	8-15	− 1.6	−23.8	− 1.5	−18.2	− 0.1	+94.4	+ 2.5	+1.5	+1.6	− 5.4
	2	+ 6.4	− 8.4	+ 2.9	−28.6	− 0.8	−42.1	− 2.7	+17.8	− 2.0	+32.3	+1.9	+13.7
U. P. (Rampur)	1	− 1.6	+16.3	− 6.3	−25.4	−10.4	−13.3	+ 7.6	+17.7	+ 0.3	+ 0.8	+ 0.7	−17.8
	2	+17.4	+25.7	+ 4	−11.9	− 9.8	−26.0	− 4.4	−12.2	− 3.6	− 6.6	− 1.9	−20.0
Assam	1	− 5.5	− 2.2	− 3.2	− 0.3	−14.8	−16.9	+ 2.5	+ 3.1	− 4.8	+14.3	− 9.7	−24.3
	2	− 0.2	+ 0.6	+ 1.6	+ 1.6	−12.5	−20.8	− 4.3	− 7.8	+ 0.2	+24.3	− 4.2	+ 1.5
Orissa	1	− 2.2	− 2.2	− 1.4	− 2.7	+ 0.5	+ 3.1	+ 1.4	− 9.0	+ 1.1	+ 8.2	+1.0	− 0.9
	2	− 2.0	− 7.7	− 3.5	− 9	− 2.5	− 4.8	+ 0.2	−14.5	+ 1.6	− 4.7	+ 2.6	− 0.9
Bombay (States included)	1	−12.5	−24.3	+ 1.7	+13.3	− 6.0	−21.6	+ 8.2	+42.2	− 2.0	− 4.3	+ 4.0	− 4.4
	2	− 8.2	−27.7	− 4.3	− 9.1	− 5.3	−20.6	+ 9.4	+20.4	+ 7.5	+16	+10.1	+11.5

APPENDIX III—(contd.)

Province or State		Current Year 1939-40		Current Year 1940-41		Current Year 1941-42		Current Year 1942-43		Current Year 1943-44		Current Year 1944-45	
		Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield
Sind (Khairpur)	1	+ 0.8	..	- 5.2	- 33.0	- 2.9	- 8.6	- 4.6	- 27.2	+ 20.9	+ 18.9	- 10.6	- 6.5
	2	+ 10.7	+ 9.1	+ 8.1	- 18.1	+ 7.4	- 17.5	- 0.5	- 31.5	+ 3.	+ 17.2	- 4.1	+ 41.9
Punjab	1	..	..	- 3	+ 8.7	- 6.5	- 0.7	+ 28.0	+ 28.9	+ 14.4	+ 9.2	+ 1.3	+ 12.2
	2	..	..	- 6.8	- 2.8	- 12.9	- 6.6	+ 7.9	+ 20.	+ 27.5	+ 39.2	+ 28.5	+ 52.4
Coorg	1	+ 1.2	+ 8.7	+ 2.4	+ 12.5	+ 1.1	- 4.8	..	..	..	+ 15.0	- 1.1	- 10.1
	2	+ 1.2	+ 9.8	+ 3.6	+ 21.2	+ 4.8	+ 9.1	+ 3.5	+ 9.1	+ 2.3	+ 23.2	+ 2.2	+ 5.1
Mysore	1	+ 1	+ 5.4	+ 2.7	+ 5.0	- 1.6	+ 0.9	+ 0.1	- 0.9	+ 4.7	+ 9.9	- 1.4	+ 3.4
	2	+ 2.5	- 0.5	+ 6.3	+ 9.0	+ 2.9	- 2.9	+ 1.8	+ 0.9	+ 8.2	+ 15.4	+ 4.7	+ 13.7
Hyderabad	1	- 33	- 42	+ 18.4	+ 35.5	- 27.1	- 70.5	+ 48.5	+ 138.0	..	- 28.8	- 7.4	+ 2.8
	2	- 43.8	- 45.1	- 16.1	- 2.7	- 30.7	- 60.1	+ 16	+ 84.4	+ 26.8	+ 14.9	+ 44.7	+ 36.6
Baroda	1	- 18.8	- 22.5	- 3.1	- 25.8	- 10.9	- 48.7	+ 61.7	+ 160.0	+ 44.8	+ 59.2	- 6.8	+ 30.3
	2	- 22	- 38	- 17.5	- 13.3	- 21	- 47.4	+ 31	+ 40.5	+ 70.8	+ 122.9	+ 62.0	+ 207.1
Bhopal (Central India)	1	..	- 20	- 2.9	- 16.7	- 2.9	- 42.9	+ 3	+ 106	+ 13.8	+ 20	+ 3	- 16.7
	2	+ 19.2	- 11.1	+ 28.6	+ 16.7	+ 10.	- 33.3	+ 6.2	..	+ 3.1	..	+ 6.2	..
Total	1	- 1.4	+ 5.6	- 2.7	- 15.3	+ 0.1	+ 15.4	+ 1.8	- 3.2	+ 6.3	+ 22.9	- 0.4	- 11.6
	2	+ 1.5	- 2.4	- 0.9	- 15.1	- 0.7	- 1.4	+ 1.5	- 3.6	+ 8.3	+ 23.3	+ 9.0	+ 11.7

APPENDIX III.

Table II—Increase (+) or decrease (—) in the yield of wheat crop in the current year over (1) the previous year and (2) an average of preceding five years.

Province	1939-40		1940-41		1941-42		1942-43		1943-44	
	Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield
Punjab	1	+ 0.4	+16.2	+ 3.3	-11.2	+1.1	+16.6	+ 3.9	+ 7.2	- 3.5
	2	+ 0.8	+17.7	+ 4.7	+ 1.5	+ 4.7	+12.8	+ 7.6	+18.9	+1.4
U. P.	1	-4.8	+17.6	- 2.0	-10.8	- 0.8	- 7.7	- 3.8	+ 4.9	+ 1.7
	2	+ 5.7	+23.1	+ 1.9	+ 6.8	- 0.2	- 5.3	- 5.7	- 4.4	- 4.3
C. P.	1	- 5.9	- 8.6	+ 1.4	- 0.8	-11.6	-32.2	-10.9	+30.8	+ 2.6
	2	- 6.1	- 0.2	- 4.4	-14.6	-13.3	-39.4	-21.7	-18.7	-18.4
Bombay	1	- 9.9	-11.3	+ 3.8	- 3.3	-11.2	-24.7	-14	- 7.3	+ 5.5
	2	- 5.1	- 3.2	+ 0.5	- 3.2	-10.9	-24	-23.4	-27.2	-11.0
Sind	1	+ 6.4	+ 3	- 5.1	+ 1.5	-2.4	+17.0	+13.8	+16.6	+ 0.7
	2	+26.3	+36.2	+24.5	+14.9	+ 4	+14.5	+25.3	+39.7	+31.6
Bihar	1	+ 4.1	+10.1	- 3.7	- 4.5	+18.6	+19.8	- 1.5	+19.8	- 4.6
	2	- 1.6	- 6.4	- 3.1	- 6.9	+16.1	+15.5	+15.2	+39.7	+ 6.6
N. W. F. P.	1	- 4.1	- 1.7	+17.5	- 0.4	- 2.4	- 4	+ 5.8	-20.5	-11.8
	2	- 8.7	-10.1	+ 7.3	+ 2	+ 5.5	- 8.1	+ 0.9	+28.0	- 3.5
Bengal	1	+ 1.7	+ 4.5	- 4.5	-20.1	- 0.6	+20.6	+ 5.3	+35.9	+ 7.3
	2	+20.4	+ 7.	+10.5	-20.9	+ 7.6	- 2.4	+ 7.8	+28.3	- 3.8
Delhi	1	+ 7.7	..	+14.3	+14.3	- 6.2	-31.2	+11.1	+ 9.1	+10.
	2	- 8.7	-12.5	+ 6.7	..	..	- 8.2	+ 0.4	-29.4	+19.6
Ajmer-Merwara	1	- 30	+33.3	+242.9	+250	-37.5	-28.6	+53.3	+40	+17.4
	2	-72	-75	+14.3	..	-11.8	..	+43.7	+40	+80.
Orissa	1	..	..	..	..	..	..	..	..	+75.
	2	+33.3	..	+33.3	..	..	..	..	..	+75
Total (Provinces) ..	1	- 2.5	+11.9	+ 1.3	- 9.3	+ 1.5	+ 2.2	- 0.8	+ 9.1	- 0.1
	2	+ 1.5	+14.3	+ 2.9	+ 1.6	+ 0.4	+ 0.7	- 1.	+ 8.5	- 2.4

APPENDIX III—(contd.)

States		1939-40		1940-41		1941-42		1942-43		1943-44	
		Area	Yield	Area	Yield	Area	Yield	Area	Yield	Area	Yield
1. Punjab States	..	1	- 1.1	+13.8	- 3	+ 6.2	+ 6.6	+ 9.4	+26	- 5.8	-14.6
		2	+ 0.2	+ 8.2	+ 3.6	+ 9.6	+10.4	+18.1	+36.7	+ 7.1	+18.1
2. U. P. States (Rampur) ..		1	+ 0.9	+76.2	..	+14.3	+40.0	+18.3	+21.6	- 5	+17.9
		2	-11.6	+15.6	- 6	+16.7	+58.1	+31.9	+46.6	+ 2.7	..
3. E. Agency States	..	1	- 1.3	+21.4	..	-37.5	+20	- 4.1	- 8.3	+ 5.6	+ 9.1
		2	- 9.5	+21.4	- 0.3	-23.1	+7.7	- 6.6	-15.4	..	+ 7.7
4. Bombay States	..	1	-23	-28	+ 6.4	+ 4.6	+14.5	- 0.3	+10.5	+17.9	+ 1.
		2	-24.7	-29.2	-25.8	- 9.9	-15.9	- 7.8	- 0.9	+10.9	+ 1.
5. Sind States		1	+ 2.9	+43	- 9.5	+ 1	+ 7.1	- 34.4	+32.3	+ 2.4	+ 2.5
(Khairpur)		2	+12.9	+33.3	..	+ 6.3	..	+34.4	+32.3	+32..	+28.1
6. Central India States	..	1	- 2.5	- 8.7	+ 1.8	+ 0.3	-13.2	+ 5.4	- 8.3	- 3.3	-27.8
		2	+ 2.6	- 0.8	+ 2.4	- 1.6	-10.2	- 5.7	-29.8	- 9.3	-34.7
7. Gwalior States	..	1	- 7.2	- 6.6	+ 4.9	- 7.7	-14.3	- 0.1	- 8.6	+ 0.4	+88
		2	- 7.2	+ 3.7	- 3.4	- 8.9	-15.2	-13.3	-24.5	-11.6	- 3.8
8. Rajputana States	..	1	-23.5	-28.9	+33.1	+39.1	- 9.4	+25.8	+20.5	+ 0.9	+ 5.3
		2	-31.7	-28.9	- 6.8	- 1	- 9.8	+17.9	+11.1	+17.3	+18.7
9. Hyderabad State	..	1	-13.5	-22.7	+ 0.8	+13.8	+ 3.2	-14.2	+ 3	-27.8	-44.2
		2	-15.1	+21.3	-15.1	-13.8	- 9.9	-20.7	-19.3	-41	-51.3
10. Baroda State	..	1	- 9.2	- 4.5	+ 4.3	..	-16.3	+17.4	..	+18.6	+31.7
		2	- 6.8	..	- 4	- 4.5	+70.8	- 3.6	+78.3	+25.9	+92.9
11. Mysore State	..	1	+50	..	..	..	..	..	..	-33.3	..
		2	+50	..	..	..	..	..	..	+33.3	..
Total States	..	1	- 8.8	- 6.5	+ 6.5	+ 3.9	- 5.8	+ 6	+10.3	- 4	- 9.3
		2	- 9.6	- 6	- 4.3	- 3.6	- 7	- 0.5	+ 1	- 5.1	- 2.8
All India	..	1	- 4.1	+ 8.2	+ 2.5	- 7.1	- 2.5	+ 0.8	+ 9.3	- 1.1	- 9.9
		2	- 1.3	+10.3	+ 1.1	+ 0.6	- 1.4	+ 0.9	+ 7	- 3	- 4.0

APPENDIX IV

Measures for increasing the Yield of Foodcrops

(a) Irrigation Facilities (excluding State Works)

SIND: 25% reduction in rates on all 'bosi' wheat in areas dependent on non-perennial canals. If advantage taken of subsequent waterings to grow wheat, lower charges instead of flow rates to be taken.

PUNJAB: Main efforts at increasing the number of bore wells. With that view in mind replacement of iron pipes by new cheap pottery stainers and pipes specially devised for the purpose; the overhead charge of 0-12-0 per foot waived in case of opening of new wells. Also increased water supplies provided on some canals.

ORISSA: Some concessions for sinking of new wells.

C.P.: Liberal loans for repair of existing wells and construction of new ones. Maximum grant to the individual for the latter Rs. 500 and for the former Rs. 200. 20% of this money as subsidy. For irrigation by tanks, Rs. 1 lakh to be utilised as subsidy.

BOMBAY: Water charge for kharif crops reduced from Rs. 3 to Re. 1, and rabi rates from Rs. 5 to Rs. 3 per acre. Rs. 26½ lakhs set aside in 1944-45 for construction of new tanks and wells and for improvement of old ones; out of these Rs. 10½ lakhs as subsidies.

MADRAS: In certain parts concessional water rates; no fines for infringement of technical rules; loans given for wells, without any interest being charged for the first three years.

BARODA: For all area under foodgrains Government wells and non-himayat tanks to be freely used; in certain parts half the usual rate charged for water from tube wells.

(b) Manure Facilities

SIND: Ammonium sulphate made available at Rs. 6 a maund.

PUNJAB: In 1944-45 about 1 lakh acres of irrigated wheat to be manured by Government-distributed cake costing the Government Rs. 2 lakhs. 200 centres of propaganda for prevention of waste of farmyard manure to be set up in 1944-45 costing Rs. 1½ lakhs. Rs. 1

lakh set apart for rewards for places reaching target figures. Rs2 lakhs to be spent for green manuring.

U.P.: In 1944-45, 1 lakh maunds of oilcake to be distributed among ryots, 1/3rd of the cost and entire transport charges being borne by the Government. Rs. 10,000 sanctioned as subsidy.

BIHAR: Distribution of manure increased from 20,000 tons in 1941-42 to 70,000 maunds in 1943-44. Specific loans to cultivators for facilitating manure purchase. Rs. 50,000 granted during 1942-43 for this purpose; for 1943-44 10% of takkavi loans set apart for this purpose.

ORISSA: Rs. 2.4 lacs provided during 1943-44 for purchase and sale of groundnut oil cake at concessional rates. A composting scheme in operation. Rs. 20,000 earmarked for the purpose of distributing seeds for green manuring paddy.

BENGAL: For 1944-45, 1000 tons of bonemeal and 2000 tons of oilcakes proposed to be distributed. 25,000 manure pits besides compost heaps prepared.

C.P.: Rs. 10 lakhs earmarked for distribution of oil cakes in 1943-44, but only Rs. 50,000 so spent. For 1944-45 Rs. 12 lakhs sanctioned. Oilcakes to be sold at 25% of the price to be paid at the end of the year. In 1943-44 Rs. 43,000 spent on free seed distribution for green-manuring paddy. In 1944-45 Rs. 1.4 lakhs sanctioned for its distribution at half rate.

BOMBAY: During 1944-45, 500 tons of bonemeal proposed to be distributed in Konkan tracts at the rate of Rs. 120 per ton (market rate Rs. 204). In 1943-44, 6,500 tons of groundnut cake distributed at a loss of Rs. 3½ lakhs; in 1944-45 50,000 tons to be distributed at Rs. 40 a ton instead of the controlled price of Rs. 95. In important centres, a subsidy of Rs. 3 per head given for digging manure and compost pits.

MADRAS: Rs. 50 lakhs sanctioned for purchase and sale of groundnut cakes. In each district free manure up to Rs. 2,000 distributed; takkavi loans upto Rs. 50 liberally given to ryots for manure purchase and improved seeds. Removal charges of green leaf manure

from reserved forests reduced by 50%, and removal of dead leaves and leaf mould allowed at seigniorage charge of four annas a cart.

BARODA: For 1944-45, Rs. 1.1 lakhs sanctioned for purchase and preparations of suitable cake manure to be given to cultivators of irrigated wheat in particular districts at 2/3rd price. A subsidy of Re. 1 for every 100 cubic feet of properly made urine earth or compost from vegetable matter of any kind.

MYSORE: In 1943-44 manure supply of Rs. 10½ lakhs given at 75% of the cost price, transport and other incidental charges being borne by the Government.

TRAVANCORE: Ammonium sulphate plant and bonemeal factories set up. Scheme to make large quantities of compost with sweepings and dry leaves obtained from Reserved Forests. Propaganda in villages to make compost with sweepings and dry leaves claimed to be so successful that manure deficiency largely wiped out. 100 acres of green plant trees planted by the State Department and ryots advised to do the same in all suitable lands.

COCHIN: Manure depots established by 80 out of 87 panchayats for distribution of manure at reasonable cost or as loan.

HYDERABAD: 4,400 tons of oilcake distributed in 1942-43 and 2,800 tons in 1943-44. For 1944-45 a loan of more than a million rupees to be given for manure.

(c) Distribution of Seeds

SIND: Rs. 30 lacs sanctioned for seed distribution in 1944-45.

PUNJAB: Rs. 2 lacs set apart for distribution of improved seeds at cheap rates for the year.

U.P.: In 1943-44, 211% greater distribution of seeds in case of kharif crops and of 46% in case of rabi crops.

BIHAR: Seeds distribution increased from 3,000 maunds in 1941-42 to 70,000 in 1943-44.

ORISSA: Improved seeds distributed—3,100 maunds in 1943-44, and expected to be 30,000 maunds in 1944-45. For distribution of ordinary seeds, Rs. 2.6 lakhs provided for in 1943-44, and 6.5 lakhs in 1944-45.

BENGAL: In 1943-44, 1,71,000 maunds proposed to be distributed.

C.P.: Free gram seeds distributed in 1943-44; Rs. 2½ lakhs sanctioned for this purpose. In 1944-45 subsidy reduced by 50%. Paddy seeds worth Rs. 12½ lakhs to be distributed at concessional rate.

BOMBAY: For those areas which have been compelled to grow more foodcrops, 161.5 tons of paddy, 1,347 tons of jowar, 2,067 tons of wheat, 465.5 tons of bajra, and about 60 tons of maize, etc., were to be supplied as seeds.

N.W.F.P.: Some provision for additional seed distribution.

BARODA: Rs. 2 lakhs sanctioned for sale of seeds to cultivators during 1944-45; stocks worth more than Rs. 5 lakhs with the Department of Agriculture.

MYSORE: Improved seeds worth Rs. 5 lakhs stocked by Department of Agriculture for issue at cost price.

HYDERABAD: Seeds distributed interest-free on one year's loan. Rs. 17½ lakhs to be so utilised in 1944-45.

(d) Other Measures

BIHAR: A scheme for manufacture of certain selected articles like plough, khurpi, etc. under control of Director of Industries. 300 such sets obtained in 1942-43 and loaned for improved cultivation.

MADRAS: Provision for loans to agriculturists considerably liberalised. Limits of advances raised. For land improvement no interest charged for first three years.

MYSORE: Manufacture and supply of agricultural implements including bullock shoes, etc. 1,500 tons of such implements sold in 1943-44; 3,800 tons to be sold in 1944-45. Departmental tractors lent to farmers at concessional rates. No interest on agricultural loans, if advance paid regularly and promptly.

COCHIN: Rs. 15 per acre given as a loan to deserving ryots to be paid back in three years.

CHAPTER III

PROCUREMENT POLICY

Under conditions of wartime scare, scarcity and inflation, the holdings of foodgrains for "security", "investment" and "speculation" have a tendency to become pronounced, and it has been a matter of general experience that free trade cannot prevent these. A large measure of control over procurement becomes therefore essential. Logically the soundest method of doing this would be the creation of a single buying agency, which means the Government acting either through its officials or through trade agents. This agency would buy up the entire marketable surplus, and would then arrange an equitable distribution of the same.¹ This plan was pronounced to be "the only completely satisfactory solution" by the Foodgrains Committee,² which, however, took the view that the idea was, under the prevailing conditions, "wholly impracticable".³ The Committee recommended instead the elimination of competitive buying by the different Government procurement agencies through demarcation of areas for each buyer and through transport control.⁴ This was admittedly an imperfect solution to be justified only on practical grounds.

Criteria of Success

Before we can interpret the experience we have accumulated, we must define some criterion or criteria in terms of which the success of a procurement policy can be judged.

(a) **Targets reached** :—The test that suggests itself first is whether the various Governments were able to procure the amount of foodgrains that they had set before themselves as the goal. This test is very simple and appealing. All that one has to know is the target figures of procurement and the actual quantity procured, and one is then able

¹ Cf. "For a really satisfactory solution, the Government of India should be in a position to commandeer all stocks whatever; they should become the sole buyer for all foodgrains." "Price Control and Food Supply," pp. 110-111.

² Report, p. 39, para 6.

³ P. 40, para 7.

⁴ Pp. 42-43, paras 13 and 14.

to say immediately how far the procurement policy has failed or succeeded. Unfortunately, the test is not applicable in all cases. Some of the Governments did not lay down any targets at all; for example, in the 1944 rabi season in C.P., the local officers were instructed to buy as much as possible and no definite goal was set for them. Some Governments fixed their procurement targets, but changed them from time to time. Whether this change was due to a failure of the procurement programme or to changes in the distribution programme, or to errors in original calculations on account of defective statistics, it is very difficult to say. Thus, this criterion is inapplicable in a large number of cases.

(b) **Effects on Growers, Rural Groups and other Non-rationed Urban Groups :—**The above-mentioned criterion, even when applicable, would only connote technical success, and an absolute reliance on it would be out of place. The effects of the procurement policy on the growers and other rural sections, and in general, the food position in respect of those urban groups, for whose needs the Governments do not directly cater, must be carefully considered. Only if these are satisfactory, the Government procurement policy can be said to be successful. The chances of these sections being adversely affected by the Government procurement policy are by no means small. Government officials, especially the lower ones, are apt to set a larger store by their own procurement targets and by immediate technical successes than by the larger effects of the same on the producing areas. The absence of adequate statistics which would enable the Provincial target to be scientifically divided among various districts and talukas makes this tendency a real danger. Events in rural areas and smaller cities do not receive as much publicity as those in big cities, with the result that there is a temptation for the Governments to keep only the latter satisfied.¹ It is thus evident that the general food situation in the province, though a vague criterion, must be given more weight than the mere reaching of procurement targets.

¹ In our investigations both in Gujarat and Maharashtra, we came across cases, where in spite of the policy of voluntary procurement growers were made to part with more than their marketable surplus and in some cases they had actually to purchase from the market to sell the requisite quantity to the Government. The effects on other rural classes, especially those who are not paid sufficiently in kind, have been more adverse. The non-rationed urban groups and at some places even the informally rationed urban groups in smaller cities have not fared better, as we shall see in the next chapter.

But even this is not a quite satisfactory test, for the Provinces are not all in a uniform position. Apart from the differences regarding the extent of foodgrains retained for home consumption by farmers in each province, some of them are "surplus", some "deficit", and others surplus in some foodgrains and deficit in others. Again, the extent of the surplus or the deficit varies in each province. If a plan of equitable sacrifice among provinces were followed, and if reliable statistics were available, this would not matter. But, as we shall see, these cannot be had, and the Basic Plan for determining provincial needs favoured surplus provinces. Under the circumstances a good food situation in surplus provinces, especially large surplus provinces, does not necessarily connote a sound procurement policy, and even a correct procurement policy may not enable deficit provinces to keep out of the woods. Thus in judging the success of the procurement policy of a Province or State, we have to bear in mind the general food situation in the Province, whether the Province is a surplus or deficit one and the extent of its surplus or deficit.

Results

Taking all these into account, the procurement policies of Madras, Cochin, Travancore, Mysore, and to some extent C.P. and Berar must be pronounced to be fairly successful. As seen from Appendix I, in Cochin, Travancore and Mysore the State is the sole buyer; throughout Madras the State buys the entire district surplus and in some districts it has gone much further. In C.P. and Berar, a slightly surplus province, the Government bought upto the 1943 kharif season a large part of the district surplus, and has now moved to almost a complete monopoly position. Thus, success of procurement policy has coincided with monopoly procurement. In some other provinces also, conditions have approximated to monopoly purchase. From the 1944 rabi season onwards, Bombay has approximated monopoly procurement; in Orissa since the 1943 kharif season except for small quantities all sales have to be made to Government agents or sub-agents. In Bengal, the entire district surplus is bought over by the Government. It is interesting to observe that in all these areas "there is not one single instance where any doubt is felt that the basic principle is right. In no case is there any thought of withdrawing even to a minor degree. On the contrary, the tendency is quite the reverse and in virtually every case the deter-

mined policy is to go forward to make the monopoly more complete."¹ Contrarily except in the two highly surplus provinces of Sind and the Punjab, wherever conditions nearing monopoly procurement have not been reached, the food situation is far from satisfactory. Bihar, U.P. and N.W.F.P. have still shrunk from monopoly procurement, and the results have not been happy. The lesson of experience thus seems to be that monopoly procurement must be adopted by all the Provincial Governments,—just the conclusion one would expect on 'a priori' grounds.

Agency of Purchase

If monopoly procurement is to be the rule, the choice of the right agency for this purpose is all important. Should the Provincial Governments or the Government of India be directly responsible for the enforcement of procurement policy? To what extent should the ordinary trade channels be utilised as agents? The practices followed have varied widely but the trend has been in favour of direct purchases by Provincial officials. It might seem at first sight that private trade with its accumulated experience would be more fitted than the Government bureaucratic machine for this work; but actual experience of the utilization of trade agencies has been rather disappointing. Private traders have always taken full advantage of any loopholes in the situation, throwing not only honesty but even discretion to the winds. This difficulty could perhaps be got over through the formation of traders' syndicates, which could supervise individual traders employed by them as sub-agents. However the only experiment in this direction has been in Sind and there one out of the two syndicates (that for purchase of rice and millets) was dissolved. The coordination of and control over activities of many trading agents are so difficult that they had better not be tried. The official agency, therefore, seems to be the only choice in the majority of places. Where, however, there is no adequate land revenue staff, the task may have to be delegated to traders who might be employed as agents or sub-agents.

If diversity among agencies of procurement has to be tolerated, it is naturally the Provincial Governments on whom the initial respon-

¹ Somerset Butler—Outline of some of the Government Grain Monopoly Schemes operating in India in 1944. p. ii.

sibility of taking decisions must fall, and the procurement agents must form part of the existing provincial machinery. The procurement policy must, therefore, be mainly the responsibility of Provincial Governments. The Central Government must exercise general control to ensure that the Provinces do not allow their procurement policies to suffer on any account.

Compulsory Requisitioning

Some of the Governments with monopoly procurement policy have also resorted to compulsory requisitioning of the entire marketable surplus. Cochin and Travancore are examples of the same. From kharif 1943, Mysore has followed the same policy. In the Malabar district of Madras the entire surplus of paddy, ragi and samai are compulsorily acquired and in some other districts both paddy and millets are requisitioned. Since this is a question which might under certain conditions adversely affect the Grow More Food campaign by destroying incentive, its implications need careful examination.

(a) **Principle:** It must be admitted that we cannot object on principle to compulsory requisitioning in war time, provided only that the amounts left over for the growers are adequate. Compulsory requisitioning would then only ensure that the marketable surplus came forth quickly and at the right time. It would also ensure that the cultivator did not hold foodgrains for uses other than domestic consumption. In an extreme case, the policy might be so worked as to impose on the cultivators the same degree of sacrifice as on other classes but usually this has not been found practicable as is seen from the fact that in almost all belligerent countries the growers are given higher rations than the non-growers.¹ If however the only objective of compulsory requisitioning is to get at the marketable surplus, it must be demonstrated that in the given circumstances monopoly purchase alone cannot secure this end. Similarly, before a scheme of compulsory requisitioning is endorsed, it is necessary to satisfy oneself that it does not impinge upon the minimum essential for the grower's needs. In a word, we cannot object to compulsory requisitioning on principle; nor can we accept it merely on principle. It must be justified or condemned on pragmatic grounds.

¹ League of Nations. Food Rationing and Supply, 1943-44, p. 8.

(b) **Calculations of amounts to be requisitioned :** Any programme of regular compulsory requisitioning would demand an accurate estimate of the farmer's surplus. This can obviously be determined by deducting his usual needs from his production of the year. These usual needs would comprise (a) domestic consumption, (b) requirements of seed and (c) payments in kind made to landlords, landless labourers, rural artisans, and at times moneylenders. On each of these points, we have little data at present, and on no point except the personal needs of the farmer and payments in kind to the landlords, it is easily possible to collect the necessary information. The present crop estimates are only reliable in respect of acreage ;¹ the standard yield and annawari estimates, the other two elements in calculating production, are largely conjectural, and are not based on any concrete surveys or estimates regarding individual farms. The requirements by way of seed not only vary with the locality but also with the vagaries of the season. Because of the varying proportions of cash payments and payments in kind, and because of the fact that the employment of rural labourers varies according to the availability of family labour, these payments in kind also cannot be easily estimated. The same is true of payments in kind by way of interest to moneylenders and wages to artisans. Any attempt to get over these difficulties by abolition of payments in kind is likely to upset the rural economy considerably² and could only be resorted to if universal rationing were adopted. These difficulties have to be borne in mind in attempting to judge whether the amount left over for the grower is adequate in each case or even on an average.

(c) **Psychological Pre-requisites :** The practice of compulsory requisitioning would also demand a people fully conscious of its own rights and duties, protesting against all injustice but bearing any inevitable hardship with cheer, and an administrative system efficient, incorruptible, knowing human nature as well as its job, capable of dealing firmly when necessity arose, but also of generally getting its work done by evoking popular consent and support. All this presupposes confidence between the Government and the governed. This would

¹ Even here, the Zamindari areas constitute an exception.

² On the other hand, it is essential to recognize that if the usual payments in kind are allowed, rural labourers, artisans etc. may obtain more quantities than needed for their personal consumption and a part of these may find their way into the black market. Butler, p. viii.

be necessary, even if accurate statistics were available ; but in our case where it is not so, and where therefore wide discretion has to be left to local officials, compulsory requisitioning is open to serious abuses. Local officers have often proved corrupt, oppressive, partial, and unaware or careless of the people's needs ; their use or abuse of even the limited powers given to them has become a scandal.¹ Often, they have not even correctly interpreted the instructions of higher officers. The people, while extremely resentful, have not been able to organise themselves and make themselves heard. The comparatively smooth working of requisitioning schemes in Cochin and Travancore need not mislead us, as both of these are exceptional in many respects—in their small size, in the extremely bad food situation, and in the existence of the personal touch only possible in small States. The procurement policy in Mysore is said to owe its success more to monopoly purchase than to the scientific basis of its levy or its rigid enforcement.

Partial Requisitioning

Some Provinces which have monopoly procurement have resorted to requisitioning of a part of the marketable surplus either throughout the area of their jurisdiction or in some selected areas. A glance at Appendix II will show how widespread this practice has become. The Bombay Province had applied for the 1944 rabi season the compulsory graded levy in three districts in the Deccan. The plan was thereafter extended in a revised form to most of the districts except the purely paddy growing parts. In C.P. also a progressive levy system is in force both in the case of wheat and jowar. In some districts in Madras, where millets are produced in considerable quantities, a proportional levy has been in force since April 1944 ; in the case of some of these districts, this has been converted into a graded levy since October 1944. In Travancore, a proportional levy forms a plank in the compulsory requisitioning programme.

The effects of this sort of requisitioning depend mainly on the proportion of the marketable surplus sought to be requisitioned at various levels of production. Where this proportion is fairly high in the initial stages, and where the exemption level is not high, the scheme

¹ G. Butler, p. xv.

is open to the same objections as full compulsory requisitioning. Where, however, the levy scheme is fairly liberal in the earlier stages or throughout, these objections are correspondingly mitigated. The question however in such cases is whether it is worthwhile to go through this extremely intricate and troublesome procedure, utilise a large administrative staff, and cause annoyance to the public, only to realise a part of the marketable surplus. It is true that monopoly buying may not be able by itself to bring forth the necessary amount of foodgrains in the initial stages. To get over this difficulty food stocks secured by partial requisitioning may come in handy. But if firm adherence to monopoly is announced and enforced, holdings of foodgrains by producers can only be temporary and local. To tide over such a situation quick despatches from better-placed areas and occasional requisitioning from larger landowners would be sufficient. Foodgrains reserves, Central and Provincial, would be another powerful bulwark.

Some places like Hyderabad resorted to partial requisitioning as a substitute for monopoly buying. Under the present food conditions, when it is essential for the Governments to take possession of the entire surplus, this seems to be an inadequate arrangement.

Occasional Requisitioning

As contrasted with the above two types of requisitioning, which is a regular process based on definite rules, we have occasional requisitioning resorted to against obdurate cultivators who refuse to part with their surplus. Obviously, such a weapon is necessary in the armoury of the executive, and its use is essential at times. But a close limitation of this power and detailed instructions to the village officials regarding its use are essential. Since its misuse is most likely against small cultivators with little or no surplus to sell, it is necessary to insert a proviso that requisitioning shall not be used against persons cultivating less than a certain acreage. It is also necessary to provide that the powers shall be used only with the permission of the higher officials. The instructions given to the officials should be given wide publicity. Otherwise, it is quite likely, as was found in 1944 in the Bombay Province, that the threat to requisition would be utilised widely and the cultivators, not knowing their exact position, would in fact have to submit to a system more inequitable than regular compulsory requisitioning.

Conclusion

We, therefore, conclude :—

- (a) The policy of monopoly procurement should be enforced on all Provinces and should be recommended to the States.
- (b) The officials have on the whole proved to be better agents than the traders, and they should preferably be entrusted with the powers of monopoly procurement. Where, however, this is not feasible, traders may be appointed as agents at the discretion of the Provincial Governments. The Centre must exercise a close control over the working of these policies.
- (c) Compulsory requisitioning of the entire marketable surplus is open to serious objections in India, and where it is adopted, extreme care is necessary to ensure that it does not deprive the grower of his legitimate needs.
- (d) Requisitioning of a part is rarely worthwhile. Occasional requisitioning may, however, have to be resorted to, though with adequate safeguards.

APPENDIX I—PROCUREMENT ARRANGEMENTS IN PROVINCES AND STATES.*

Name	Government Purchases ¹	Control over Movement ²	Extent of Requisitioning	Agency of Purchase
(1) Sind	Export, and supplies to towns over population of 1 lac.	No movements outside the Province except on Government account.	De-hoarding orders on the cultivators at the end of the season asking them to part with all surplus stocks. ³	Upto Nov. 1944 two Syndicates, one for purchasing wheat and the other for other foodgrains : now the latter is dissolved and is replaced by a Purchasing Board.
(2) Punjab	Export, and supplies to towns over population of 1 lac.	No movements outside the Province except on Government account.	Seldom resorted to.	Seven agents. Of these six trade agencies and one Government—the Registrar of Co-operative Societies buying for building up a Provincial Reserve. Cultivators have also a right of offering directly to the Director, Food Supplies.
(3) U.P.	Export, supplies to employees of large concerns, and partial rationing in 39 big towns. Recently, complete rationing in some towns.	Province divided into six self-sufficient regions and no movements among them except on permits from Food Controller; so also movements to and from principal cities forbidden.	Seldom resorted to.	A number of purchasing agents, each usually operating in one large market and a number of smaller markets allocated to him. Regional Food Controllers appointed for 6 regions. Each supervises over the purchasing agents in his region.

(4) Bihar

Supplies to two rationed towns and some partially rationed towns. In addition, supplies to employees of large concerns.

Partly traders and partly Government Officials. Zones of operation of these not restricted. The Regional Food Controllers appointed on the same lines as in U.P. supervise over the agents.

(5) Bengal

The entire district surplus in surplus areas.

No movements outside surplus districts. A Rice Mills' Control Order from Dec. 1943 on lines similar to Bihar.

A large de-hoarding drive Four Chief purchasing agents, but each assigned definite districts.

- * This appendix, except when specifically stated otherwise, describes the arrangements upto the middle of the year 1944.
1. The best way to know how far in any Province monopoly purchase is approximated is to calculate what proportion of the marketable surplus the Government agencies purchase. This, however, is not available in many places. The extent of their purchase has, therefore, often to be gauged from the purpose of their purchases and other such criteria.
 2. In all provinces, where there are bans on inter-district movements, the power to ban inter-taluka movements has usually been given to the District Magistrates, and this has sometimes been exercised. It has not been possible to indicate in each case the exact nature of the movements forbidden (i.e. road, river, rail, cart, etc.) nor the individual foodgrains, whose movements are prohibited. The tendency, however, is in the direction of prohibiting all types of movements and of all important foodgrains (pulses excluded).
 3. In a sense, this may be taken to mean compulsory requisitioning of the whole surplus at such a time that its dangers are decreased, because the seed needs and the payments in kind have already been provided for ; the domestic needs are satisfied by laying down a fixed ration per head. But since the exact amounts of foodgrains produced and the amounts already sold by individual cultivators are not known, this amounts in practice to occasional requisitioning with clearly defined limitations.

Name	Government Purchases	Control over Movement	Extent of Requisitioning	Agency of Purchase
(6) Orissa	10% of total produce ; Export movements prohibited none allowed to buy only in two districts, and import movement into one banned. at a time.			One or more purchasing agents for each primary market. The Director of Civil Supplies closely supervises over these agents.
(7) C.P. and Berar	(i) Part of the entire district surplus upto 1943 kharif for export and for some supplies to deficit districts. (ii) Now, except for small quantities all sales of rice, jowar and wheat sold to Government.	No movements among districts except in one highly surplus Division regarding paddy and rice.	Compulsory graded levy in case of wheat. Threats of requisitioning quite common both re. jowar and paddy. Now in jowar extent of reasonable partings stated.	Traders appointed as agents for markets where they normally functioned.
(8) Bombay	(a) Upto kharif 1943 for supplies to rationed towns and some supplies to deficit areas, a part of surplus in each village bought. (b) Now, entire marketable surplus, except small quantities for village consumption.	(a) Inter-district bans. All private movements forbidden till Government purchased its quota. (b) All movements forbidden.	(a) Threats of requisitioning very common in 1943, though actual requisitioning only in a few cases. (b) Compulsory graded levy system in most districts except in purely paddy growing parts.	From Kharif 1943. Government agents but before that an admixture of both Government Officials and trade agencies.

(9) Madras	(i) Upto Kharif 1943 entire district surplus in paddy.	No inter-district movements.	In a large number of districts now, requisitioning of the entire marketable surplus. In some a levy system. Requisitioning threats common throughout the Province.	Mostly Government Officials. Grain Purchase Officers, who are picked-Deputy Magistrates, operate this system.
(10) N.W.F.P.	Export and supplies to rationed towns.	No movement between two zones in which the province is divided and no railway movement throughout.		Partly traders. No definite policy.
(11) Baroda	Some purchases for supplies in voluntarily rationed towns.	No movement among districts.		Partly traders, partly Government officers.
(12) Mysore	Monopoly buying ; out of 60% marketable surplus of paddy, 45% to be acquired.	All movements stopped.	Compulsory requisitioning of entire marketable surplus.	Government Officers.

Name	Government Purchases	Control over Movement	Extent of Requisitioning	Agency of Purchase
(13) Travancore	Monopoly buying.	All movements stopped.	Compulsory requisitioning of the entire marketable surplus but in two instalments, first a portion— $\frac{1}{3}$ rd or $\frac{1}{4}$ th of gross produce and later on the rest.	Government Officers.
(14) Cochin	Monopoly buying	All movements stopped.	Regular compulsory requisitioning of the entire paddy surplus.	Government Officers.
(15) Hyderabad	Export, supplies to rationed towns, and supplies to a part of deficit areas	No inter-district movements. Priority of transport to Government purchases.	A collective levy of 2 maunds per acre under rice, and of $\frac{1}{2}$ to 2 maunds for jowar, bajra and maize enforced. Other purchases in the open market.	A Government Corporation consisting of officials, non-officials, businessmen etc.; employs various sub-agents for purchases.

APPENDIX II

A NOTE ON REGULAR COMPULSORY REQUISITIONING

In view of the widespread tendency to resort to compulsory requisitioning, directly or otherwise, we examine below the methods employed for the purpose and the effects thereof.

(a) **Levy per acre:** The simplest case of compulsory requisitioning was that in the Hyderabad State, where every farmer was compelled to part with a certain amount of foodgrains per acre. In the case of paddy, the rate of levy was 2 maunds per acre; for jowar, bajra, maize and other minor millets, the rate varied from half a maund to one maund. Such a procedure is extremely simple, and leaves no scope for executive discretion, but it weighs heavily on small farmers, who would have to sell a part of the foodgrains they would normally have utilised for their own consumption or for farm needs. If, however, such a low levy is coupled with an exemption proviso for those who have no marketable surplus, the system would work fairly well. In April 1944, for instance, in some districts of Madras such a policy was successfully followed regarding millets. All cultivators having more than 10 acres had to part with a maund per acre. This method could obviously be utilised only for raising a small part of the marketable surplus.

(b) **Proportional levy:** In some cases an attempt has been made to requisition a definite proportion of the produce from each farmer. This is a better method than the above in so far as the differential fertilities of the soil are taken into account, but is more liable to abuse because of lack of yield statistics. The only State which has formally adopted this method throughout its jurisdiction is Travancore, where a compulsory levy equal to the land revenue in kind at the time of the last settlement is demanded. This levy is raised from all farmers and has to be paid regardless of whether sufficient amounts are left with the farmers for their domestic consumption. While in British India no such compulsory proportional levy has been attempted, in some Provinces where procurement was said to be voluntary, the situation was much worse. The Bombay scheme of procurement for kharif 1943 and (in most of the tracts) also for rabi 1944 tended to be of this character. A procurement target was fixed for each district, which was later on divided among villages, the target in the case of rice being 25% in surplus districts and 10% in others. As to millets, 10%

of the millets product plus the normal millets surplus was to be acquired in each area. These figures, meant as a guidance to local officials, who were given no instructions on how to distribute these purchases among individual farmers became a source of great annoyance. The village officials divided this quota among the various producers. Each individual farmer was asked to part with this pre-determined amount on pain of compulsory requisitioning. Even the poorest were not exempt from the levy and an outcry ensued. The Government issued instructions to officials asking them to exempt all producers growing less than 50 maunds of foodgrains. These instructions, as our investigation revealed, were not strictly adhered to. Worse still, the whole system degenerated into a regressive levy because of the good relations of higher officers with the bigger landholders. There were cases in which the latter were let off with 5-10%, while their poorer neighbours had to sell 25-50% of their produce. This was admitted to be so by the Bombay Government in the communique announcing the new purchase policy; "There has been a tendency to pass on an undue share of the burden to the smaller landlord or tenant. Petty officials in villages could not always be trusted to refrain from using pressure where it could without much difficulty be exerted". Because of the lack of proper production statistics, the levy was also very unevenly distributed as among regions, some escaping very lightly due to the superior bargaining tactics of their officials or otherwise, others bearing a disproportionately heavy burden.

(c) **Progressive Levy :** A proportional levy like a proportional tax cannot raise large amounts of produce from the people. Levies, therefore, in most of the Provinces have tended to be progressive. In C.P., since rabi 1944, a compulsory graded levy is enforced in the case of wheat; in Madras, in several districts since October 1944, a progressive levy is in operation for millets. But the Province that has gone the farthest in this respect is Bombay, where except in North Kanara, Ratnagiri, Kolaba, Thana and Bombay Suburban Districts and in the purely rice growing areas in other districts, a graded levy is enforced throughout the Province. In the excepted areas, voluntary procurement is mainly relied upon. A register of the acreage and production of every paddy grower is kept, and if it is felt that the quantities he has parted with are far short of reasonable expectations, requisitioning is resorted to. A policy of progressive levy may sometimes be carried

on under the guise of a voluntary procurement policy as in the case of C.P., where for jowar in rabi 1944, reasonable partings for producers with varying acreages were stated. According to the Government Press Note of 10th March 1944, farmers having less than 10 acres of land under jowar were not expected to sell any part of their produce, those having 10 or more but less than 15 acres under cultivation were to part with 15% and so on, the highest percentage of production to be parted with being 30.

The Graded Levy in Bombay

A graded levy, which does not aim at making the producer part with his entire marketable surplus, is not likely to produce any adverse effects on bigger producers. It is therefore only in the case of persons producing just enough for themselves or just near that that the scheme needs close attention. Under the Bombay levy, 27.5 maunds are assumed to be left to every cultivator. Assuming that the farmer's family consists of 5 members, this would amount to 1.2 seers per day per head. This would be ordinarily just sufficient for normal consumption, but it leaves no margin for the farmer's seed requirements and also for payments in kind. Moreover, the actual size of the family may be larger than the average assumed above. The Government claim to provide for such additional needs through their shops, but even if this were done perfectly, any system under which the farmer has first to part with his produce and then buy the same later on in the market obviously at higher prices is highly unsatisfactory. Under the Bombay scheme, the amount to be requisitioned is not fixed on an acreage basis, nor on a production basis, but is linked up with the land revenue payable by each farmer. For each mahal, the amounts of the levies are announced in terms of land revenue assessment. Under the original levy these schedules were calculated from the average land revenue per acre in the mahal, the proportion of the area under foodgrains to that under commercial crops, and the average yields in each mahal. For individuals or villages devoting less than the average area to foodcrops, the local officials were empowered to reduce the levy proportionately, provided the difference was higher than 10%. Now the average land revenue is only to be one of the main factors used to determine the levy. The Collector, after giving careful consideration to the yield of local foodcrops and other relevant factors, publishes a Grain Levy Table applicable to each step in the average assessment. On the basis

of this, each individual is served with a bill showing the amount of foodgrains he has to part with. For wet lands, the levy has been fixed at thrice the amount on dry land.

The primary assumption underlying the levy is that there is a direct relation between the gross produce of the land and the land revenue charged on it in each mahal. As every student of land revenue history in Bombay Province knows, this assumption is rather facile. In fixing land revenue, facilities of communications and transport, natural advantages, existence of rural industries, rental value etc. are also taken into account, and these vary from village to village in the same revenue group. Also, the intensity of cultivation varies widely in some mahals, and it is not possible for any general schedule to take account of all these. This objection holds on the assumption that land revenue is fixed correctly but this itself is again a big assumption.

As we have remarked above, in the Bombay scheme, a high degree of precision is not essential except in the case of smaller cultivators, for whom such a levy might prove a hard one. The difficulty is to find out the level of assessment, upto which no levy would be payable. The Bombay Government's claim that it is easy "to derive the particular figure of assessment which, in the settlement group, corresponds in yield to the normal requirements" of the average family is hardly warranted. In practice, of course, a more liberal exemption limit may meet the objection. The working of the scheme has underlined these difficulties. Persons at the margin have been adversely affected in many cases, and in several mahals the limit of exemption had to be raised. Apart from the frequent revisions of the levy which have been found necessary, the main criticisms against it have been in the nature of complaints against local officials. The formula on which the levy is based is in the nature of a rough approximation only. It can be made workable only by a certain elasticity in administration.

CHAPTER IV

DISTRIBUTION

We now turn to distribution, the last link in the chain commencing from increased supplies and procurement. For feeding the people adequately in war-time, it is obviously necessary that all these links should be soundly forged.

(A) Distribution among Provinces and States

The question that has caused the greatest difficulty in the problem of distribution is that of allocating supplies among various Provinces and States. As pointed out in "Price Control and Food Supply" "the obvious standard here is need in terms of the number of people, and a certain equality of sacrifice."¹ The Foodgrains Committee did not face this issue squarely. They merely recommended that the surplus provinces should go on enjoying the average consumption of 1937-38 to 1941-42.² This was quite unfair to the deficit Provinces. It is true, as pointed out by them, that no "significant lowering of the rural standard of consumption"³ was desirable; it is also true that the task of reducing "per capita consumption in the urban areas of India to one dead level"⁴ is hardly possible. Yet, the first course is as dangerous in deficit areas as in surplus ones, and the second reason can certainly not rule out all efforts at obtaining an equitable sacrifice. The argument of the "uniform dead level" would apply as well to sugar and cloth as to foodgrains, and yet none has tried to uphold such an argument in their case. Besides, if the pre-war standard was higher in one area than in another, the former should be able to bear a bigger cut than the latter. It appears that the Gregory Committee's recommendations on this point amounted to a surrender to the feeling both among the Governments and the people of the surplus provinces that they had a first claim on the food produced within their limits. Fortunately, regarding the deficit areas the Foodgrain Committee were more fair

¹ P. 113.

² Report, p. 131, para 13.

³ *Ibid*, p. 102, para 18.

⁴ *Ibid*, p. 102, para 19.

in their recommendation. They suggested that the Provinces which showed the highest percentage deficit should receive priority until their deficit was brought nearer to the average all-India figure of deficit.¹

The actual working of the scheme has served to reveal a serious deficiency, viz. the omission of deficit States in the above recommendation. The result has been that Cochin and Travancore, inspite of all their good record in managing to secure a full mobilization of their own resources, were not able to get the amount they should have been entitled to. This means that the States were treated on a different basis from the Provinces.

(B) Distribution within Provincial Areas

The next question that arises is the distribution of the available foodgrains within the provincial boundaries. An ideal solution for this would be an all-comprehensive scheme of rationing. For a country like ours, this is not a practicable proposition. Governments have therefore had to resort to the next best method, viz. to extend rationing to as many places as possible, and to cater to the rest of the population by partial rationing, regional quotas, etc. The necessity of rationing was well understood by the Foodgrains Committee, and they specially conveyed their views on this matter to the Government of India even before the Report was submitted.² Since their recommendations, rationing has been rapidly extended. At a Food Debate in the Assembly, the Food Member observed that by October 1944, rationing embraced 42 million people.³ However, so far the entire urban population has not been completely rationed, and there are wide differences in the progress of rationing in different provinces. On this point reference may be made to Appendix I attached to this chapter, which brings out how the policy regarding rationing varies from place to place. All the surplus provinces and at least one deficit Province were content with the adoption of rationing in the urban areas containing more than 1 lac of population.⁴ Bombay and Madras are the two British Indian provinces that have gone the farthest and some of the States—Mysore

¹ *Ibid*, p. 102, para 19.

² *Ibid*, p. 66, para 12.

³ It is surprising to note that the Finance Member in his 1945-46 Budget speech referred to the same number being rationed. Does this mean that there was no progress in rationing between the two periods?

⁴ The Punjab has not even rationed all towns with a population of over 1 lac.—Famine Inquiry Commission, Final Report, p. 38.

Cochin and Travancore—have adopted almost universal rationing. To the extent to which complete rationing of urban areas has not been possible, the food policy for the country as a whole has fallen short of the acknowledged ideal of equitable sacrifice.¹

Working of Rationing

Since rationing implies the absence of any extra supplies of the rationed commodities, the quantity and quality of the food supplied under rationing need close examination. Our experience of the working of the rationing system accumulated so far should be valuable for determining our future policy.

(a) Quantity of Foodgrains

We take up first the question of the quantity supplied. Since foodgrains are the cheapest foods, a reduction in their consumption is sure to have harmful consequences on the poor. The question therefore of how the present rations compare with previous consumption is important, but on the question of the pre-war consumption of foodgrains by various classes and sections in India we have little information. A few budget studies by the Labour Offices are available, but these are confined only to a few large industrial towns, and even for these areas they do not cover the entire community. In view of the great variety in the food consumption habits of different regions and communities in India, such studies are insufficient to furnish any reliable conclusions. We have therefore to fall back on some concept of a physiological minimum standard. According to Dr. Aykroyd, a well-balanced diet for an adult ought to consist of 10 oz. of rice, 5 oz. of millets, 3 oz. of pulses, 8 of milk, 10 of vegetables, 2 of fats and oils, and 2 of fruits. If it is remembered that the 'per capita' milk consumption of British India is 4 oz., that the poorer classes take much less milk than this, and that a serious deficiency exists regarding fruits and vegetables, one can see that the foodgrains consumption of an

¹ Cf.—"The general case for urban rationing is overwhelming and it is the view of the Committee (which has already been communicated to Government) that rationing should be introduced forthwith in the larger cities of India both in deficit and surplus areas, both in the Provincial and State areas, in the first instance in those with population of one lakh and over, and should be progressively extended." Foodgrains Committee Report, page 78, para 28. The Famine Inquiry Commission, while equally insistent on rationing of towns with population of more than 1 lac, conceded that assuredly surplus provinces might not ration smaller urban areas. P. 39.

average Indian has to be larger.¹ It cannot be said that the Foodgrains Committee was liberal when it recorded its unanimous opinion that "apart from any temporary breakdown, the standard ration of cereals per adult per day should not be allowed to fall below 1 lb."² It is gratifying to note, as seen in Appendix I, that this minimum has been maintained in almost all the rationed areas of the British Indian Provinces;³ even so, there is no attempt at maintaining an equality of sacrifice in all rationed areas. The rations in surplus provinces have been more liberal than those in deficit provinces. In the two greatly deficit States of Cochin and Travancore, the ration for a long time fell short of 1 lb.—being 12 oz. in the former and 13½ oz. in the latter. Rations in rural areas, which have been mainly informal, have tended to be lower in several places e.g. the rations given in rural areas of Mysore are below the minimum limit, and lower than in the urban areas in the same State. The underlying idea appears to have been that no matter how thorough the procurement policy in villages, the farmers are likely to be left with some surplus and thus the villagers as a whole would have a higher quota than that fixed for them. The first supposition may be true, but the farmer may perhaps dispose of any such foodgrains that he may have kept back in the black market and in any case, there is no guarantee of proper distribution of these in the village itself. The remedy therefore would be in the direction of a thorough elimination of the black market and enforcement of monopoly purchases in rural areas rather than in lowering the rations for the rural population.

In judging the adequacy of the ration, a few factors that mitigate the rigidity of the system, have to be borne in mind.

(i) **Extra Units to Heavy Workers:** Extra rations are given in almost all the rationed cities, with the exception of Calcutta, the smaller towns of Bombay, and the rural areas to "heavy workers." The definition of "heavy workers" varies from city to city, and covers a different percentage of the population in each place. But insofar as this concession is given in the case of an important and large class of

¹ Dr. Aykroyd puts down the cereal consumption in a common ill-balanced diet at 20 ozs.

² Report, p. 78, para 28.

³ Malabar District forms an exception to this general rule. In some of the smaller areas of the Bombay Province, pulses are included in the rations.

the poorer people, it has an important mitigating effect on the extent of inadequacy of rations. A similar concession in rural areas to landless workers and other manual workers would be a welcome step.

(ii) **Extra Supplies through Hotels, Restaurants, etc.:** Under our rationing system, there is another safety valve for remedying the inadequacy of rations. In all rationed cities, the food obtained in hotels etc. is not counted as a part of one's ration. Of course, the hotels have their own provisions strictly allocated on the basis of their past consumption. But an internal adjustment among different sections of the population is quite possible. In any case, the food at these places is an addition to the 1 lb. usually allowed. Unfortunately, cheap healthy food is rare in the hotels, and it is not the more needy but the more well-to-do who take advantage of this facility. The Governments in India have not taken any measures (except in Cochin) to organize such canteens as in Britain, where cheap and healthy meals off the ration are served.

(iii) **Exclusion of one or more of Major Foodgrains:** There is still another safety valve in some areas. Usually "major foodgrains in general use in the particular areas concerned"¹ are rationed. This has meant that in many areas all major foodgrains have not been rationed, e.g., wheat alone has been rationed in the Punjab, rice alone in most of the town of Madras,² and wheat and maize in N.W.F.P. In such areas it is open to people, if they choose, to make up for any deficiency in rations by consuming other unrationed foodgrains. The taste factor and the great difficulty in getting unrationed commodities at controlled or reasonable prices are, however, considerable obstacles in the way.

(b) Rationing and Consumers' Choice

It has been an accepted principle of rationing that the consumer should be given as wide a field of selection as possible. It is true, of course, that "food is food," and in an emergency it may not be possible to cater to the delicacies of taste. But the stomach has adapted

¹ Report of the Foodgrains Committee, p. 68, para 16.

² In certain towns now, wheat is included among the rationed foodgrains and it has been found that hardly 50% of wheat rations are taken though these are so arranged that drawing of less wheat rations means drawing less of total rations.

itself in course of years to certain foodgrains, and any sudden change is likely to be resented by it. Even where taste has been purely a matter of whim, it has been found necessary to make some allowance for it. "It is nutritionally absurd to be sure, but in Great Britain supplies of tea and jam must be safeguarded as much as those of cheese."¹ A considerable reduction in choice is unavoidable in our case. The food deficit in India is mainly concentrated on rice, and it has not been found possible to meet this deficit by growing more rice at home. The need to minimise transport has also been a serious limitation. But within these limitations, it is the duty of the Governments to see that the consumers' tastes are satisfied as far as possible, or overlooked as little as possible. There should be some rough equality of sacrifice with regard to taste also. A limited recognition has been given to this principle in India. In areas, where more than one major foodgrain have been rationed, the practice has been to give considerable freedom of choice to consumers, but as will be seen from our table, the extent of such choice has not been uniform. It is complete in Sind and C.P., in others it is limited, a maximum being generally prescribed for such of the rationed foodgrains as are in short supply. The choice is least in Cochin and Travancore.

In the absence of figures regarding previous consumption, the sacrifice of the consumers' choice is hard to calculate. In the case of the rationed cities of the Bombay Province, however, the changes in consumption revealed by our investigation are given on the next page. From this table it will be seen that rice and jowar consumption suffered, while wheat consumption remained the same, and bajra was increasingly used. While a part of this was due to the price factor, a large part was due to the ration maxima.

¹ I.L.O. Food Control in Great Britain, p. 171.

No. of families in which consumption changed.									
Total families examined in rationed areas	Rice		Wheat		Jowar		Bajra		Extent of Increase () or Decrease ()
	No. of cases with Increase (+) or Decrease (-)	Extent of Increase () or Decrease ()	No. of cases with Increase (+) or Decrease (-)	Extent of Increase () or Decrease ()	No. of cases with Increase (+) or Decrease (-)	Extent of Increase () or Decrease ()	No. of cases with Increase (+) or Decrease (-)	Extent of Increase () or Decrease ()	
107	-29	40-50%	-10	30%	-11	25-50% : in 6 cases complete disappearance.	-5	25-30%	
			+11	25-50%	+5	30% ; in 2 cases for first time	+8	30% ; in five for first time	

There is also another aspect of consumers' choice about which certainly much more than is being done at present is possible. There are many varieties of each major foodgrain. It has been estimated that in wheat there are 39 botanical varieties and in rice 400. The trade varieties in both these are fewer, but numerous enough. About varieties among millets, these being mainly non-commercial crops, we do not know much. The consumer has had ample choice as to variety in the past. While minute distinctions as in the past are out of question when the Governments have to step in in place of private trade, a broad division into three or four main types in each case is possible and ought to be managed. Otherwise, it may happen as in Calcutta City, that the better rice goes to people who do not appreciate it, and the inferior rice comes to those who complain of a stomachache because of it. In most of the rationed cities, a classification of rice into three varieties has been attempted with success. This procedure could be extended to all rationed cities, and to wheat. This would have the added advantage that there need not be a uniform pooled price for all varieties of rice and wheat, which is likely to prove costly to the habitual consumers of cheaper foodgrains.

(c) Rationing and Quality

A common complaint in regard to rationing arrangements is the bad quality of foodgrains supplied. Here again, one cannot expect the Governments to be as efficient as the normal trade channels in the pre-war period. But some standards are essential. The rationed foodgrains today often contain an unreasonable proportion of dust and foreign matter, and are sometimes unhygienic. In some cases they have been judged by competent authorities as unfit for human consumption. Medical men have often opined that there is a direct connection between the quality of foodgrains supplied and the deteriorating health of the people. Some of the complaints on the score of quality are easily remediable. The Governments concerned could lay down the maximum fraction of dust and foreign matter permissible in the supplies from their godowns so as to prevent the traders from adding further impurities at later stages. An adequate system of ration shops and periodical medical tests of other foodgrains are obvious measures to secure the end in view. The problem of quality is no less important than that of quantity. The need for paying due attention to it cannot be overemphasized.¹

¹ Foodgrains Committee Report, p. 68, para 16.

Agencies of Distribution

A rationing system properly enforced implies such a close control on private traders that there is no need for supplanting or further supplementing them by other agencies. In rationed areas there is no need to have any extensive network either of Government shops or other cost-price shops. In almost all rationed areas, distribution is done mainly with the co-operation and help of private traders. The exact role played by Government shops varies from place to place, according to whether in the pre-rationing days Government shops had already been started, the faith of the Government in the honesty of the dealers, etc. The cities where they play the smallest role are Travancore and Jubbulpore, where there are no Government shops at all. Elsewhere, however, Government shops minister to the needs of a substantial part, but seldom to the majority of the population. The only exception to this is the Calcutta City, where in 1944 11½ lakhs of people were supplied through Government shops, while private shops (including consumers' societies) served 8 to 9 lakhs only.

(a) Incomplete Rationing

So far we have talked only of universal rationing which implies that the entire population gets only the determined quantity of rations, and there is no possibility of getting more through imports or otherwise. In many places, where such complete rationing was not thought possible or advisable, some substitutes, more or less efficient, for the purpose in view have had to be adopted. We consider these briefly.

(a) **No Check on Imports :** In several parts in India geographically so situated that no complete embargo on imports is possible, all the formalities of rationing were adhered to except the complete prohibition of imports. Such was the case in the Bengal Province in Dacca, Chittagong and Faridpur cities, in Kantee City in Nagpur District, and in many urban areas of the Orissa Province in the beginning of 1944. Under this system there is no assurance that the richer classes will not get more than their fair share. The possibility of getting additional imports is apt to be taken—and this is inevitable in view of the need of economy by the Government—as justifying a ration less than that allowed in fully rationed cities. This naturally means that a part of the responsibility and anxiety of finding food supplies rests on the

consumers which leads to an undesirable scramble for supplies from outside.

(b) **Sectional Rationing :** In some towns and rural areas, sectional rationing has been adopted. Under it only a section of the population is assured its food supplies by the Governments. This section may be either the poorest as in some towns of U.P., Bihar and Baroda State, or it may be some group having special difficulties in getting food supplies like the employees in tea gardens, the non-producers in areas where the entire cultivator's surplus is requisitioned, or members of "essential services". In the first case, though the system is no proper substitute for complete or general rationing, it ensures the poorer sections rationed supplies at a reasonable rate. Indirectly, it may also act as a check on general prices. The necessity for providing for the other groups mentioned above is also obvious. But in all such cases, it must be borne in mind that any extra supplies given to particular sections mean a deduction from the general supply, and cannot be justified except on grounds of public policy. This principle has sometimes been ignored. Cases are on record where all Government servants were classed as "essential" and given extra supplies.

Unrationed Areas

In spite of all possible extensions of complete rationing in urban areas and the increasing adoption of incomplete forms of rationing in other areas, a large part of the population, the most unorganised part, has not been covered by any rationing schemes. The regional allocation of supplies on a 'per capita' basis, and their distribution through agencies like co-operative societies, philanthropic shops and Government agencies along with a thorough control over private retailers is the only possible method to ensure food supplies to them. Hitherto these have been lacking. A large part of the blame for this must be attached to the Foodgrains Committee, which not only failed to give any clear lead on this matter, but even seemed to bless the idea of distinguishing various districts of the same province as "deficit", "surplus", "heavily deficit", etc., and envisaged planning for distribution in each of these on a different basis.¹ For a real pooling of Provincial resources, a regional allocation of supplies on the basis of

¹ Pp. 76-77, paras 26-27.

an equality of sacrifice is essential. The unity of authority the homogeneity of the people and the smallness of the area offer a wider scope for the application of this principle within a Province than in the case of the whole of India. This, however, has not been done. The supplies made available to unrationed places have often been less relatively to their population than those to rationed areas, with the consequence that the informal rations given in such places have been low e.g. at one time they were 2 lbs. per week per head in Poona. The rural rations for those having not sufficient grains on their own account were 26 lbs. per month per head in Bombay Province; only later they were raised to 30 lbs. a month. Many Provincial Governments have not taken proper measures for control over private trade nor have they evolved sufficient checks on them through provision and encouragement of alternative agencies. Very few Provinces have evolved a clear-cut scheme of distribution. Of course, this is partly due to the happier supply position in the surplus provinces, which have not to bear any proportionate sacrifice. But the deficit Governments themselves have not a blameless record. The Bombay Province, it must be mentioned however, has shown more than average efficiency in the handling of the food problem, but even so our investigation revealed that the distribution arrangements in the areas of Gujarat and Maharashtra not formally rationed were unsatisfactory till the middle of 1944 involving considerable harrassment and delay to the public. Government shops or Government-aided shops were few and far between, and the supplies to these shops were irregular. The purchase limits at these shops widely changed from time to time, favouritism prevailed, and at times the distribution arrangements completely broke down. Conditions in other deficit provinces, where less attention has been paid to distribution, could certainly not be better.

APPENDIX I—SYSTEM OF DISTRIBUTION IN PROVINCES AND STATES*

Name	Policy regarding rationing	Quantity of rations given per week	Foodgrains rationed	Maximum of individual foodgrains given	System of distribution in unrationed areas
(1) Sind	Rationing in all towns with population of more than 1 lac.	8 lbs. an adult. ¹	Rice, wheat and millets.	No limit.	Left to private traders. No check except the Foodgrains Control Order on these. Government shops very few.
(2) Punjab	Rationing in all towns with population of more than 1 lac. In addition rationing of Simla due to its peculiar conditions.	4 seers an adult.	Wheat only.	..	-do-
(3) U.P.	Sectional rationing in towns containing in all about 42 lacs of people; 60% of the poorest in these usually get ration cards. Complete rationing now contemplated in a dozen cities.	12 chattaks daily per adult. No extra rations for heavy workers.	Wheat, gram, millets, rice and barley.	In March, 1944, 8 and of 6 each for wheat, gram, barley and millets.	Licence for retailers in regulated towns; this involves daily accounts for retailers. In addition, permits essential in regulated towns for consumers to hold more than 5 maunds of controlled foodgrains. Elsewhere, no restrictions. Few Government shops.

¹The information contained in this table is upto the middle of 1944.

1. Wherever nothing has been mentioned, it should be understood that 1½ the rations are given to children between 2-12, and extra rations=1½ the adult rations are given to heavy workers.

- (4) Bihar
Full rationing in towns containing more than 1 lac of people; and partial rationing in towns with population between 50,000-1,00,000, embracing 25-40% of the poorest population.
In March, 1944, 3½ of rations in rice, and 1½ in wheat and wheat products.
No general system of retailer's licensing. But only selected merchants allowed to import from other districts. In addition, an Essential Foodgrains (Hoarding and Storage) Order whereby consumers cannot hold without permit more than 25 maunds of essential foodgrains. Monthly returns in case of permits.
- (5) Bengal
Rationing in towns containing more than 1 lac, and in 20 municipalities.
No Rice, wheat and 7 lbs. in wheat or wheat products and 5 lbs. in rice.
8 lbs. an adult. No extra rations for heavy workers except those who take food in communal canteens. These not popular.
For storing more than 1 maund of rice, every non-producer has to take out a license. About 350 Government shops in 1943, which were taken advantage of by 25 lacs of people; about 126 lacs of maunds sold during the year.
- (6) Orissa
No towns above 1 lac. Informal rationing in big towns.
3 seers for an adult and 4 seers for labourers.
Rice only; in some cities for richer population wheat.
One Government shop per 10,000 people. In urban and semi-urban areas private trade channels, but at headquarters

Name	Policy regarding rationing	Quantity of rations given per week	Foodgrains rationed	Maximum of individual foodgrains given	System of distribution in unrationed areas
					of each police station, a Government shop. Where a village more than 10 miles from a Government shop, Presidents of the Panchayats, Union Officials or District Boards put in charge of distribution.
(7) C.P.	Rationing of towns with a population of more than 1 lac.	7 lbs. a week.	Rice, wheat and millets.	No limit.	Government supplies usually given to trade on stipulated conditions.
(8) Bombay	Rationing in all Towns with population of more than 10,000, and also in smaller towns, mainly urban in character. In the latter a simplified scheme. Informal rationing in all rural areas for those not having sufficient grain.	6-6-1/2 lbs. in formally rationed areas. In others rations now fixed at 35 tolas; formerly these less; no extra for heavy workers.	Usually rice, wheat and millets.	Widely varying. Bombay city ration as follows: whole in wheat or millets, and 1/2 in rice. For a time compulsory taking of barley along with wheat.	About 67 Government shops, and 2351 centres conducted by panchayats, co-operative societies, etc. In addition, in many districts, traders licensed for getting supplies through Government.

(9) Madras

(a) Rationing in all Municipal towns (b) and in Malabar throughout. In Malabar 7-28 lbs. bar 12 oz. of rice and 3 oz. of wheat for growers; for other rural groups compulsory. 9 oz. of rice and 3 oz. wheat; for urban groups, 9 oz. of rice and 3 oz. of wheat but wheat compulsory.

In deficit districts, strict control over distribution of Government supplies. Co-operative societies have been playing a good role.

(10) N.W.F.P.

Rationing in towns with population of more than 1 lac.

Wheat and Maize.

..

(11) Baroda

Partial rationing in bigger towns for those earning less than Rs. 100.

33-1/2 lbs. a month. Rice, wheat and 7-1/2 lbs. of rice, 65 Government shops, 39 employers' shops, 18 co-operative societies and 143 philanthropic shops. Sales of these during January-June 1944 102 thousand maunds and 1.5 lacs of maunds respectively.

..

Name	Policy regarding rationing	Quantity of rations given per week	Foodgrains rationed	Maximum of individual foodgrains given	System of distribution in unrationed areas
(12) Mysore	Rationing throughout urban areas, and in rural areas for all non-producers whose needs not provided for in other ways.	30 tolas per day for those wanting rations in rice or wheat, and 36 tolas for others. For rural groups, 23 tolas and no extra units for heavy worker.	Rice, wheat and millets.	..	
(13) Travancore	Rationing in all urban areas, and for all non-producers in rural areas.	13 ozs.; for growers, 1 lb. 2-2/3 oz.	Rice, wheat and bajra.	3 oz. of rice, 1 9 oz. wheat and 1.2 oz. of bajra.	
(14) Cochin	Rationing in all urban areas, and for all non-producers in rural areas.	12 ozs.; heavy workers given double rations and hostel students etc. get 1-1/2 times. For growers 1 lb. of rice	Rice, wheat, gram and tapioca	For a fortnight 4 oz. of rice ¹ and 8 seers of wheat; for 10 days all wheat, and for remaining 5 days, millets, tapioca and grams.	
((15) Hyderabad	Rationing in towns with population of more than 1 lac.	7 lbs.	Rice, wheat and millets.	..	

2. The rice rations have now been increased to 12 oz. in Travancore, and 10 oz. in Cochin.

CHAPTER V

PRICES AND PRICE CONTROL

We now come to what is economically the most crucial of all questions, viz., the evolution and working of foodgrains price policy. For, here we have a real problem. On the one hand, the farmer cannot be expected to produce more, or at least to part with more, if he feels that he is not getting a fair return to himself. On the other hand, the most efficient physical means of food distribution can be of no use if the prices fixed for these are beyond the capacity of the poorer sections of the community. Moreover, food prices enter into the cost of living and have repercussions all over the economic system. Thus, correct food prices form a vital element in a successful food policy and their proper fixation demands careful attention of the food control authorities.

Statutory vs. Ceiling Prices

In this connection, the question which aroused the greatest controversy among the members of the Foodgrains Committee was that of statutory price control versus the ceiling system.¹ This question had nothing to do with that of whether the procurement prices should be higher or lower. Higher or lower prices were as consistent with the one system of influencing prices as with the other. There was general agreement among all the provincial Governments and States that the prevailing level of prices in most Provinces was too high, and should be brought down. In fact, all the three Provincial Governments U.P., C.P. & Berar, and the Punjab whose representatives opposed statutory price control had tried their best to bring down prices through the ceiling system, and had succeeded to a great extent. The question, therefore, between statutory price control and ceiling prices was not in fact or in theory a question of higher versus lower prices.

Nor was the issue one of free versus controlled prices. Free prices in the sphere of essential goods under wartime conditions of scarcity

¹ Statutory price control refers to the process of fixing maximum prices by law; it is illegal for the seller to charge more than these prices for his goods. Ceiling prices are prices fixed by the Government as maximum for its own purchases; to sell goods above this price is not an offence.

and ever-increasing currency circulation are an absurdity. A very limited practice of it was already seen to have resulted in disaster. Moreover, with the ambitious procurement programmes the various governments had embarked upon, the regional bans they had placed and the transport control they were already exercising, they were in any case wielding great influence over prices.¹ In the initial stages most of them did not know their powers. The only result was that by their unwise policies they upset the market, bringing the idea of control itself into disrepute. But this should not lead us to forget that the price structure during the war is necessarily influenced by Government's decisions. The only question, therefore, was about the ways and means by which this influence could best be exercised and if necessary strengthened so as to bring down prices to a reasonable level in the first instance, and to maintain them at that level then. Both statutory and ceiling prices are thus efforts to prevent an undue rise in prices by use of Governmental powers. The issue between them is only as to which of them can achieve this task better.

So conceived, the case for statutory price control as the more efficacious of the two is overwhelming. The essence of success of any procurement policy is the creation of a feeling in the minds of the bigger producers and middlemen that they stand to gain nothing by holding on to their stocks. This task would be admirably achieved, if the prices could be kept uniform over the whole year, for in that case any one who withholds foodgrains from the market stands only to lose the storage and interest charges. The maintenance of the same prices throughout the year is not inconsistent with the ceiling method, but since the very *raison d'être* of this method is elasticity producers and merchants are likely to take the view that if only they sit tight on their stocks, the Government would be forced to raise the ceiling, which it can do easily as no losing of face is involved. Under statutory price control, the Government is committed to keeping prices stable at the level defined. There are therefore less chances of its raising prices and thus admitting failure. The authorities would rather prefer to tighten the procurement machinery, introduce better checks, freeze and requisition stocks and use all their powers to maintain

¹ The Gregory Committee styled this influence over prices as price control (p. 83, para 2). As this terminology is contrary to usage and tends to confuse we have refrained from using it.

prices below the defined legal maximum. It may be argued on the other hand that under this statutory control system if, inspite of such attempts, prices have to be raised, failure would have to be openly admitted. There is however no reason why a well-conceived system of statutory prices backed by proper procurement and distribution policies should fail. The Punjab experiment from which analogies are often drawn failed because it was ill-conceived, attempted no control over procurement and distribution¹ and was handicapped on account of its being almost the only control at the time. We have no reason to fear another such collapse. In any case, the failure of statutory price control or ceiling control, necessitating frequent upward revisions, is so serious in itself that other secondary psychological reactions pale into insignificance.

Factors in Price Fixation

The question, then, is: At what level should prices be fixed? By what authorities and how? Further, considering the diversity of conditions in India, should prices be the same for the whole country or are local variations permissible?

It will be agreed that the following factors have to be taken into account when fixing price :—

(a) **Cost of Production :** It is a well-known fact that the farmer's cost of production has risen much. While his land revenue charges and interest on debt—in so far as this is fixed in cash—have not risen, the prices of bullocks, implements, labour, manure and all other agricultural necessities have gone up. The precise rises in prices of these materials are not available and the increase in the cost of production would depend on the proportions in which these various factors are utilised. There is an added difficulty due to the fact that some of the tools and implements used by the farmer are durable and are purchased intermittently. If it is assumed that cultivation is carried on with the help of bullocks and implements bought before, say, 1941, the cost of production would be much less than if new bullocks or ploughs have been bought in 1943. It is difficult to say what proportion of the farmer's requirements by way of livestock and equipment should be valued at more recent prices though there seems little doubt that most

¹ For the connection between price control and procurement and distribution policies, see Appendix I.

of it must come under this category as high prices have persisted for a long time. Further in making estimates of cost, the higher expenses on marginal and sub-marginal lands should be kept in view, except in so far as subsidies in cash or in kind¹ are given for such purposes. Data on such points are lacking except regarding Government farms, which however cannot be said to be representative. An attempt was made by our investigators to estimate the rise in prices of agricultural requisites in Gujarat and Maharashtra. The results of these investigations are given in the table on pp. 73-4.

It will be found from this table that different agricultural requisites, apart from fixed cost items, have undergone price changes ranging from 100% to 400%. However, price increases have varied as between regions. To take only one instance: Cash wages to casual labour (male) are recorded to have risen by between 100 to 140% in the Desh and by 300% in Gujarat. These wide variations in different items and in different places coupled with changes in farming practice and varying Government concessions to farmers make any exact estimate of change in cost of cultivation out of the question. However, the increase in expenses of cultivation may perhaps roughly be put at 150 to 200%. Even this rough estimate is broadly indicative of the situation in the Bombay Province only. The rises in other provinces in the same items must vary widely on account of local factors and no deduction regarding these is possible from the data we have collected. Let us now turn to another relevant factor, viz. cost of living, and see if we could get any further light from that index.

(b) **Cost of living:** Here again we have the same difficulty. Unlike in the case of organised labour in cities for which a comparatively accurate estimate of changes in cost of living can be made, in the case of farmers, no budget studies worth the name are available. We have only for our data the rise in rural prices of a few commodities which the farmer buys. Even these figures are available only from January 1943.

Prices of Various Items in Cost of Cultivation.

Cost item 1	Place 2	Per 3	1988-89 Price 4	1948-44 Price 5	% increase 6
I. Manure					
(A) Cowdung :	Nasik ..	Cart	Rs. a. p. 1 12 0	Rs. a. p. 4 0 0	229
	Satara ..	do—	1 4 0	2 8 0	100
	Gujarat ..	do—	0 10 0	2 0 0	220
(B) Ground-nut Cake	Maharashtra ..	Ton	25/- to 30/-	95 0 0	217-280
Castor Oil Cake	Gujarat ..	Khandi	15 0 0	56 0 0	273
TH Cake	Gujarat ..	Maund	14 0 0	38 4 0	159
II. Cattle					
	Poona ..	Pair of bullocks	90 0 0	800 to 350	233-289
	Thana ..	"	70 0 0	200 0 0	186
	Retnagiri ..	"	65 0 0	200 0 0	208
	Sholapur ..	"	100 0 0	350 0 0	250
	Ahmednagar ..	"	80 to 90	250 0 0	178-213
	Kaira-Kankrej ..	"	150 0 0	350 0 0	133
	Surat-Tadapada ..	"	80 0 0	250 0 0	213
III.					
A. Water-wheel..	Maharashtra Gujarat ..	Wooden Iron	40 0 0 125 to 150	90 0 0 500 (non- available)	125 233-300
B. Leather Kos	Maharashtra ..	2 yrs. service (complete)	16 0 0	42 0 0	163
C. Iron Kos	Gujarat ..	1 yr. service	6 0 0	30 0 0	400
	Maharashtra ..	....	50 0 0	140 0 0	180

Prices of Various Items in Cost of Cultivation.—(contd.)

Cost item 1	Place 2	Per 3	1938-39 Price 4	1943-44 Price 5	% increase 6
IV. Agricultural Implements					
(A) Plough wooden	Konkan ..	Unit	Rs. a. p. 2 4 0	Rs. a. p. 5 0 0	122
(B) Spade	" ..	"	1 8 0	3 8 0	133
(C) Pawda	" ..	"	0 12 0	1 9 0	109
V. Wages					
Casual labour	Desh ..	day (man)	0 5 0	0 12 0	100 to 140
			to	to	
		(woman)	0 7 0	0 14 0	166
	Konkan	" (man)	0 3 0	0 8 0	200
		" (woman)	0 4 0	0 12 0	200
	Gujarat ..	" (man)	0 2 6	0 7 6	300
		" (woman)	0 4 0	1 0 0	233 to 300
		" (woman)	0 3 0	0 10 0	
				to	
				0 12 0	
VI. Fodder					
(A) Kadh	Gujarat ..	100 bundles	1 4 0	3 0 0	140
(B) Rice Pendha ..	Ratnagiri ..	Varandi	0 2 0	0 4 6	125
	Thana ..	100 bundles	1 8 0	7 0 0	367
(C) Nagli-kad ..	Ratnagiri ..	Lata	0 3 0	0 8 0	167
	Maharashtra ..	Palla			
(D) Cotton seeds ..		(120 seers)	8 0 0	22 0 0	175
	Gujarat ..	Maund (Surti)	1 4 0	3 12 0	200

RURAL RETAIL PRICE INDEX NUMBERS

June 1945

(Base : January 1943=100).

Name of centre	Articles of food other than cereals and pulses	Fuel and lighting	Clothing	Miscellaneous.
Eastern Zones.				
Bamra	154 (Feb.)	154 (Feb.)	100 (Jan.)	199 (Feb.)
Maibang	167	97	190	304 324
Rajapur	246	128	232	
Shankargarh	117	78	86 (Feb.)	182
Sonaili	194	71	34 (Mar.)	278
Northern Zones.				
Multapi	137	111	115	291
Nana	109	125	108	197
Salamatpur	122	80	..	151
Shujabad	112	114	..	242
Gujar Khan	121	194	105	225
Southern Zone				
Krishna	118	85	72	137
Lakh	104	121	..	163
Matur	164	86	125	253
Muniguda	122	85	92	154
Kudchi	142	108	..	394

It will be seen from the table above that the rise in prices is the greatest in the case of miscellaneous items. The next important rise has been in the case of articles of food other than cereals and pulses. The fuel and lighting prices have gone down in some cases below the January 1943 level. Cloth prices have decreased in some places but increased largely in others. No earlier figures of rural prices before January 1943 being available, one has to go back to the general index number to get a picture of the price rise before this period. According to the Economic Adviser's Index Number, the cloth prices in January 1943 were 415 and for kerosene 194.

The same considerations as pointed out in the previous section are relevant here. From figures regarding prices, we cannot argue as to cost of living. The price rises in different places have been different. Clothing, kerosene and other food items account for very different proportions in the farmers' budgets. In addition, black markets in kerosene, sugar and cloth have been probably more active in rural areas than elsewhere and these purchases greatly depend on the farmers' condition. However, if a guess is to be hazarded, we may put down the rise in the cost of living as between 200 to 250 per cent.

The same is corroborated by such information as we have been able to secure for Gujarat and Maharashtra. The table on p. 77 gives the prices for 1938-9 and 1943-44 for certain major items.

The personal expenses of the cultivators according to our investigation increased by 200% on an average. While these also include black market prices, they do not reveal the full extent of the increase in the cost of living, as in many cases consumption has been curtailed.

Prices and Costs

How do these two—the rise in the cost of production and the rise in the cost of living—compare with the prices obtained by the farmers? Have the agricultural prices been remunerative? Have they meant a higher or lower standard of life and to what extent? The data regarding prices actually obtained by the farmers are not available. In view, however, of the fact that from 1944 the Governments have rigidly controlled the middlemen's activities, these prices may safely be gauged from the rural food prices given on the p. 78.

PRICES OF CEREALS AND PULSES.
Rural Retail Price Index Numbers: June 1945.
Base: January 1943 : 100.

Name of Centre							Cereals	Pulses.
Eastern Zones.								
1.	Bamra	..	..	..	..	..	112 (Feb.)	169 (Feb.)
2.	Maibang	....	..	..	..	..	159	136
3.	Rajapur	..	..	..	..	..	134	123
4.	Shankargarh	..	..	..	..	..	157	148
5.	Sonaili	..	..	..	..	..	163	134
Northern Zone.								
6.	Multapi	..	..	..	..	..	120	131
7.	Nana	..	..	..	..	..	113	96
8.	Salamatpur	..	..	..	..	..	157	84
9.	Shujabad	..	..	..	..	..	115	133
10.	Gujar Khan	..	..	..	..	..	122	147
Southern Zone.								
11.	Krishna	..	..	..	..	..	154	78
12.	Lakh	..	..	..	..	..	112	91
13.	Malur	..	..	..	..	..	161	130
14.	Muniguda	..	..	..	..	..	178	88
15.	Kudchi	..	..	..	..	..	58	100

It will be seen from these tables that foodgrains prices since January 1943 have not risen 'pari passu' with those of miscellaneous items, and only rarely even with other food prices. Cloth and fuel prices, however, have generally risen less than foodgrains prices. No price data for the earlier period for rural areas are available, but the Economic Adviser's index was 252 for wheat and 218 for rice in January 1943. This does not warrant any precise conclusion as to the relation between them and the cost of living. From such data as we were able to get, it would seem that food prices have been sufficient on the whole to meet the increase in cost of production. The table on pp. 80-1 based on our investigations

shows the increase over pre-war prices secured by the farmers of Gujarat and Maharashtra in 1943-44.

The table shows that the prices have increased to about 3 times in Gujarat and 2 to 3 times in Maharashtra in case of jowar and bajri; over 3 times in Gujarat, 5 times in Belgaum and Dharwar and 3 to 4 times in Konkan in respect of paddy; and about 3 to 4 times in Gujarat and 2.5 to 3 times in Maharashtra in case of wheat. These increases compare favourably with those in cost of cultivation and not unfavourably with those in cost of living as worked out above. The actual effects on the farmers have widely varied.¹ It may only be added here that all such comparisons in terms of averages are very rough, indeed, and very much more detailed information would be necessary before we come to any conclusion on questions of policy, such as the need or otherwise for subsidisation.

Price Spreads

Owing to the vast varieties in consumers' tastes, large distances and lack of organised markets prices of foodgrains and cereals in different markets in India did not show a tendency to move in close sympathy with one another even in normal times but for the commoner varieties which entered into inter-provincial trade, the price spreads were narrow and approximated to the cost of transfer.² The uncoordinated provincial and district controls entirely disrupted this price structure. Once again, owing to the lack of adequate data, the extent of the differences in prices is hard to gauge. But the following ceiling and controlled prices of August 1943 are indicative :—

Place	Wheat Prices	Rice Prices
Sind	Rs. 7 0 0	Rs. 8 8 0 to 9 0 0
Bengal	Rs. 14 4 0	
U.P.	Rs. 14 0 0	
Bihar	Rs. 16 0 0	Rs. 20 0 0
C.P.	Rs. 12 8 0	Rs. 9 12 0 to 9 15 0
Punjab	Rs. 10 4 0	
Madras		Rs. 7 5 6 to 8 9 0
Bombay		Rs. 7 13 3 to 12 12 0

¹ The results of the war on the farmers' economic conditions in Gujarat as revealed by our investigation have been embodied in an article on "War and Rural Indebtedness in Gujarat" by Mr. M. B. Desai in the Indian Journal of Economics, July 1945.

² Vide Report of the Marketing of Wheat, pp. 101-5 and Report on Marketing of Rice pp. 154-8.

District		Paddy		Jowar		Bajri		Wheat	
		1938-39	1943-44	1938-39	1943-44	1938-39	1943-44	1938-39	1943-44
1. Ahmedabad	A	Rs. a. p. ..	Rs. a. p. ..	Rs. a. p. 1 8 0	Rs. a. p. 4 8 0	Rs. a. p. 1 8 0	Rs. a. p. 5 0 0	Rs. a. p. 2 4 0	Rs. a. p. 6 0 0 to 7 0 0
2. Kaira	A	..	..	..	..	1 8 0	4 8 0	2 8 0	8 0 0 (42-43)
3. Surat	A	1 0 0	3 12 0 to 4 12 0	1 8 0	4 6 0 to 5 8 0	..	..	2 8 0	10 0 0 (42-43)
4. Broach Panchmahals	.. ..	2 9 0	8 8 0 to 9 8 0	..	..	3 6 0	9 0 0	3 12 3	12 0 0
5. Baroda State	A	..	..	1 4 0	5 8 0	..	..	..	..
6. Dhulia	.. ..	..	..	3 0 0	6 4 0	3 9 0	7 4 0	3 9 0	11 0 0
7. Jalgaon	.. ..	..	..	2 7 8	6 8 0	3 1 6	7 8 0	3 12 3	11 0 0
8. Nasik	.. ..	..	..	2 9 0	6 4 0	3 9 0	7 4 0	3 9 0	11 0 0
9. Nagar		..	..	2 5 6	6 0 0	2 9 0	7 0 0	3 12 3	11 0 0
10. Poona		..	..	3 0 0	6 0 0	3 5 3	7 0 0	5 0 0	11 0 0

PRICES AND PRICE CONTROL

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Sl. No.	District	Paddy		Jowar		Bajri		Wheat	
		1938-39	1943-44	1938-39	1943-44	1938-39	1943-44	1938-39	1943-44
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
11.	Sholapur ..	..	..	2 7 6	6 8 0	2 4 0	7 0 0	4 9 0	11 0 0
12.	Satara ..	..	..	2 7 9	7 8 0	2 7 9	7 8 0	4 8 9	11 0 0
13.	Belgaum ..	1 10 0	7 8 0	2 4 0	7 14 0	2 1 0	7 4 0	4 6 0	11 0 0
14.	Bijapur ..	..	..	1 13 6	11 0 0 (revised to 7 inter).	1 13 6	8 12 0 (revised to 7).	3 4 0	11 0 0
15.	Dharwar ..	1 11 0	7 4 0	2 4 0	7 6 0 (revised to 7).	2 2 0	7 8 0	3 13 9	11 0 0
16.	Thana ..	2 11 9	7 0 0 to 8 0 0	..	..	..	..	..	..
17.	Kolaba ..	2 13 0	7 0 0	..	..	..	..	..	..
18.	Ratnagiri ..	2 0 0 to 2 8 0	7 4 0 to 8 8 0	..	..	..	..	..	..

N.B.—All the 38-39 prices are retail prices per Bengali Maund at harvest time at the district place and all the 1943-44 prices are the maximum prices offered by Government per Bengali Maund; except in (A) where both the sets of prices are per local maund (Surti) and (B) where both the sets of prices are per local maund of 16 paylees by measure.

Both the wheat and rice prices given here were only ceiling or controlled prices and did not represent the actual conditions in the market. Moreover, in many cases the prices were only prescribed for certain areas, usually surplus. More important, these prices did not refer to identical varieties, but to only those in common use in the areas and such prices differ considerably even in normal times. Nevertheless, it is evident that the price spread of more than 100% in wheat and of more than 150% in rice (even excluding the Bengal famine area) is not explicable except as an indication of a breakdown of the normal price structure. As a result of the recommendations of the Foodgrains Committee, however, a Price Advisory Committee consisting of the representatives of the Centre, the Provinces and the States and of trade and industry was constituted to advise the Central Government on matters of price fixation. A directive was issued by the Central Government to the provinces not to change their controlled prices in either direction and not to introduce new statutory price control without the Centre's sanction. On the advice of the Price Fixation Committee, the Government of India fixed wheat and millet prices for surplus provinces. The former were fixed at Rs. 9-8-0 in the primary assembling markets in Sind and in the Punjab and Rs. 10-4-0 in U.P. for 1944-45 season. The millets prices were fixed at Rs. 7-0-0 for jowar and Rs. 7-8-0 for bajra for the primary wholesale markets of surplus areas. The deficit provinces were allowed to fix the maximum prices of both wheat and millets according to their local requirements. The rice prices however continued to be entirely fixed by the Provincial Governments and continued to show a wide though narrowing gap. The following were the rice prices in the beginning of 1944 :—

Bengal	Rs. 13 4 0 to Rs. 14 4 0
Bihar	Rs. 11 0 0 to Rs. 12 0 0
Orissa	Rs. 9 0 0 to Rs. 11 0 0
U.P.	Rs. 13 0 0 to Rs. 16 0 0
C.P.	Rs. 7 0 0 to Rs. 15 0 0

The Price Advisory Committee of the Government of India did not find it possible to recommend any common rice prices for the rice-producing regions. The difficulty was that unless the cost of production and the cost of living in places like Bengal came into line with those

elsewhere, a premature attempt at narrowing price gaps could only mean either a blow at the Grow More Food campaign in those places or an unnecessary upward rise in prices. The fixation of rice prices was further complicated because of the greatly varying prices of different qualities even in ordinary times.

The fixing of maximum prices, however, either throughout India uniformly or in different provinces does not mean that the actual prices paid are also in correspondence. Since the minimum prices fixed by the Government of India were much lower—Rs. 5-8-0 for jowar and Rs. 6 for millets all over India¹ and Rs. 7-8-0 for wheat in the producing areas—the actual prices offered either by the Provincial Governments or private parties might fall much short of the maximum prices and even in the same Province might vary from district to district. Upto 1944-45 no Provincial Government except Orissa had fixed actual prices for producers.² The fact of monopoly in some provinces enabled their Governments to determine actual prices but these have widely varied from district to district. However, the all-India price control policy succeeded to some extent in narrowing the gap between prices prevalent in different regions, as will be seen from the following table :—

Cereals (Jan. 1943=100)

	Aug. 1943	Jan. 1944	Mar. 1944	June 1944	June 1945
Eastern Zone					
Burma	217	115	123	—	112 Feb.
Maibang	235	208	168	159	159
Rajapur	327	151	151	166	134
Shankargarh	181	153	149	166	157
Sonaili	318	189	187	180	163

¹ For Bombay Province a special exception was made, the minimum prices for millets being the same as statutory prices.

² For 1945-46, Sind has also laid down actual wheat prices.

Northern Zone

Multapi	128	95	135	110	120
Nana	93	128	119	109	113
Salamatpur	150	143	143	150	157
Shujabad	129	138	120	112	115
Gujar Khan	144	137	142	131	122

Southern Zone

Krishna	147	151	128	121	154
Lakh	144	118	118	112	112
Malur	118	140	140	140	161
Muniguda	129	119	119	156	178
Kudchi	159	—	120	—	58

Secondary Wholesale and Retail Price Control

So far we have been concerned with the question of primary price control. We now turn to the prices at the consumers' end, which after all are the ultimate objective of all such controls. It is from the need to maintain these at a reasonable level consistently with the equally urgent need to assure and even increase supplies that the various controls have developed. It is well known that controls in India have evolved from the consumers' end back to the primary stage. In the absence of any control over the prices in producing regions, these controlled prices had to be frequently revised and could serve little purpose. On the basis of primary price control built up later, control over secondary wholesale and retail prices became easier. While retail price-fixing has to be left to local authorities, it is essential that the maximum permissible margins should be notified, and that the way of calculating margins in each case should be made clear to them. At the same time, a close supervision should be kept to see that essential margins, and not more than essential, are granted by the local authorities. In the past, the local authorities were given too wide a discretion with the consequence that district prices varied widely leading to large scale smuggling, and drying up of sources of supply. The Bombay Government have taken a lead in this respect

by issuing specific orders regarding the margins to be allowed. They have directed that in the formally rationed areas, the prices should be fixed on a no-profit basis, in the non-rationed urban areas at a flat rate of 12.5% above the purchase price including cost of transport, when grain is bought in another district, and in rural areas at 5% above the purchase price in the case of grain purchased in the same taluka and in other cases at an "economic" rate.¹

Producers' and Consumers' Interests

The question of the fixation of retail prices brings us to another difficulty viz. the clash of interests between producers and consumers, the double necessity of giving an impetus to production and at the same time of seeing that foodgrains are not sold at prices beyond the capacity of the general consumer. Other belligerent countries have tried to minimise and even resolve this conflict by a policy of thorough price control over the agriculturists' requirements, both business and personal, by elaborate schemes of subsidisation and by reducing the middlemen's margins. India might well profit from these examples even though her problem is far more complex on account of inflation. The problem of price control of the agriculturists' requirements and of consumers' goods has been dealt with elsewhere. The questions of reducing middlemen's margin as well as the problem of subsidies will be dealt with here.

Reduction of Margins

It is a well-known fact that in India, the margin between the prices that the producer obtains and those which the consumers pay is very great. It has been calculated that the wheat producer gets only 3/5ths of what the wheat consumer pays and the rice cultivator a little more than 1/2. It might appear from this that these conditions leave ample scope for reducing the distribution costs, both by cutting down the number of middlemen and by removing other inefficiencies and waste. The monopoly procurement or conditions approximating to it now pre-

¹ This rule has however led to an anomalous position. Because of the need of economising transport the normal sources of supply have to be controlled with the result that a big city like Bombay gets rice cheaper than many rural places.

vailing in many regions and also Government control over distribution must have reduced in many cases the number of middlemen, both wholesalers and retailers. But whether the margins allowed to these are also reduced, and whether this reduction coupled with the elimination of some middlemen and of unnecessary transport costs has more than counterbalanced the administrative and other costs which the Governments have to incur (the question of whether these are or are not passed on to consumers is irrelevant at this stage) and the deterioration in services to the consumers are not matters which can be easily decided. The Bombay People's Provincial Food Council, for example, calculated that in the case of the town of Ahmednagar, which gets its supplies from rural places in the nearby districts, the margin between the retail prices charged and the price the cultivator got was as high as 30% in 1945. When one considers also the consumers' loss by way of no home delivery, loss of credit, less variety etc., one cannot feel optimistic about any better market organisation or more efficient distribution having been brought about due to controls.

The positive achievement that can be claimed for the various measures adopted by Government is that they have prevented the wide profits that otherwise might have accrued to middlemen under war conditions and have prevented middlemen's "profiteering". How for this profiteering can go will be seen from the way rice prices rose in 1943 in the absence of any Government organisation.

Month	Rice Prices (Aug. 1939=100)
February 1943	218
March "	496
April "	634
May "	780
June "	951
July "	951
August "	1034
Sept. "	847

As the average cultivator sells rice immediately after the harvest which is usually from November to January, this steep rise in prices

is largely an indication of the phenomenal increase in the middlemen's profits. In so far as the Governments have succeeded in checking the upward tendency of the margins, they have done valuable work. But that does not take us anywhere near the solution of the more long-run problem of eliminating the normal waste due to inefficient distribution.

Government Profiteering

Surprisingly enough, in the earlier periods of control the Provincial Governments themselves tried to play the role of middlemen. The bans on food exports and the urgent needs of the deficit Provinces supplied the Governments of the surplus Provinces with an opportunity to get handsome profits out of the foodgrains sales to the deficit Governments. Some of them seem to have felt no compunction in improving their budgetary position in this way. The lack of any systematic arrangements for distribution of these grains at cost prices in the deficit provinces lent an excuse for such action. More surprisingly, one deficit Government whose people were on the very verge of starvation itself tried to make hay while the sun shone. This caused widespread resentment and the Food Department issued on 19th August 1943 instructions forbidding any Government to make a profit on the exports of foodgrains without the prior approval of the Central Government, which was only to be given in exceptional circumstances. The Sind Province, against which public criticism was mainly directed, immediately got this consent on the ground that it had succeeded in stabilising prices at a lower level because of its successful price control and was entitled to the profits thereof. Whatever the justification of this permission temporarily, the rule that no Provincial Government should profit either by its food exports or imports is a natural corollary of statutory control. If the prices in the various provinces vary, as they are bound to because of the varying conditions in these provinces, the receiving Governments pool these prices and pass on the benefit to their consumers. Any other solution of this problem would strike at the basis unity of India, thus introducing a fatal principle.

Subsidies

The question of subsidies to producers and/or consumers has often been raised in this country, but hitherto it has not been found possible

to enunciate a definite policy. Some time ago a departmental committee the Government of India was constituted to go into the question and indicate desirable lines of action. From the data we have been able to gather, it seems clear that in so far as food prices at the growers' stage are concerned, they seem to be on the whole high enough. The real difficulty in this case has been not so much the high cost of implements, livestock etc. as their non-availability. It seems therefore that the proper approach here is that of subsidisation in kind, that is, provision at reasonable rates of seed, manure and implements to the farmers through the agency of co-operative societies or Government shops.

That the present food prices prove a real hardship to some sections of the people is obvious. In the case of practically all rationed cities it has been found that the ration offtake is much less than the maximum allowed. In Karachi, for example, during the first six months of rationing not more than 60% of the rations was drawn during any week. In Bombay City, an average family has not drawn more than 7/10ths of the foodgrains allowed. Similar has been the case in Madras City, where the offtake formed 89%, 76%, 81% and 61% of the full rations in September, October, November and December 1943 respectively. While this phenomenon may partly be due to the fact that some families consume less of cereals either because they have abnormally low digestive capacities or because they supplement their diets otherwise, this cannot be a fully satisfactory explanation and a large part of the responsibility must be allocated to the inability of the masses to buy full rations at the market prices. This is also seen from the fact that in Bombay City and Karachi the purchases made during the first week are always more than those during the subsequent weeks of the month and the purchases during the last week are the least. The situation in areas which have not benefited much by the war, as most of the smaller towns, must be much worse, and the non-agricultural classes, the unorganised workers and the lower middle class in these areas must be hard put to it to obtain their usual requirements. Our enquiry both in the urban and rural areas of Gujarat and Maharashtra revealed that the poorer people had been compelled not only to substitute inferior cereals for higher ones, but even to reduce their cereal consumption. The table on the next page might be found interesting in this connection.

Changes in consumption.

Place	No. of families examined	Rice No. Extent	Wheat No. Extent	Jowar No. Extent	Bajri No. Extent	Maize No. Extent	Remarks
Unrationed cities of Gujarat	94	-16, 20.60% ; in 9 families complete disappearance.	-15, 40.50% ; in eight cases 100% reduction. +6, 25% ; in five families for first time	-7, 30.40% ; in 4 cases 100% reduction. +6, 100% ; in 5 cases for first time	-9, 20.50% ; in five cases 100% reduction. +3, 50.100% ; one for first time.	+4, 200% ; in one for first time.	Two families took to Nagi; one to Bav to. Absolute reduction in 35 cases.
Urban Maharashtra.	96	-71, over 50% ; in 8 cases complete disappearance.	-35, 25-50% +24 --	-16, 25% +28 --	-21, 40-60% +14 --		Absolute reduction in 52 cases.

* "Number" and "extent" under the various food grains refers to the number of families (+ denoting those who have increased and—those who have decreased their consumption) and the extent of changes in consumption.

Coupled with the reduction in consumption of nutritive food like milk, fruits and vegetables, which is noted elsewhere, this must have meant serious deterioration in the vitality of these sections. So far little has been done to prevent this. The Provincial Governments have, with a few exceptions, insisted that the full cost be met out of the prices charged. The only exceptions we know of are the U.P. and Orissa. In the course of its scheme of administering partial rationing, the U.P. subsidised the consumption of the poorer classes in regulated towns. In Orissa a scheme for 1944-45 costing Rs. 10 lakhs was sanctioned by the Government to subsidise food sales in areas in which there was distress in 1943-44, in deficit areas and in such areas as might give indication of distress. Certain classes of persons only were eligible for this benefit: (a) Landless labourers in rural areas (persons owning land upto 1 acre are included in this category) and (b) in urban areas, families having an income of not more than Rs. 40 per month provided the per capita income was not more than Rs. 10, or families having an income of less than Rs. 25. To these people, paddy was to be sold at Rs. 5 a maund and rice at Rs. 8-7-0 a maund.¹

We admit that in India it would be difficult even with the help of subsidies to secure results comparable to those in Britain, where a standard of health and nutrition greater than that before the war has been secured and where the consumption of protective food by the poorer classes has increased. The utmost we can hope for is that in those cases where the offtake falls much below the normal, steps are undertaken to subsidise consumption through sale at lower prices. A systematic study of the offtakes by different classes of people in rationed cities would enable the Provincial Governments to see which classes stand in need of such subsidisation. In the case of unrationed towns and rural areas, shrewd observation followed by some 'ad hoc' enquiries would probably indicate the classes of persons in need of such assistance.

In any scheme for subsidies, the cost involved is a crucial question. The vast sums spent for the war, and the immense human suffering involved in the absence of such schemes must be the background against which any such expenditure must be judged. In any case, it

¹ The wholesale market price of paddy in Orissa was Rs. 5-6-0 to Rs. 6-10-0 and of rice Rs. 9-0-0 to Rs. 11-0-0.

appears ironical for Governments to build up funds for post war reconstruction, when the most important element in planning—the human element—is going down and there is an urgent need of resurrecting it immediately. Looking, however, to the vast needs of India, it is quite likely that in spite of a proper perspective regarding the costs involved, consumption subsidies to the needed extent would not be feasible. Private charity may be expected to supplement Government efforts. In 1942-44 several cheap grains shops run by private parties had sprung up but the treatment meted out to them, the inadequacy of supplies and the inefficiency of the general distribution system in the past hindered their growth. If the Governments took up a positive attitude of encouragement such shops would greatly multiply. In Baroda State an experiment was tried in this direction and yielded good results. The State contributed to cheap grain shops opened by private enterprise the cost of maintaining one peon, rent and certain initial expenses, as a result of which some 143 philanthropic shops were opened. The British Provinces could emulate this example.

It appears on the whole that while some relief along these lines could be extended to specially selected groups or classes, though even here there may be considerable administrative difficulties, extensive subsidisation so as to bring food prices within the reach of all consumers seems hardly feasible. The hardships people in this country have undergone and are at present undergoing on account of the high prices of foodgrains and other necessities are really the unavoidable consequence of a policy, which on the one hand has failed to stimulate production sufficiently, and on the other has kept on adding to the volume of purchasing power, pressing upon the limited supplies available.

APPENDIX I

Price Control, Procurement and Distribution Policies

The conditions for the successful enforcement of price control are brought out by the following table representing conditions at the beginning of 1944 :—

Province or State	Extent of surplus or deficit	Nature of influence exercised	Government purchases	Distribution policy	Success achieved in keeping prices at reasonable level	Remarks
Sind	30% surplus in rice and 35% in wheat	Statutory price control over wheat, rice (certain varieties), millets and barley.	Carried out through Syndicates and only for exports and supplies to rationed towns.	Rationing embodied upon recently; only towns above 1 lakh to be rationed.	Very great.	
Punjab	16% surplus in wheat 33% in rice and 10% in gram.	Price ceiling method in wheat.	Carried out through Government Agents and only for exports and supplies to rationed towns.	six rationed towns above 1 lakh plus Simla to be rationed.	Moderate.	
U. P.	Surplus. Wheat less than 2%, millets 9% and grams 5%. Deficit in rice 8%.	Price ceiling method in wheat, gram and barley.	Carried out through Government agents. Besides exports, all inter-regional movements and a great part of movements to regulated towns on Government account.	Partial rationing regulated towns.	Fair.	

Bihar

Deficit 6%; deficit Statutory price control over wheat, Government Agents and rice, gram, maize traders. A part of dis- and only in towns and barley. trict surplus for rationed with a population and partially rationed of more than 1 lakh. Before that partial rationing in some towns. Now partial rationing in towns between 75,000-100,000 population.

Not satisfactory. Near Bengal.

Orissa

Surplus in paddy Only in 1944 price Carried through agents. No formal ration- Moderate. and gram, but de- control on rice and Purchases of a large part ing anywhere but Affected by flood to some extent ficit in wheat paddy introduced. of marketable surplus in a well-knit policy and near Bengal. Wheat in little de- all markets. of distribution. mand and most of it imported; hence its prices dictated by Govt.

Province or State	Extent of surplus or deficit	Nature of influence exercised	Government purchases	Distribution policy	Success achieved in keeping prices at reasonable level	Remarks
Bengal	Deficit. paddy (3%) and wheat.	(a) Statutory price control only over wheat products up to Aug. 1943. Most of the wheat imported; hence a control over its stocks. (b) Statutory price control on rice, wheat and wheat products.	Carried on through Government Agents. Purchases of the entire surplus in towns with a plus in surplus districts after the famine.	Late to introduce rationing and only in towns with a population of more than 1 lakh.	Complete failure.	Flood and cyclone creating unprecedented havoc; near the war zone.
C. P. & Berar	Surplus. in rice and millets, on the border line in gram and wheat.	Ceiling prices over rice, wheat and millet.	In 1943 district surpluses and purchased. In 1944 monopoly buying carried out through Govt. Agents.	Rationing only recently introduced and confined to towns with a population of more than 1 lakh. But informal rationing in many cases.	Great.	

CHAPTER VI

CONTROL OF OTHER FOODSTUFFS

A—Sugar

It is rather surprising that a commodity for which the pre-war complaint was over-production should have become so scarce in wartime. Tragically enough, it was the Government action to check over-production that hastened the need for control. The year 1940-41 was the record year of sugar production, and the Governments of U.P. and Bihar had taken drastic measures to check production. Though in 1942, the Provincial Governments tried hard to reverse this process, the harm had already been done, less sugarcane had been sown, and sugar production fell from about 11 lacs of tons in 1940-41 to 8 lacs in 1941-42. Along with military demands, cessation of imports and increase in exports, this caused a countrywide scarcity of sugar and raised sugarcane prices to 120 in April 1942 (Aug. 1939=100). The situation came up for urgent discussion at the Fifth Price Control Conference, and as a result of its recommendation, a comprehensive Sugar Control Order was promulgated on 14-4-42. A Sugar Controller was also appointed on the same date, with powers to determine sugar prices, to prohibit or limit the production of certain qualities,¹ to control all sugar movements by rail, to allocate sugar quotas to Provinces and ask their producers to supply sugar to such areas or markets in such quantities and at such times and places as he might think fit.

Sugar Controller

It will be seen that as compared with the Wheat Commissioner appointed almost at the same time to control wheat prices, the Sugar Controller had fuller powers. The Wheat Commissioner was only a sort of a permit-issuing officer for inter-provincial movements. Sugar production being highly centralized, the Sugar Controller had been given powers to regulate prices, production, and inter-provincial distribution. He utilized these powers fully and immediately, laying down

¹ These powers were given in June, 1942.

not only the different ex-factory prices for different varieties of sugar but also fixing the maximum permissible margins between these and the wholesale and retail prices in different provinces. U.P. and Bihar being the only two sugar-surplus provinces, his task to regulate movements to ensure the satisfactory working of the quota system has only meant keeping a keen eye on the production and stocks of factories in these two Provinces.¹

Later Developments

During the three years that have intervened since the passing of the first Sugar Control Order, its main outlines have remained the same. The two main difficulties that sugar control had to cope with in these three years have been the tendency to sow less sugarcane because of larger rises in prices of cereals, and the possibility of diversion of a greater amount of sugarcane to gur-production due to higher gur prices.

Sugarcane Production

To avert a decline in sugarcane production, the Provincial Governments raised more than once the minimum prices for sugarcane for factories. From the normal five to seven annas a maund, the two main sugarcane-producing provinces, U.P. and Bihar, raised these prices to eight annas a maund for the season 1942-43. In December 1942, they revised these prices again, increasing them by two annas. In November 1943, a further inducement was offered to the cane-growers by fixing the prices at 12 annas, but out of this, two annas had to be compulsorily invested in Defence Savings Deposits. Even this compulsory deposit rule was waived after some time, and in Bihar a further increase of one anna was granted. Other provinces went further e.g. the Punjab Government fixed sugarcane prices for 1943-44 at 0-14-6, and the Bengal Government at Re. 1 for outstations and Re. 1-2-0 elsewhere. Naturally, these increases necessitated parallel rises in sugar prices, the index number for which increased to 167 in June 1945.

The rises in prices granted by the Provincial Governments have been sufficient to check the diversion from sugarcane to cereals. The area under sugarcane has not decreased during the war years as will be seen

¹ For a more detailed account of the origin and growth of Sugar control, see Price Control and Food Supply, pp. 35-9.

from the following table :

	Area under sugarcane (in lacs of acres)
1939-40	36
1940-41	46
1941-42	34
1942-43	36
1943-44	41
1944-45	41

Sugar vs. Gur Production

Since normally about 61.1% of the sugarcane produced is devoted to gur production as against 17.4% devoted to sugar, any increase in the former would considerably affect the latter. The uncontrolled prices of gur, which went on rising, were likely to bring about this effect and most of the Provincial Governments had to devote much attention to the problem of devising methods to prevent such diversion. The methods adopted differed from province to province, and have been detailed in Appendix I to this chapter. From this appendix, it appears that provinces which exported a large part of their gur production found that export control was sufficient to bring down gur prices. Others had to go further and prohibit the manufacture of sugarcane in areas from which the sugar factories normally drew their sugarcane supplies. Such a measure favoured one section of sugarcane producers as against others. Those whose fields were far away from sugar factories could reap the benefit of the higher gur prices; others had to sell their sugarcane to factories. The only attempt to set this injustice right to some extent was made in Bengal, where in allocating imported gur supplies which were much cheaper than home gur supplies, preference was given to the sugarcane areas near factories. With the exception of Bihar, the measures taken were fairly successful in ensuring sugarcane supplies to sugar factories in 1943-44.

Other Difficulties

Some provinces had other problems to face in respect of sugar production either because of transport or coal difficulties or because of the selfish attitude of other provinces. e.g. Madras, with a view to conserve its sugarcane, banned exports outside the province in 1943-44. Since Orissa factories used to derive a large part of their cane supplies from Madras, this created a difficult position for them. Ulti-

mately, Madras agreed to give permits for export of a certain amount of sugarcane to Orissa. This amount, however, was insufficient for Orissa's needs, with the result that its sugar production decreased. Bengal factories which derived their sugarcane supplies from far off sources were affected by lack of suitable transport. Only 6 out of the 8 sugar mills could work in the Province. In the Punjab one factory out of the four closed down due to coal difficulties.

Total Sugar Production

The various Government measures were successful in increasing sugar production substantially in 1943-44. In 1944-45, however, there was a fall in production.

Province	Sugar Production		
	1944-45	1943-44	1942-43
	(estimates)		
	(in thousands of tons)		
U. P.	616.1	727.1	612.5
Bihar	166.6	212.4	237.4
Punjab, Sind and N.W.F.P.	16.7	17.4	11.8
Madras	52.8	39.2	27.5
Bombay	84.1	81.2	77.9
Bengal	15.2	13.6	16.5
Orissa	2.4	1.7	2.1
Indian States	52.8	123.8	85.0
Total	1006.7	1216.4	1070.7

The fall in sugar production in 1944-45 is rather surprising when there is no over-all sugarcane shortage. Perhaps, it is the transport and coal situation combined with local shortages that is responsible for this situation.

Pre-War Sugar Position vs. Present Position

Along with the position in sugar production, that regarding exports also improved in 1943-44. Figures showing sugar exports in quantities are not available, but their value declined from Rs. 213 lakhs in 1942-43 to Rs. 42 lakhs in 1943-44 and to Rs. 32 lacs in 1944-45. The annual quota allotted for exports to neighbouring countries was limited according to the Sugar Controller to 15,000 tons. The military demand during 1943-44 was estimated at 50,000 tons. The sugar allotted for civilian consumption during 1942-43 and 1943-44 was 9.2 lakhs and 10.6 lakhs

of tons respectively, compared with the normal consumption of about 11.7 lakhs of tons. In 1944-45, inspite of the large carry-over of 1½ lakh tons, supplies were much less because of the fall in sugar production.

While judging the adequacy of sugar supplies for civilian use, it is essential to bear in mind the fact of the increase in the popularity of sugar which must have been accentuated by the larger concentration of population in urban areas where sugar consumption per capita is much larger than in rural areas.¹ The effects of other factors like inflation, changes in the relative position of various classes, the relative stability in sugar prices, and the disproportionate rise in gur prices in some areas are hard to assess, but on the whole they must have exercised considerable upward pressure on demand.

Sugar Distribution

The figures of the sugar quotas allocated to different provinces since the sugar year 1943-44 are not yet available. The 1942-43 quotas along with the normal consumption of each province are given below in the following table :

Province	Normal Consumption (1935-36 to 1938-39)	Quota allotted	Percentage cut
	(in thousands of tons)		
U. P.	192	137.0	29
Punjab	203	141.0	31
Bihar	56	46.5	17
Bengal	150	132.0	12
Madras	100	89.7	10
Bombay	227	188.5	17
N. W. F. P.	20	15.5	18
Hyderabad	27	15.0	44
Assam	17	12.0	29
C. P.	41	30.0	21
Orissa	9	7.0	22
Sind	42	28.5	36
Central India	30	20.8	31
Rajputana	48	28.1	42

1	Province	Sugar consumption per head	
		Urban areas	For the whole Province
		(in lbs.)	
	U. P.	58.1	8.3
	Punjab	50.4	12.8
	Bengal	85.5	6.3
	Madras	51.2	4.4
	Bombay	81.4	16.3
	Sind	82.1	17.3

(Report on the Marketing of Sugar in India and Burma, p. 130)

One happy feature to note regarding the inter-provincial distribution of sugar is the absence of any violent controversy regarding the principles on which this is to be done. The principle of more or less equal sacrifice has been accepted. This is a great advance on the method of foodgrains distribution where every surplus province insists on its needs being satisfied first, and the general population of the province backs up this procedure. In the case of sugar distribution, on the basis of statistics of pre-war consumption, a proportionate cut in the consumption of each province is agreed upon, and any departure from it is permitted only on the basis of clearly proved new factors in the situation.

While the deficit provinces were on the whole satisfied with this procedure, there were a few provinces, especially those which actually produced less sugar than they were expected to, which felt the sugar scarcity acutely. It is necessary to provide for some elasticity in the arrangements of sugar distribution, so that those provinces which are not able to produce more sugar because of unforeseen difficulties could be allotted extra import quotas.

The arrangements for the inter-district distribution of sugar within the provinces have improved greatly during the last three years. It was originally contemplated to distribute sugar through recognised sugar dealers. But this method created a widespread black market. It has now been the practice of almost all the provincial Governments to fix quotas by districts, and send the district quota to the District Magistrates, who are responsible for the further distribution of sugar within their areas. The exact formulas, by which the provincial quotas of sugar are allocated among the districts, vary widely. It is recognised that the best way is to go on the basis of past consumption which in a non-producing district equals the net imports. But often these figures are not available, and some patchwork formula has to be devised. The per capita pre-war consumption in rural and urban areas of the province and the relative urbanization of the district are ascertained, and allocation made on this basis. But sometimes, even these are not available and a large amount of guesswork has to be resorted to.

The distribution of sugar to final consumers is still an unsolved problem. The consumption of sugar, unlike that of foodgrains, has not been uniform even within the urban areas, so that its proper distribution in cities is very difficult. No uniform rations throughout these

areas are possible, and even in the same city rations allotted on per capita basis lead to extensive black markets.¹ In some bigger cities, however, sugar rationing on a uniform basis has been found practicable. The rations given vary widely in the same province, e.g. at the end of 1944 in the Bombay Province, in Bombay and suburbs 12 oz. of sugar were given per adult per week, in Ahmedabad, Surat, Poona, Sholapur and Hubli 10 oz. and in Nasik and Belgaum 8 oz. It has now become an established principle of sugar rationing to give the same amount of sugar to children as to adults. Occasionally, however, this rule is infringed, e.g. in the Nasik City at the end of 1944 children below two were only given half the adult ration. Differential rations have also been adopted in some places, higher rations being given to persons belonging to higher income groups, e.g. in Nagpur City where the ordinary sugar rations were as follows: minimum $\frac{1}{2}$ a seer per week, 3 to 6 persons 1 seer, and 6 to 10 persons 2 seers. In the same city there was also an alternative system of allocating sugar whereby a family earning between Rs. 100 and Rs. 300 was given $1\frac{1}{4}$ seers a week, and above Rs. 300 $2\frac{1}{2}$ seers a week. While the co-existence of these two systems side by side is bound to create difficulties, it would be worthwhile investigating if sugar rationing on combined income and family basis would prove more satisfactory. The Punjab tried to allow for the differentiation in sugar consumption in a peculiar way. In Lahore city and some other places, where sugar rationing was introduced, ration cards were given to the masters of those domestic servants who did not want to take sugar for themselves.

As we have seen above, the District Magistrates are allotted the total quantity for the district, and it is for them to see that sugar distribution is done properly and equitably within their areas. Some of them, enthusiastic and vigorous, have taken steps to allocate the district quota among the talukas thus reducing greatly the scope for mischief, and a few have even gone further breaking up the taluka quotas among villages and handing over the village quotas to the Patels. How well the Patel himself carries on the final task depends much on not only himself, but also on the village people, their enthusiasm and spirit of

¹ It is interesting to note that though throughout urban Gujarat sugar was formally or informally rationed, it was common for well-to-do families to draw sugar supplies of 30-45% from the black market where about $2\frac{1}{2}$ times the controlled rates are charged. No person having an income of above Rs. 300 curtailed his sugar consumption.

co-operation and on how far the Patel is able to enlist these. The Patel's task is not easy, for he is entrusted with the distribution of a commodity which is unequally consumed, and about whose consumption by various classes in most of these areas nothing is known. Where tea consumption is not common throughout the village, he has to distribute the quota on some rough-and-ready basis which, by its very nature, gives rise to much complaint.¹ But where public opinion is not vigilant, the state is much worse. No wonder that the distribution arrangements for sugar in the rural areas are admitted by several Provincial Governments to have been highly unsatisfactory.

The uncontrolled prices of sugar products which absorb a large percentage of the available sugar in bigger cities² has been another powerful factor creating a black market even in the rationed cities. The Halwais, who can command large prices for their own products, are naturally willing to offer higher prices for sugar, and if they feel the sugar supplies they get are not ample, they try to bid for sugar either from people who can spare it from their own supplies, or from smuggled supplies. Since it is not possible either to grant them the full sugar quota they would like to have for the manufacture of their products, or to directly control their production,³ a control of prices of sugar products provides the only remedy. This has been informally attempted in some places and has met with success. Logically the control should be extended to sweetmeat prices.

Government machinery has not always been able to reach the consumer in the way we have outlined above, and distribution has often been more or less entirely entrusted to private agencies. In such cases, a licensing system is the only check, and most of the Provincial Governments have adopted a compulsory licensing system for wholesale merchants and retailers in sugar. Some have also placed limits on the amount of sugar that can be purchased in one transaction. Often, a limit is also put on the stocks of sugar that can be kept without declaration. All such measures have only limited utility and are poor substitutes for rationing, formal or informal.

¹ In some parts of the Surat district, e.g., castes like the Dublas are given less sugar rations than persons of higher castes.

² The sugar utilised for preparing sweetmeats and confectionery amounts to 28.9% of the total sugar consumption for the whole of India.

³ This has been done in the case of peppermints, chocolates and some other sugar products manufactured on a large-scale.

B. Gur

Gur is a more important item of consumption than sugar in India. The per capita sugar consumption in 1941-42 was estimated at only 6.5 lbs., and gur consumption at 18.5 lbs. But the fact that gur production is a rural industry has prevented its receiving the attention it really deserves. The first All-India measure in this direction was the Gur Control Order of July 1943 which empowered the Gur Controller, among other things, to fix gur prices for specified areas, to allot gur quotas to specified markets and order gur dealers to supply the same in specified quantities at fixed prices to such markets. The power to ban gur transport by road, rail and river was also given to him. The last power was utilised immediately. The whole of India was divided into zones in such a way that almost all movements outside Provinces except to adjoining States were forbidden. The only exception was N.W.F.P. which normally exports two-thirds of its gur production. Exports were permitted from the N.W.F.P. to the Punjab, Sind and Baluchistan. The other gur exporting provinces are U.P., Bihar and Madras.¹ The Gur Controller of India took upon himself the task of allocating the exportable surplus of these among the various Provinces and States. The system has on the whole worked well. In fact, in 1943-44 the surplus Governments were willing to part with more than their normal surpluses, as will be seen from the following figures :—

Province	Normal Gur Exports (in thousands of tons)	Surplus declared in 1943-44
U. P.	299	More than 300
N. W. F. P.	55	100
Bihar	15	18
Madras	23	Over 50

As a result, the Gur Controller allowed some of these Provinces to relax their gur export bans or widen the free zones.

The further distribution of the gur quota received through the Gur Controller is a Provincial responsibility. Most of the Provincial authorities have tried to allocate this on the same principles as sugar,

¹ Marketing Report on Sugar, p. 135.

but the system does not seem to have worked satisfactorily. The imported gur is given on condition that it should be sold by the recipient Governments on a no-profit basis. The prevailing prices of home-produced gur were much above these in some of the provinces. In C.P. the prices were as high as 12 annas a seer, whereas the imported gur was sold at $4\frac{1}{2}$ seers per rupee. Except in Sind, where gur imports are eight times the total local production, the imports do not form a large proportion of the total supplies in any area, and control over imports therefore cannot enable the Provincial Governments to bring down gur prices.¹ No deficit province except Orissa fixed maximum prices for locally produced gur. Some provinces like Bombay tried to bring down gur prices by banning exports from gur-surplus districts except at prices below a fixed maximum. But their success was very limited. The only other alternative for efficient distribution of imported gur was to supply it only to a few selected places in the provinces,—a method which was adopted by most of the Provincial Governments.

C. Milk and Milk Products

Milk is said to be the “most perfect single food known to mankind” and is of special value to vegetarians who comprise a significant portion of the Indian population. Its value to expectant and nursing mothers and growing children needs scarcely to be emphasized. In view of this, special efforts were made in European countries to keep up milk and milk products consumption and to see that at least the milk consumption of the more needy groups did not suffer. In India where the pre-war per capita milk consumption was much less—only 4 oz. i.e. about $\frac{1}{5}$ th of the quantity used in other countries—such a measure was especially necessary. Unfortunately, except on a

¹ The changes in gur prices during war years will be clear from the following table:

		1939	1943	1944 (February end)
Madras	..	5-4	8-13	9-9
Ahmednagar	..	7-8	11-0	12-11
Lyallpur	..	5-12	8-6	8-4
Muzafarnagar	..	6-4	9-6	—
Meerut	..	6-4	—	—
Bhagalpur	..	5-0	7-8	—
(2nd quality)				
Deccan	..	7-12	24-0	30-0
(best quality)				

limited scale in Bombay Province and in Madras City, no such steps have been taken.

The war set in motion several factors tending to raise the demand for milk and its products. The concentration of the population in cities where the per capita consumption was already higher than in the rural areas,¹ the demand of the army for milk, the coming in of refugees accustomed to higher milk consumption—all these meant a great rise in the urban demand for milk. Because of the peculiarity of Indian conditions, viz., that a large part of the urban milk (about 25%) is taken in liquid form and has necessarily to be obtained from the city and surrounding areas,² the increased demand cannot be met by larger supplies from rural areas.

On the supply side, war affected milk production adversely in a variety of ways. The slaughter of milch cattle, which proceeded unhampered for quite a long time in India, dried up the main source of supply. Some Provincial Governments and States which normally used to export cattle to other places banned cattle exports. This meant that provinces like Bombay and Madras had to fight hard to get their cattle supply from surplus regions. The Regional Control Boards helped to improve this situation to only a limited extent. The cost of feeding cattle greatly went up owing to the increase in prices of hay,

(1)	Consumption		Ratio of 2 to 3
	(in ozs. per head per day)	Provincial	
(2)	(3)	(4)	
Lahore	16.4	19.7	0.8
Delhi	22.7	7.8	2.9
Karachi	18.0	22.0	0.8
Lucknow	17.4	7.8	2.2
Cawnpore	15.8		
Calcutta	9.8	2.9	3.4
Bombay	15.6	3.3	4.6
Poona	14.0		
Hyderabad	7.2	3.6	2.0
Bangalore	6.1	3.6	1.7
Madras	6.9	3.6	1.9

(Report on the Marketing of Milk, p. 57)

² According to the Report on Marketing of Milk about 50% of fluid milk consumption of big cities is produced within the municipal limits of the area. Report, p. 126.

groundnut cakes and other feeding stuffs. This higher cost was reflected in the higher price for milk which created a very difficult situation for the lower middle and poorer classes, whose milk consumption was low even in normal times.¹

To meet this situation, the Government of Bombay have taken several steps. In addition to the ordinary measures prohibiting slaughter of certain types of milch cattle, they have laid down the maximum number of buffaloes to be slaughtered in the four slaughter houses of Bandra, Kurla, Ahmedabad and Malegaon. They have also introduced a licensing system for all hay dealers in Bombay City and Suburban Districts and also for hay importers either on their own account or for sale from Thana or Surat Districts. Cottonseed and oilcake are rationed. Steps have also been taken for the salvage of dry cattle. A subsidy of 50% or Rs. 5 per head, whichever is lower, has been promised on transport of dry cattle outside the city and bringing in of milch cattle. Loans free of interest or at cheap rates are given for purchase of breeding bulls. The price of milk in surplus markets in Bombay City has also been fixed at Rs. 28 a maund. In Madras similar steps have been taken though no price control of milk has been attempted.

The Bombay Province has also tried to alleviate the problem in other ways. In Bombay and some other cities, the manufacture of ice-cream from milk, milk powder, etc. is forbidden thus saving a part of the milk supplies for more essential consumption. In addition, in the Bombay City luxury milk products² cannot be sold or distributed in a public place and in most of the cities milk or any beverage other than tea in which milk is used cannot be served to more than 50 persons at a time. Restaurants and hotels have been forced to use skimmed milk instead of milk in tea, coffee, etc. and unless they are lodging houses, they cannot serve milk or milk products to adults. This compulsory use of skimmed milk in restaurants has meant a saving of a large quantity of milk which is diverted to more urgent uses.³

¹ Vide Report on the Marketing of Milk, pp. 58-62.

² All milk products except tea, coffee, curds, buttermilk, ghee, cheese, and butter are considered as luxuries.

³ The nutritional properties of skimmed milk and the effect of this substitution on public health are matters on which there seems to be room for differences of opinion.

The following table gives the milk prices wherever available :—

		Pre-War Prices	1944 Prices ¹
		annas per seer	
Karachi	..	2	6 Controlled (April)
Bombay City	..	5-9	14 (December)
Cochin	..	2-6	6 (April)

This rise in prices compelled the poorer classes to restrict their already meagre milk consumption. This was highly dangerous and some steps for more equitable distribution were urgently essential. The only Governments which have done something in this regard are the Bombay and Madras Governments. The former have embarked on a scheme of subsidising milk consumption for children below 10 and for expectant mothers in Bombay City and Suburbs, half a pound per head in either case being supplied at 5 annas a pound.¹ There is no provision in the scheme for those who cannot afford even this, nor is there anything in the scheme to prevent the comparatively better off families rather than the really needy ones from availing themselves of this concession. An extension of this scheme to patients in need of milk diet would be an obvious improvement on the present arrangements.

While such a priority system does something to alleviate the distress caused by milk shortage, the fundamental problem of the scarcity of total supply remains. It is essential, therefore, firstly, that military dairies should be able to meet the needs of the military. Secondly, the Provincial Governments and municipalities should take all possible steps to increase milk production, including the starting of fresh dairies at suitable distances from the cities, and encouraging private producers and co-operative societies to do the same, giving them special facilities such as transport priority, feeding stuff for cattle, and, if necessary, monetary assistance. Such measures would also contribute to the long run problem of cheapening milk in urban centres.

Milk Products

The most important milk product is ghee, which normally absorb-

¹ This table probably underestimates the real rise in prices, as it does not make any allowance for deterioration in the quality of milk.

ed 58% of the total milk production.¹ The same causes that have led to milk scarcity have led to the scarcity of ghee. We need not go into these factors. We must, however, draw attention to two special factors. (1) Ghee, being a comparatively less perishable product than fluid milk, can be transported over longer distances, and therefore in its case the consequences of a greater demand in the cities can be dispersed over a greater area. As against this must be set the tendency of all exporting provinces and even districts to ban ghee exports to save their own regions from the consequences of a large price rise. (2) For ghee, a substitute is available in Vanaspati or vegetable ghee, which has for some time past been seriously competing with ghee. This substitution has gone still further during these war years.

The following table gives the prices of ghee and butter in those areas where available :—

		Calcutta		Karachi		Cawnpore	
		August 1939	January 1944 (Per Maund)	August 1939	April 1944	Aug. 1939	Jan. 1944
Ghee	..	46-4-0	148-2-0	47-6-0	128-0-0	14.6	4.8
Butter	..	41-5-3	110-0-0	—	—	(Chattaks per rupee)	

D. Vegetables

The consumption of vegetables, like that of most protective foods, has been very inadequate in India. Some idea of the extent of this inadequacy can be had from the fact that a 100% increase in their production is regarded as essential to ensure a balanced diet to the entire population. Special factors connected with the war aggravated the situation at an early stage. The demand for the military, the rise in urban population and the transport difficulties sent up the prices of vegetables. This created a serious problem in urban areas. To meet this situation, plans were made during the winter of 1943-44 for the Defence Services to produce their own vegetables. As a result of these, by the end of 1944 they were able to meet 60% of their requirements. Some of the Provincial Governments also took steps to increase vegetable production, but it is not possible, in the absence of adequate data, to assess the extent of success attained. Most of

¹ Report on Marketing of Milk, p. 65.

them, however, have taken no steps to evolve a more equitable distribution of vegetables. The problem is inherently difficult. Vegetables do not lend themselves easily to price control or to control over distribution. The only exception is potatoes in which case efforts at price control have been made at least by two Provincial Governments. The Sind Government have for some time past controlled potato prices at seven annas a seer at Karachi. The Bombay Government have made arrangements for sale of potatoes at controlled prices in some of the cities in the Provinces. They have also devised a scheme to keep down vegetable prices in the city by arranging to sell large quantities of vegetables at Government shops at cost price.

As we have said above, the success of the various Government measures by way of vegetable control is not easy to evaluate. Vegetables constitute a large variety of items, and there are wide local as well as seasonal variations in their prices. However, we give on p. 111 a table showing vegetable prices where available.

Fruits

The problem of fruits is almost the same as that of vegetables, except that in this country they are regarded as a luxury so that the provinces have done even less in this regard than in the case of vegetables. The table on p. 112 of fruit prices will show the distressing situation in respect of fruits.

The chief method of bringing down fruit prices was through the achievement of self-sufficiency of the army and through a more co-ordinated system of purchases. Another possible step is greater imports of tinned fruits. Now as the shipping situation gets easier, it may be hoped that relief from this source would be forthcoming. Establishment of more dehydration factories and wider adoption of other methods of fruit preservation combined with provision of adequate transport would also help to ease the situation.

Fish, Eggs, Meat, etc.

The war also affected adversely the supply of eggs, fish, meat etc. and increased greatly the demand for them. While some efforts were made by some army groups and some Provincial Governments to start poultry farms to step up the production of eggs, etc., these failed to produce any impression. The table on p. 113 shows the rise in prices.

Rise in Prices of Vegetables

Vegetables ¹	Karachi		Calcutta		Bombay		Hyderabad		Cawnpore		Cuttock		Cochin	
	Pre-war Prices	April 1944 Prices	Pre-war Prices	Jan. 1944 Prices	Pre-war Prices	March 1944 Prices	Pre-war Prices	Dec. 1943 Prices	Pre-war Prices	Jan. 1944 Prices	Pre-war Prices	March 1944 Prices	Pre-war Prices	April 1944 Prices
Potatoes ..	0-2-3	0-4-0	0-0-6	4-12-3	0-1-3	0-1-9 (now 3 as.)	0-2-3	7-3-0	0-2-0	0-2-6	5-5-0	5-5-4	..	..
Tomatoes ..	..	..	..	..	0-2-6	0-3-6	2-5-0	2-9-0	..	..	..	..	0-2-6	0-5-0
Onions ..	0-0-9	0-2-0	..	..	0-0-8	0-1-3	..	..	..	..	2-11-0	8-6-0	0-0-0	1-8-0
Ladies' Finger ..	..	..	..	..	0-2-0	0-5-0	..	..	..	..	..	..	0-8-0	3-4-0
Brinjal ..	..	..	..	..	0-1-3	0-2-6	..	..	..	..	..	..	0-4-0	0-8-0
Beet Root ..	..	..	..	..	..	..	..	..	..	..	..	..	0-3-0	0-6-0
Carrot ..	..	..	..	..	0-2-3	0-2-6	..	..	..	..	..	..	0-2-6	0-4-0
Cabbage ..	..	..	..	..	..	..	..	..	..	..	..	..	0-0-0	0-8-0
Turnips ..	..	..	..	..	..	..	..	..	..	..	..	..	0-12-0	2-6-0
Com. ..	..	..	..	..	0-1-3	0-3-6	..	..	..	..	..	..	0-14-0	3-0-0
Cucumber ..	..	..	..	..	..	..	..	..	..	..	..	..	0-4-0	0-12-0
Dressin ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Green Peas ..	..	..	..	..	0-4-0	0-8-6	..	..	..	..	..	..	..	..
Pumpkin ..	..	..	..	..	0-6-0	0-2-6	..	..	..	..	..	..	..	..
Chillies ..	..	..	..	..	0-2-0	0-5-0	..	..	..	..	..	..	..	..
Beans ..	..	..	..	..	0-2-6	0-4-9	..	..	..	..	..	..	..	..

1. In case of this table as well as the two following regarding fruits and non-vegetable products, the units have not been shown because they vary not only from one article to another but also from place to place.

Rise in Prices of Fruits

Fruits	Calcutta		Hyderabad		Bombay		Cochin	
	Pre-war Prices	Jan. 1944 Prices	Pre-war Prices	Dec. 1943 Prices	Pre-war Prices	March 1944 Prices	Pre-war Prices	April 1944 Prices
Oranges ..	....	....	3-18-0	7-14-0	1-6-0	1-10-0	0-6-0	1-8-0
Custard Apples ..	....	....	....	....	....	....	0-8-0	0-8-0
Pineapples ..	52-3-6	101-6-0	....	....	....	....	0-12-0	3-0-0
Bananas ..	0-5-9	0-7-0	1-0-0	2-4-0	0-3-6	0-10-0	2-0-0	5-0-0
Mosambis ..	....	....	11-0-0	30-8-0	....	....	....	....
Grapes ..	11-4-3	60-0-0	10-2-0	16-0-0	....	....	....	....
Apples ..	5-7-3	21-8-0	1-10-0	2-4-0	....	....	....	....
Limes ..	....	....	3-10-0	5-5-0	1-2-0	2-8-0	....	....
Figs ..	....	....	0-0-0	5-5-0	....	....	....	....
Watermelons ..	....	....	29-4-0	47-8-0	....	....	....	....
Muskmelons ..	....	....	1-3-0	7-8-0	....	....	....	....
Mangoes ..	....	....	4-12-0	18-0-0	....	....	....	....

CONTROL OF OTHER FOODSTUFFS

113

Rise in Prices of Eggs etc.

	Karachi		Calcutta		Hyderabad		Bombay		Cochin	
	Pre-war Prices	April 1944 Prices	Pre-war Prices	Jan. 1944 Prices	Pre-war Prices	Dec. 1943 Prices	Pre-war Prices	March 44 Prices	Pre-war Prices	April 1944 Prices
Eggs ..	0-7-0	1-0-0	0-8-0	2-3-0	0-7-0	1-6-0	0-6-0	1-8-0	0-1-3	0-15-0
Meat ..	0-6-0 to 0-8-0	0-12-0 to 1-0-0	..	..	..	..	0-4-0 to 0-5-0	0-9-0 to 1-8-0	..	..
Fowls (whole)	..	..	..	..	..	..	1-2-0	2-12-0	..	..
Fowls (half)	..	..	..	..	..	..	0-11-0	1-14-0	..	..
Pomfret	..	..	..	..	..	..	1-3-0	1-14-0	..	..
Lobsters	..	..	..	..	..	..	2-12-0	6-0-0	..	..

As in the case of fruits, greater military self-sufficiency, more co-ordinated purchases, greater imports and stepping up of production are the only remedies available.

Conclusion

It is now a well recognized fact that a proper diet should not only be sufficient in quantity but should also be well balanced. A sufficient consumption of energy-giving and protective foods is essential for maintaining the body in efficiency and health. The situation in India in this respect has always been unsatisfactory. The war has added to the gravity of the problem by increasing under-nourishment as well as ill-nourishment. The sacrifice imposed upon the masses has, as one would expect, varied as between different parts of the country and also as between classes. The following results of our inquiry will give some idea of the position.

APPENDIX I¹

	Total Sugar production (in thousands of tons)	Total Gur production (in thousands of tons)	Gur exports	Steps taken for preventing diversion of sugarcane	Remarks
(1) U. P.	.. 659	1714	299	Exports prohibited. Further powers given to the Regional Controller under U.P. Gur Control Order not exercised. Policy of Government not to grant permits till gur prices came down in conformity with sugar prices.	Owing to transport shortage, gur prices came down to about Rs. 5-8/- from Rs. 7 instead of the sugar parity price of Rs. 8. Some relaxations on export prohibition followed. People advised to grow less sugarcane in gur areas in 1944-45.
(2) Punjab	.. 19	295	..	Gur production prohibited within certain miles of sugar factories.	
(3) Bihar	.. 246	151	15	No inter-district movements without permit. Regional Controller could purchase gur from any wholesale merchants at notified prices.	Measure not fully successful. Gur prices higher than sugar prices.
(4) Bengal	.. 22	581	..	Areas for 10 miles round sugar factories and their purchasing centres cordoned, and no gur manufacture permitted.	Preference given to cordoned areas in supplying imported gur.
(5) Madras	.. 30	329	23	No jaggery manufacture except in certain belts.	

¹ The information embodied in this table relates to June, 1944.

APPENDIX I (Contd.)

	Total Sugar production	Total Gur production	Gur exports	Steps taken for preventing diversion of sugarcane	Remarks
(6) Bombay	53	185	..		
(7) N. W. F. P.	..	55	37	No sugar production; hence no problem.	
(8) Mysore	25	66	6		
(9) Hyderabad	1	75	..		
(10) Assam	..	40	..		
(11) C. P.	..	44	..		
(12) Orissa	1	63	..		Gur prices controlled.
(13) Sind	2	2	..		
(14) Central India	6	30	..		
(15) Rajputana	1	22	..		

CHAPTER VII

CLOTH AND YARN CONTROL

Next to food and housing, expenditure on cloth occupies the most prominent place in the poor man's budget. Relatively to the former two, there is a larger scope for short-term economies in the case of cloth. A temporary cloth shortage need not cause much distress because of the stocks with the consumers. But where the per capita consumption is as low as in India—it was computed at 17.47 yards in 1938-39—a postponement of the demand for a long time is out of the question. That is, however, exactly what happened in India during the first four years of war. In pre-war years, India depended for about 10% of its cloth supplies on imports, mainly from Great Britain and Japan. These dwindled to insignificant proportions as a result of the war. Simultaneously, the demand from foreign countries, Africa, Australia and the Middle East, whose normal sources of supply were cut off, largely increased. From these reduced supplies, the Supply Department of the Government of India demanded a substantial share. Due to the shortage of labour, coal and spare parts of machinery, factories were not able to increase their production as desired. The result is seen in the following figures :—

	1938-39	1939-40	1940-41	1941-42	1942-43
	(In million yards)				
Mill Production in India	4269	4013	4269	4494	4109
Handloom Production ¹	192	182	165	207	221
Net Imports	631	562	403	97	—3
Exports	177	221	390	773	819
Purchases by the Supply Department	—	300	600	1000	1200
Net supplies available for civilian consumption	4915	4236	3847	3025	2308
-do- -do-	100	86	79	62	47 ²
as percentage of 1938-39					

¹ These figures have been taken from the Review of Trade in India. It must be remembered that these are largely guesses and differ from one authority to another. Vide Report of the Fact Finding Committee (Handlooms and Mills), pp. 45-62. While the Committee's estimate of handloom

This large reduction in available supplies combined with the wartime inflation and changes in money incomes was sure, if left to itself, to lead to hoarding and speculative activities on a large scale and to result in a great increase in prices. Things were very much left to themselves till June 1943, when a comprehensive cloth and yarn control order was introduced.

Early History

Compared to the problem of food control, that of cloth control presents less serious difficulties, as cloth production is more concentrated, mill production accounting for as much as 60% of cloth supplies in pre-war times. Though the greater varieties and variations in respect of cloth presented some special difficulties in price fixation, these were minor compared to the task of inducing millions of small farmers cultivating primarily on a subsistence basis to part with their surplus. One would, therefore, expect a quicker and more effective cloth control. Unfortunately, the early history of cloth control is one of masterly inactivity and complacency. The possibility of a shortage of cloth and rise in cloth prices was visualised as early as October 1941 at the Third Price Control Conference, when the question of manufacturing standard cloth and supplying it at fixed prices to the poor was considered. It was only in February 1943, however, that the plans regarding standard cloth production were given a definite shape. At a meeting of the Standard Cloth Advisory Panel held at that time, it was decided that the cotton mill industry should reserve 60% of its capacity for the combined requirements of the Supply Department and standard cloth. Since at that time, about 27½% of mill production was devoted to the orders of the Supply Department, this would have meant a manufacture of 1500 million yards of standard cloth annually. This plan was to come into full operation only from 1st May 1943, but a token amount of 50 million yards of standard cloth was to be placed at the Government's disposal by April 1943.

(Continued from previous page)

production in 1938-39 closely tallies with the Trade Review figures, the war production according to them has undergone a large decrease. "As things are, we have every reason to think that the total production in the year 1941-42 has been probably very much below the level of the previous years." p. 62.

² The reduction in Great Britain's cloth consumption has been estimated at 50%.

Such a leisurely scheme attempting at bringing down cloth prices by controlling 20% of cloth production could not, even if strictly enforced, have any appreciable effects on the cloth situation which had already taken a very serious turn. The cloth prices had risen to 469 by April 1943 and still continued to rise. The Government of India had to move in the matter and they introduced a more comprehensive control in June 1943.

Constitution and Powers of the Control Authority

The Control Order laid down, inter alia, the machinery for the operation of the control scheme. The main parts of the machinery were (1) the Textile Commissioner with powers to regulate prices, production and distribution of cloth; and (2) the Textile Control Board consisting of not more than twenty-five members, representing different interests, to advise the Central Government through the Textile Commissioner generally on all matters connected with the purposes of the Order. The members as well as the Chairman of the Board were to be nominated by the Central Government. The Board was empowered to form from amongst its members sub-committees for discharging different functions on its behalf. But any such Committee formed for the purposes of advising on technical matters connected with the purposes of the Order and in particular on matters relating to the fixation of prices, increase in production, standardisation and rationalisation was to be composed only of members representing the textile industry, and its advice on all such matters was ordinarily to be acted upon. This Committee which came to be known as the Industry's Sub-Committee was a very important part of the machinery inasmuch as it dealt with problems relating to production and prices.

Steps to regulate Distribution

At the very outset the control authority took steps to bring out into the market all hoarded stocks. It was revealed by the declarations of stocks called for from dealers and manufacturers that there was towards the end of July 1943 2700 million yards of cloth ready for being sold. The control authority decided to bring down the prices by unloading these stocks on the market. The dealers and manufacturers were, therefore, ordered to dispose of all these stocks before the end of October 1943. The total amount of cloth offered on the market

was of course much larger, as, in addition to the hoarded mill production there was handloom production and new mill production about which a provision had been made that the same should be finally disposed of within 180 days of the date of packing. The disposal of this large amount within a period of three months, when the customers in expectation of a further fall in prices were withholding their purchases, was a difficult job. The situation was made still worse by transport difficulties which led to accumulation of stocks in different important cloth markets. The time limit for the final disposal of the accumulated stocks was therefore later on extended to 31st December 1943. In addition to the time limit within which the producer or the dealer had to dispose of his goods the order provided that no manufacturer could keep at any time stock equivalent to more than 3 months' production of cloth and 2 months' production of yarn; consumers were also forbidden to keep in possession cloth or yarn exceeding their normal requirements.

Ex-mill and Retail Ceiling Prices

The most important power given to the Textile Control Board was the power to fix "the maximum prices, ex-factory, wholesale and retail, at which any class or specification of cloth or yarn may be sold". According to this provision the Textile Commissioner by a notification dated 31st August 1943 fixed the ex-mill and retail prices of twelve varieties of cloth and four varieties of yarn. By a subsequent notification, it was provided that the ex-mill prices of other varieties should be arrived at on the basis of the above prices, after adding or deducting customary differences. Later on it was decided that the ex-mill and retail ceiling prices of all varieties of cloth and yarn produced by mills should be fixed and stamped on every piece of cloth and every bundle of yarn. Every manufacturer who produced a new variety had to apply to the Chairman, Textile Control Board, through the member of Industry's Committee of his area for fixing the ex-mill and retail prices of that variety. The usual procedure followed in fixing prices was as follows. First, the prices of the basic varieties were fixed according to their cost of production. To this basic price were added the different processing charges and thus the final ex-factory price of each variety was arrived at. The retail price was arrived at by adding 20 per cent to this figure in the case of cloth and 15

per cent in the case of yarn. Each variety of cloth as well as yarn had been assigned a distinguishing number and the manufacturer had to obtain such a distinguishing number from the Textile Commissioner for any new variety that he produced.

The ceiling prices fixed in August 1943 for the twelve leading varieties resulted in arresting the fall in prices that was started by the enforced disposal of the accumulated stocks, and provided comfortably high floors to the falling prices. The prices that were fixed were only slightly lower than the then prevailing market prices and were relatively very high. For instance, the ceiling prices fixed for the two standard varieties, leopard cloth and bleached long-cloth, were Rs. 2-3-0 per lb. and Rs. 21-7-3 per piece respectively. These prices were four times the pre-war prices in the case of leopard cloth and three times the pre-war level in the case of long-cloth. This may also be seen from the fact that according to the Economic Adviser's Index number, the prices for cotton manufactures were 425 in August 1943 compared with 524 in June 1943—a fall of less than 20%.

Fixing the prices so high when the public was expecting a much bigger fall evoked protests from the public.¹ The prices then were subjected to further reductions at four different times during the course of the next twelve months. In spite of these subsequent reductions, the cloth prices, as the Textile Commissioner admitted, were "at a level round about three times the pre-war prices"—285 according to the Economic Adviser's index number. This is very difficult to understand in view of the fact that according to a Parliamentary Select Committee appointed to enquire into British expenditure in India, His Majesty's Government cloth purchase had never been at more than double the pre-war prices. No wonder that cotton mills made huge profits and in spite of very heavy taxation, the yield index increased

¹ In answer to these protests the Chairman of the Control Board issued a Press statement, justifying the prices fixed by the Board on the ground that though these were nearly 100 p.c. above the prices in April 1942, this increase was proportionate to the increase in costs. In support of the said increase in costs it was pointed out that the price paid by Government for their cloth, which was based on the cost of production was 75 to 90 p.c. higher in the quarter beginning with August 1943 than in the quarter beginning with February 1942. It is rather perplexing why the Chairman should prefer to compare the prices fixed by the Board with prices prevailing in the early quarter of 1942, when the index number was already about 190.

from 59.4 in August 1939 to 188.1 in December 1944. A further reduction in cloth prices was possible, the Textile Commissioner's argument notwithstanding.¹

Control over Dealers' Margins

The Textile Control Board fixed not only the manufacturers' prices but also the retail prices. The latter were to be higher than the former by 20 p.c. in the case of cloth, and by 15 p.c. in the case of yarn. The retail price was to be stamped on every piece of cloth and on every package of yarn; and no retailer in any part of the country could charge to the consumer more than the stamped retail price. The distribution of this margin between the ex-mill and retail prices among the wholesalers and the retailers was also fixed by the Board. No dealer could sell to any other dealer within a hundred miles of the manufacturer's premises at a margin of more than 4 p.c. in the case of cloth and 3 p.c. in the case of yarn above the ex-mill price. Similarly no dealer doing business outside 100 miles of the manufacturer's premises could sell to any other dealer at a price which exceeded the manufacturer's price by 10 p.c. in the case of cloth and by $7\frac{1}{2}$ p.c. in the case of yarn. This meant that a retailer in cloth doing business in any corner of the country not within 100 miles of the manufacturer's premises was entitled to get his goods at a price not exceeding 10 p.c. above the manufacturer's price, and the normal chain of wholesalers linking up the wholesale dealers in the mill area and the retailer in the remotest corners had to divide the 6% margin among them. Since the first link in the chain would not be prepared to forego any part of this permissible margin, distribution to far off zones at controlled rates became very difficult.

The main defect of this scheme of the distribution of the dealers' margin was that the shares allowed to the wholesalers were unnecessarily too big. In the first place, as these margins were fixed at a certain percentage of the price, the profits per yard earned by these intermediaries would increase with every rise in prices. Obviously, a

¹ Cf. "On an average, therefore, the prices of cotton textiles have been reduced by approximately 50 p.c. from the peak levels in the middle of last year and today remain at a level round about three times the pre-war prices, the cost of production having risen roughly $2\frac{1}{2}$ times pre-war cost." Broadcast talk by the Textile Commissioner on 24th June 1944.

4 per cent margin with a given turnover¹ brings three times the normal profits when the prices rise by 300 per cent. The wholesalers within 100 miles of the manufacturers' premises formed the most favoured group in this scheme. It is doubtful whether they were earning as much as 4 p.c. on their transactions in normal times and even supposing that they were,² to allow them to retain the same margin meant allowing them three times their normal earnings. The margin of the wholesaler within 100 miles of the place of production could well have been brought down to 2 p.c. The wholesalers doing business outside the 100 mile limit need not have been allowed more than 4 p.c. This would have enabled the retailer to get his goods at a price which was not more than 10 p.c. above the manufacturer's price even though the goods had to pass through three intermediate wholesalers.

Regional Distribution

In addition to anti-hoarding measures dealt with above, further steps were necessary in order to see that the available supplies of cloth were distributed as equitably as possible throughout the country, and consumers in one part were not oversupplied at the cost of consumers in some other part,—a tendency, which had been aggravated by the uniform percentage margin given to dealers in different parts of the country. The control authority, therefore, took steps to regulate the movement of cloth and yarn. The whole country was divided into eleven zones, nine of which were classified as deficit and two, Bombay and Delhi, as surplus. Inter-zonal movement was brought under the complete control of the Textile Commissioner and movement within each zone was entrusted to local textile authorities. The total quantity of cloth available for civilian needs was allotted to the different Provinces and States in such a way that the relative proportion of per capita cloth consumption among these areas would remain the same as in the pre-war years.³ Any amount of cloth required over and

¹ The total quantity of mill cloth handled by these wholesalers, with military demands being restricted to about 750 million yards per annum was about the same as that handled in pre-war years.

² It may be pointed out in this connection that in other countries the middlemen's margins have been considerably reduced during wartime.

³ This strictly proportionate cut in the consumption of every province was not an equitable method of apportioning sacrifices and as was only to be expected, gave rise to vehement complaints from provinces with low

above the local production to make up the total quota allotted to a Province or State was to be transported from the surplus zones.

Channels of Distribution

The actual distribution of cloth to consumers was left in the hands of the normal trade organization which of course was subjected to regulation by the control authority. Every dealer had to get a licence for doing a particular type of business—either wholesaling or retailing. In order to avoid any mushroom growth among the dealers no licence was to be given to one who was not doing business in 1941-42. Only those wholesalers who were making purchases directly from the mills in the basic years were allowed to make such purchases under the control scheme. The quantity of goods they could purchase from each of the mills with which they were dealing was fixed according to their purchases in the basic years. These wholesalers came to be known as the quota holders.

Except for these general provisions, the Control Order, or the rules issued thereunder by the Textile Commissioner, did not lay down any specific arrangements for the distribution of the quota within the Provincial boundaries. These matters were entirely left to the Governments concerned. The Control Board had not even supervision powers. The result was widely varying distribution schemes with large disparities in their merits and great differences in the efficiency with which they were administered. In some provinces, fairly successful methods of distribution among the various regions were devised; in others, as in Bengal, the situation was so acute as almost to border on famine. The only way out was strict districtwise allocation, with rationing wherever practicable.

Cloth Exports and Defence Service Needs

It is surprising that in spite of the disastrous consequences of permitting free food exports, the Government of India did not realise the need for an early limitation of cloth exports which continued increasing till upto the middle of 1943 and reached the unprecedented figure of 819 million yards in 1942-43. It was only at the repeated demands of

(Continued from p. 125)

pre-war consumption. A concession has now been made to them by providing that no province will be given a quota of less than 10 yards per head. A large variety of miscellaneous articles is still left outside the allocation system.

the public and the Export Sub-committee of the Textile Control Board that a maximum limit of 600 million yards on cloth exports was laid down.¹ This limit, however, was more than three times the pre-war exports and could certainly not be endorsed under the prevailing conditions of cloth scarcity.

The Defence demands were somewhat reduced at a later stage but still constituted a substantial proportion of Indian mill production. Even during 1944-45 no less than 750 million yards of cloth and 23 million pounds of yarn (equivalent to 100 million yards of cloth) were taken away by the Government. The much publicised benefits of the Hydari mission were to be available only from 1946 when a relief of 400 million yards—200 million yards by way of reduction in exports and another 200 million yards in supplies to Defence services—was expected. This would mean that upto that time, unless any substantial increase in production was achieved, no great improvement in the supplies available for civilian consumption could be expected.

Control over Production

Cloth production had during 1942-43 actually fallen below the pre-war level, mainly owing to the stoppage of work at Ahmedabad. But until the beginning of 1945, no great efforts were made to increase production. Production during 1943-44 no doubt increased but that had been mainly in response to the rise in prices and the restoration of more normal political conditions. The total mill production of cloth rose to 4871 million yards in 1943-44 as compared to 4269 million yards in 1938-39. It was estimated to be slightly lower in 1944-45.²

The expansion of production mentioned above is in no way the maximum possible even for the equipment in existence. According to the Chairman of the Control Board, the production of mill cloth could have been increased to 6000 million yards without materially affecting the supply of yarn to handloom industry, if the mills worked three shifts. Such working of all mills in India would have been possible, if the Government had made available adequate and regular supplies of coal and had assisted in obtaining additional labour.

¹ The actual quantities exported have been lower—463 million yards in 1943-44, and 346 million yards in the eleven months ending February 1945.

² Mr. K. M. D. Thakersey's address to the Control Board. *The Times of India*, 11th April 1945.

As it was, throughout 1943-44 and a substantial part of 1944-45, lack of coal supplies compelled mills to close down for days together. Production could have been increased still further by introducing standardisation and rationalisation and with that object in view the Cotton Control Order had empowered the Textile Commissioner to order the manufacturer to manufacture only certain classes and fixed quantities of determined varieties of cloth. No use was made of these powers for the first critical one and a half years of cloth control.

It was only after the first quarter of 1945 that the control authority gave any serious consideration to the problem of increasing the supply of cloth by standardising production. A quarter later some sort of standardisation was introduced under the "Utility Cloth" scheme. The main features of this scheme were as follows : (a) Drastic reduction in number of varieties of cloth and counts of yarn produced by mills, (b) utilisation of maximum available productive capacity for manufacturing "utility cloth," (c) drastic reduction in the production of such qualities of cloth as were wasteful of yarn ; and (d) a substantial increase in the supplies of dhoties and saris. This process of standardisation was expected to increase the production of mill cloth by 400 million yards. Thus even after the introduction of the standardisation scheme, the total mill cloth production would remain short of the full capacity production by nearly 800 million yards.

The Standard Cloth Scheme

As we have seen, standard cloth production was the first relief measure introduced by the Government and was at one time the sole measure meant to relieve cloth scarcity. Under the scheme it was contemplated that the Central Government was to buy over the entire standard cloth production, distribute it among the provinces according to their orders but not in quantities exceeding a certain per capita basis in case of heavy demand. It was to be sold to the final consumers at 6½% over the cost of production. The scheme was not popular in the early stages because of the small number of varieties produced, the lack of choice on the Provincial Governments' part in selecting from among these and also because of lack of experience. Distribution was becoming better organised when the extension of cloth control over the entire cloth production dealt a death-blow to the standard cloth scheme. Except in areas where cloth control was a conspicuous failure, standard

cloth had largely failed to sell. This was inevitable in view of the very small number of varieties of standard cloth available. Its production was only 14.7% of mill production in 1943-44 and 8% in 1944-45.

Shortcomings of the Control Scheme

We have already seen how the cloth control scheme failed to attain any notable success either in bringing down prices or in increasing production. This failure was due to certain inherent defects of the scheme as well as due to certain shortcomings of the Provincial arrangements for distribution. The main object of the cloth and yarn control scheme was to control the activities of all the parties concerned with production and distribution of cotton manufactures. As such, the controlling authority should have consisted of people who could take a dispassionate and impartial view of the situation and act in the best interests of the community as a whole. This important fact was entirely ignored in constituting the controlling authority—the Control Board—which was packed with the representatives of vested interests. On the Control Board of 25 members there were to be 15 representatives of the cotton industry. The most important part of the control machinery was the Industry Committee to which we have already referred. The provisions relating to the composition and powers of this Committee resulted in leaving all the important matters in respect of the control scheme to interested parties, the representatives of the industry. It was too much to expect this Committee to follow a policy which though in the interest of the general public was likely to affect adversely the private interests of the group it represented. This composition of the control authority makes it easy to understand the price fixation policy followed by it, which provided a large profit margin, encouraged an increase in the number of varieties of cloth produced and discouraged standardisation.¹

In respect of increasing the supply of cloth for civilian needs the control authority was working under great limitations. It had no control over the demand of the Supply Department of the Government of India nor even over exports. It could only try to increase the supply

¹ In the course of his speech delivered at the Annual General Meeting of the Edwards Textile Ltd. in April 1945, Sir Victor Sassoon, Chairman of the company, complained that 'Ceiling prices have in the past been very much in favour of luxury cloths, particularly those which are dyed, mercurised, bleached and superfinished.' *Commerce*, 26 May 1945.

of cloth for civilian population by increasing the total production. Even in this respect the supply of machinery, stores and coal as well as the necessary transport facilities were all outside the powers of this authority. What the Control Board could do was to press the needs of the industry on the authorities concerned. The exclusion of handloom cloth from price control measures further limited the measure of success attainable by it. Lastly, one must mention here the part played by that general factor, viz. the currency policy of the Government of India which resulted in increasing demand from the new rich at a time when the possibilities of increasing the supply were extremely limited.

CHAPTER VIII

OTHER CONTROLS

It now remains for us to review controls regarding fuel and housing and also those arising out of the Hoarding and Profiteering Prevention Ordinance. We discuss these in two sections below.

A.—Control of Fuel and Housing

(i) Kerosene

Let us start with kerosene. With the loss of Burma, and even a little before that, the imports from that country which formed about 50% of the normal consumption of this commodity ceased. There were also considerable difficulties in getting supplies from other countries like Persia which used to supply 30% of our consumption. At the same time, the demand for kerosene increased. There was no possibility in this case of bettering the supply position to any considerable extent. The only way out therefore was to plan for as equitable a distribution as possible of the available supplies. As far as the distribution among the Provinces and States was concerned, this was an easy matter. As the entire kerosene distribution in India is done by three or four big companies through their agents, the statistics regarding the pre-war consumption of the different provinces and areas were easily available. On the basis of these, the Central Government allotted quotas to the different Provinces and States. It was left to the Provincial Governments to ensure further distribution efficiently within their own boundaries and among the final consumers including industrial and priority consumers. The Central Government started this work in August 1942, reducing consumption from the 1941 level by 10% each quarter. In 1943-44, the kerosene quotas allotted to the different provinces were 45-50% of the 1941 consumption. These were slightly increased in 1944-45.

Each Province thereafter allocates kerosene quotas to the various districts, and assigns these to the District Magistrates or Collectors or Deputy Commissioners. Because of the availability of past district

consumption figures, this is not a difficult task and is usually well done. But difficulties arise after this stage. How should further distribution be arranged? Should the district quota be further broken up and divided among the various talukas and villages? Or should such distribution be left to the various kerosene dealers on the basis of their past sales? The first arrangement would be logically more appropriate, but usually only the second method has been resorted to.

The system of kerosene distribution within the districts varies from place to place. In some provinces like Madras, the whole system is governed by a Kerosene Act, and is therefore rather formal and rigid. In others the practice is to rely on executive directions, which are more elastic. But, broadly, the position may be described as follows: In every province, the wholesalers as well as retailers in kerosene are licensed. The wholesalers' licences are given to all the firms' agents whose names are supplied by the kerosene companies and to other such dealers as were formerly in this business. Ordinarily, the quotas given to the wholesalers other than importers are decided in consultation with the companies' agents, usually on the basis of their past purchases. The wholesalers have to keep daily accounts of their purchases, sales, etc., and to submit monthly statements. They are allowed to sell only to licensed retailers and approved institutions (like hospitals and students' hostels). They are to supply kerosene to others only against specific permits. The retailers' sales are usually limited either to one bottle per customer at a time, or per week, and sometimes the amount is even less. The consumers' purchases are, however, formally rationed only in a few cases. In the State of Cochin, for instance, the entire population, rural as well as urban, is rationed. The quantity of kerosene given to each household in 1944 was half a bottle in rural areas and 1 to 2 bottles in municipal areas per month. Houses having electricity were given $\frac{1}{2}$ to 1 bottle per month. Kerosene is also rationed in some of the cities of Bombay and Madras Provinces, but elsewhere in towns and villages there are no adequate arrangements for the supply of kerosene. Informal rationing has been resorted to over large areas, including rural areas. The attempt has been fairly successful in cases where the village officers are active and public-spirited men are eager to work. At other places, however, queues resulting in serious hardships and much heart-burning have been quite common. The following figures regarding changes in kerosene consumption obtained by us as

a result of our investigation in Gujarat and Maharashtra would be found interesting :—

	Gujarat ¹	Maharashtra	
	Urban	Urban	Rural
		Number of Families	
No change ..	60	17	8
100% reduction ..	12	2	1
75 to 100% reduction ..	67	10	15
50 to 75% „ ..	43	36	25
25 to 50% „ ..	11	26	12
Below 25% „ ..	2	..	9
No figures ..	6	2	1
Increased consumption ..	..	3	6
	201	96	77

This shows how changes in kerosene consumption have varied widely. This is surprising because of the relatively small increase in kerosene prices. A part of this may be explained by the varying pre-war consumption habits, but a part is also due to the failure on the part of the authorities to evolve an equitable method of kerosene distribution.

Kerosene Prices

Wholesale kerosene prices are controlled by arrangements between the Provincial Governments and the companies concerned. Retail prices are usually laid down by the District Magistrates and naturally vary from district to district. Kerosene prices, on the whole, have not recorded a rise of more than 100%, the Economic Adviser's index number for June 1945 being only 175.

Black Market in Kerosene

On account of the comparatively smaller rise in kerosene prices, its varying requirements, its unimportant place in the cost of living, and scarce supplies, in rationed areas and more so in unrationed places black markets have come into existence. The prices charged in such markets have been exorbitant. In rural areas of Gujarat and Maharashtra, kerosene shared with sugar the honour of having the biggest black market. In urban areas, conditions were no better. Out of 201 families

¹ For rural Gujarat, no figures of reduction in kerosene consumption could be collected.

in urban Gujarat which we investigated, 39 families reported having bought their supplies from the black market. 20% of these bought their entire kerosene supplies in this way, and the rest 60-90% of their supply. The black market prices were about thrice the controlled prices. In the urban areas of Maharashtra, the position was similar.

(ii) Charcoal and Firewood

Unlike kerosene, no major source of supply has been lost in the case of charcoal and firewood. Their shortage is felt usually in cities only, the rural areas having their own alternative sources of fuel like cowdung cakes. Efforts at efficient distribution and price control were made in a few cities. The usual method followed was not to permit movements from important sources of supply except to big cities which normally used to draw their supplies from these sources. This scheme was tried with some success in the Punjab. In the U.P. more direct measures were taken both to influence prices and to ensure supplies. From railway stations near forests, no fuel exports were permitted, unless the sales were at fixed prices. The Forest Department itself allocated 1 lac of maunds of charcoal to the bigger cities. These quotas were sent to the nominees of the District Magistrates. The only city to adopt formal rationing in this matter was Madras. The whole population was divided into income groups and each income group into a number of sub-groups according to the number of family members. The idea was to ensure full requirements to the lower income groups, but not to the higher ones. The All-India index numbers do not give the prices of firewood and charcoal but the following figures obtained from Provincial Governments indicate the comparative position :—

	Pre-war prices		1944 prices	
	Firewood	Charcoal	Firewood	Charcoal
Punjab	0 13 0	2 8 0	2-8-0 to 3-0-0	7-8-0 to 8-0-0
U.P.	0 6 0	1 0 0	2-8-0 (at 1-2-0 from licensed dealers)	5-0-0 (Rs. 2 from Government depots).
Orissa	..	3 8 0	..	6-0-0
C.P.	..	..	0-12-0	3-0-0
Madras	0 7 0	..	0-12-6 (Controlled)	..
Baroda	..	0 12 0	..	3-8-0
Cochin	..	5 0 0	..	15-0-0

(iii) Rent

With the increase in employment in big cities that the war has brought about, the civilian demand for houses has increased tremendously. There is also in some cities a large demand by the military and refugees from Burma and other places. The supply, however, could not be increased rapidly. In fact, the acute shortage of building materials and the rigorous control over them made any building activity even on a normal scale impossible. This has resulted in a grave shortage of housing accommodation. The situation in Bombay City is an illustration in point. Its population, which was 15 lacs in 1941, increased to about 22½ lacs by 1944. The total number of houses remained almost stationary.¹ About 600 houses were requisitioned by Government, not always on the principle of causing least inconvenience. The already congested city was, therefore, subject to further pressure and inspite of almost every inch of space being filled to the utmost, according to the estimates of the City Engineer, about 2 lacs of people had to sleep on pavements. In such a situation, urban rents would tend to go up tremendously. In all big cities, therefore, Rent Acts were passed, freezing rents, and conferring security on the tenants paying their rents regularly. This meant a great boon to the old tenants most of whom found that rent, along probably with transport, was the only item in their household budget which remained stationary. The new tenants, however, who constituted a significant proportion of the population, had usually to pay large premia which almost seemed to be fully compensating the landlord for the lower rents legally permissible. In addition, on one pretext or another, e.g. the place having never been rented before, the rooms being let furnished etc. the landlord in some cases managed to charge higher rents. Thus the new-

¹ The number of buildings dealt with by the Bombay Municipality in connection with applications either for erection of new buildings or for alterations to existing ones are given below.

Year		Number
1937-38	..	2,406
1938-39	..	2,297
1939-40	..	1,907
1940-41	..	1,956
1941-42	..	1,812
1942-43	..	759
1943-44	..	1,007

We have to add to this the damage to buildings caused by the Bombay Docks explosion.

comers, even when they were lucky enough to get rooms, derived no benefit from rent control.

B.—Hoarding and Profiteering Prevention Ordinance

In addition to food, cloth, fuel and housing, there are some commodities for whose distribution and control the Government of India took more or less thoroughgoing measures at an early stage. In the case of petrol, for instance, rationing was introduced in August 1941; the maximum prices of writing as well as printing paper were laid down and some arrangements made for their distribution long ago. In June 1944, owing to the serious shortage of printing paper, an effort was made at curtailing the demand for it by issuing a Paper Economy (Control) Order enforcing a quota system for printing and publishing. The quotas ordinarily given were 30% of the paper used in 1943 in respect of ordinary books, and 50% in respect of text books. The permission to print "off the quota" books already in progress upto January 1945, returns for which had not been asked for until October 1944, made the order largely ineffective for seven months. After this, however, the order made itself felt, and the black market prices declined inspite of subsequent increase in printing and publishing quotas. A proper method of distributing printing paper by linking it up with printing and publishing quota would have gone a long way towards eliminating this black market. The Drug Control Order has been in operation since November 1943 and has worked fairly well. The Provincial Governments and District Magistrates have also adopted from time to time measures for price control and distribution of various commodities. We need not discuss these various measures in detail, as the items so embraced cover a very small portion in the ordinary man's budget and no fresh principles are involved. We shall take up here only the Hoarding and Profiteering Prevention Ordinance, which controls the prices of almost all commodities not specifically controlled "from a pin to a motor car". Its wide scope and its superficial resemblance to the blanket control measures of other countries are special features to be noted.

Background

The controls on food and cloth which we have reviewed above were conceived primarily to check the undue rise of prices and profiteering as a result of scarcity and speculation. Experience of these controls

brought home to the authorities in course of time the need, firstly, of widening the scope of such controls so as to bring under regulation the underlying supply and demand conditions, and, secondly, of evolving an all-India policy in respect of them. There was, however, no realization upto the middle of 1943 that the success of any such specific controls would be jeopardised in the absence of a control over most, if not all, prices. In May 1943, however, the Government of India had to accept the existence of inflationary conditions in the country and the need for checking them by suitable anti-inflationary measures. In view of all these factors a generalised form of price control was called for. The Ordinance under review passed in October 1943 has to be judged from this point of view.

Provisions

The Ordinance sought to tackle the problem in two ways. Firstly, it provided for certain general control measures. Secondly, it empowered the authorities to enact further specific price control and distribution orders. Therefore, for a correct appraisal, it is necessary to review (a) the provisions of the Ordinance, and (b) the actual orders issued under the same. The specific provisions were as follows :—

(i) No commodity was to be sold at more than 20% or the normal pre-war margin, whichever was less, above the landed cost in the case of imported articles, and above the cost of production in the case of home-produced articles. If, however, the pre-war trade margin in a particular commodity was more than 20%, the trader on proving this to the Controller General would be permitted to charge a higher price. In May 1944, this provision was further liberalized by allowing the trader to charge his pre-war margin only on intimation to the Controller General.

(ii) A limit was laid down as to the stocks that a producer or dealer could keep with him. The dealer was allowed not to keep more stocks than one quarter of those he held in 1939, and the producer more than one quarter of his total production in any of the three years, 1940, 1941 and 1942.

(iii) As a safeguard against abuses, the order insisted on a cash memo being given for every transaction of more than Rs. 10, and for smaller transactions, if the customer insisted on the same.

(iv) No dealer or producer could refuse without sufficient cause to sell an article to any customer.

As can be seen easily from the above provisions, the order was very general, easy to pass, but hard to enforce. The order was vague in several respects. What, for example, was the "landed cost"? It was difficult in the case of commodities imported before the war or immediately thereafter to estimate this especially if they passed through several hands. The existing stocks had been imported at different times and their landed costs differed. Could one commodity be sold at different prices? The cost of production of commodities was equally difficult to ascertain. Did it include interest on capital, adequate allowance for risk, wages of management etc.? On what basis were the items to be calculated? What about the differences between the costs of different producers? How were those commodities, a part of which was imported and a part home-produced, to be sold?

*The fixing of middlemen's margin as a whole does not make for the success of any control. The usual consequence of any such measure is the absorption of the lion's share of the margin by the first middleman, which means that others in the link must either carry on their trade for the love of it or charge black market prices. The fixation of the same margins all over India also was likely to lead to the concentration of stocks in the port areas and regions near the centres of production. The remoter the area, the smaller would be the regular supplies and the greater the possibilities of a black market.*¹

In all these respects, the Ordinance compares badly with similar all-embracing measures passed elsewhere. In U.S.A., in Canada and in Australia some variety or other of blanket control was enforced during the war. All prices are frozen at those prevailing on a particular date, and they could not be increased without special permission from the appropriate authority. This permission would be given only for certain valid reasons such as a rise in the cost of imported raw materials. Even then an attempt was made in the first instance to squeeze the middleman by compelling him to reduce his margin. If this did not succeed, subsidies were usually given. Permission to raise prices was given only when there was no alternative. The Indian measure was entirely different. Its professed aim was not to stabilize the then existing price level, but "to bring about a substantial reduction in these

¹ Later on this objection was partly met by allowing freight charges over and above the maximum margin of profit under the Ordinance. At the same time, in several remote areas other extra margins were permitted.

prices in order to afford relief to the average consumer". This was legitimate as the prices prevalent in September 1943 could not be taken to represent equilibrium prices either as between the different commodities or at the various stages of distribution—two conditions, which are essential for the success of any blanket control system. Lack of correct information regarding prices in India was also a handicap, but that was one which the blanket control method would only have shared with the method actually adopted. Mainly because the control came very late, the methods tried and worked successfully in other countries could not be adopted here, and the Hoarding and Profiteering Prevention Ordinance which is a crude and imperfect device and can only be utilised in cases of flagrant profiteering had to be resorted to.

Price control can only be made effective by a control over demand through rationing or a permit system, or supervision over supply and distribution. The Ordinance made no provision for either of these. The only rule it laid down regarding distribution was that no dealer could refuse to supply goods at controlled price to customers. There was no provision for the orderly distribution of dealers' stocks among their customers. In fact, there was some doubt whether any attempt on the dealers' part to limit the amount to be sold to a customer at a time might not mean an infringement of the law. Black marketing by non-dealers was encouraged by this provision. The failure to provide any check on hoarding by consumers also left scope for black markets.

Specific Controls

As we have said above, the Ordinance contained various empowering provisions. As a result of various orders under these as well as amendments to the principal provisions in the light of experience, this general elusive control was gradually converted into specific selected controls on various commodities. This brought about an improvement in the working of controls. The original Ordinance itself contained clauses empowering the Central Government to fix maximum prices for different commodities, to lay these down differently for various localities and to regulate maximum stocks and maximum purchases permissible at a time. Further the Controller General had been empowered to ask producers and dealers to furnish any information regarding their business and to order them to mark prices on various goods or exhibit a price list prominently. Some quick work was done under these powers. Several notifications were issued fixing prices. A

full list of the articles whose prices were specifically controlled is given in Appendix I to this chapter. In all these cases, the Controller General directed that prices be exhibited in the shop or marked on the articles. It will be seen that many articles of common necessity among the urban middle classes like watches, fountain pens, umbrellas, woollen goods, cigarettes, shoes etc. were covered by these. In a number of cases, information regarding stocks was asked for. In some cases, the authorities permitted higher margins ranging upto 125% ; in other cases, they prescribed different margins for different classes of dealers. These cases are shown in Appendix II to this chapter. In the case of a large number of articles of common use shown in Appendix III, it was laid down that a consumer could not stock more than his reasonable needs. In the case of imported wines and spirits, Indian malt, whisky and beer, the vendor was empowered to give preference to his old customers and to spread his sales over time. If a surplus was left after this, quantities not exceeding a bottle at a time had to be given to other genuine customers. For refrigerators, radio valves and spare parts, electric bulbs and gramophone mainspring, and sound boxes and spare parts, the dealers were given the power to limit sales so as to give preference to old or genuine customers. In some articles, a system of approved dealers was instituted. But in most cases there was no proper distribution, except in the case of superior varieties of some of the controlled articles which were given on permit only.

Consumers' Goods (Control of Distribution) Order

The working of the Ordinance soon brought home to the authorities the need for some control over distribution. For this purpose, a Consumers' Goods (Control of Distribution) Order was passed in July 1944. The essence of this order was that both importers and producers in respect of about 32 defined articles had to furnish information regarding stocks, fresh production, arrivals etc. and the way in which they proposed to distribute these goods among their dealer-customers. The Controller General could notify the approved dealers for this purpose and give written instructions regarding the dealers among whom the supply was to be divided and the way in which it was to be divided. These powers were meant to lead to a proper regional distribution. But in the absence of any figures regarding the pre-war allocation of these goods, a satisfactory system of regional distribution could not be evolved.

Greater Supplies

It is a well-established principle of controls that the greater the shortage of a commodity, the greater the difficulties of administering any price control over it except through thorough rationing. In the case of most of the commodities covered by the Ordinance any such rationing was out of question because of the character of demand for them. To be successful in this sphere, control must therefore provide for relieving the shortage. The Civil Supplies Department tried to do this by getting greater quantities of materials released for civilian consumption and by arranging for further imports. In the case of some articles like woollen goods, metal utensils etc. this attempt yielded some result. But its success in others was not striking. Obviously, as long as the war lasted the quantities of these various commodities required for military consumption could not be curtailed substantially. The only way to relieve the situation was through a large increase in imports either of consumers' goods or of raw materials and machinery necessary for their manufacture. These were avoided on the plea of lack of shipping space and materials. Lack of coal and transport were the two further impediments to increase in production and they lay outside the sphere of the Civil Supplies Department.

Working

The following table shows the price reductions that were effected in respect of some commodities by the end of 1944 :—

Range of variation in % reduction	Cycles & spare parts	Arms and Ammunitions (Cartridges)	Boot Polishes	Fountain pens	Woollen goods	Razor Blades	Total	Percentage of number of varieties in each range
0-10					1		1	1%
10-20	1						1	1%
20-30	1				1	1	3	3%
30-40	4			3	2	1	10	10%
50-60	1	1	2	4	19	8	35	36%
40-50	3			4	9		16	17%
60-70		1	3	3	8	4	19	20%
70-80			1	3	6	2	12	12%
	10	2	6	17	46	16	97	100%
Average percentage of reduction in each category	36%	55%	62%	53%	54%	55%		

The table above gives controlled prices. Actual prices were often higher than these. The large varieties in these articles and the fact that the prices of all commodities were not marked left scope for considerable black market activity. It was also common experience that the moment the controlled price for a particular commodity was announced, it disappeared from the market. There is little doubt, therefore, that the fixation of these prices could not put an end to black marketing and brought little relief to the needy consumer except in a few cases. The Ordinance did succeed in checking the upward trend of prices, but not in reversing the trend. To conclude, one may say that though in essence it was a step in the right direction, it proved inadequate to meet the situation, partly on account of the continuance of currency inflation and partly the failure on the part of the authorities to follow it up with blanket control covering wages, costs and profits.

APPENDIX I

Names of articles whose prices were specifically fixed.

Arms and Ammunitions ; Artificial Silk ; Battery Cells ; Bicycles and Bicycle parts ; Books, Magazines and Periodicals ; Boot Polishes ; Brass Utensils ; Camphor (synthetic) and Tablets ; Cigarettes ; Condensed Milk ; Electric Bulbs ; Electro-Depositing Materials and Equipment ; Footwear ; Fountain Pens, Inks, and Nibs ; Gramophone Records, Needles, Springs and Sound Boxes ; Japanes Staple Fibre Yarn and Japanese Artificial Silk Yarn ; Leathers and Tanned Hides ; American-made Kerosene Oil ; Table, Wall Lamps etc. ; Photographic materials ; Radio Tubes and Spare Parts ; Razor Blades ; (Imported) Sheet Glass ; Sissoo ; Timber ; Sports Goods ; Thermoses ; Playing Cards ; Tinned Provisions ; Toilet articles ; Vegetable Ghee ; Vegetable Seeds ; Watches and Clocks ; Wines and Liquors ; Woollen Goods ; (knitting) Wools.

APPENDIX II

Articles where higher margins were specifically laid down and articles where separate margins for different classes of dealers were laid down.

Name	Margin permitted
Watches	100-125% over landed cost.
Cinema Spare Parts ..	125% " " "
Cinema Equipments ..	100% " " "
Cycle and Spare Parts ..	40% " " "
Electro-depositing Materials and Equipments (some only)	33-1/3% " " "
Imported Wool	10% to wholesalers at ports, 1½% on wholesale prices to retailers in port areas, and 28% over landed cost to up-country retailers.
Toilet Articles	20% to importers, 32.5% to wholesalers in port areas, 40% to wholesalers in upcountry areas, 60% to retailers in port areas and 70% to retailers in outside markets.
White Crockery made in England	60% over landed cost to wholesalers and 100% to retailers (discount of 20% for those buying complete tea and coffee sets, and 10% for those buying complete dinner sets.) To dealers in hill stations 5% extra margin.
Imported Bicycles and Bicycle parts	20% to wholesalers and 40% over landed cost to retailers; freight extra. To dealers in hill stations, 5% extra margin.
Scientific Glassware and Surgical Instruments and Rubber goods ..	60% over landed cost to wholesalers and 100% to retailers.
Imported Watch Materials and Tools	50-100% to wholesalers and 200% to 300% to retailers.

APPENDIX III

Articles which a consumer was not allowed to hoard more than for his reasonable needs.

Cigarettes ; Foodstuffs (other than foodgrains) including Tinned Provisions, Bottled and Infant Foods ; Cooking Fats ; Ghee ; Vegetable Ghee ; Vegetable Oils (groundnut, cocoanut and other oils); Spices (chillies and tamarind); Salt ; Tea ; Tobacco ; Wines, Spirits and Potable Liquors ; Agricultural Implements ; Fertilizers ; Cement ; Coir and Coir Products ; Cutlery ; Dyes and other Chemicals ; Electric Bulbs ; Leather and Leather Goods ; Matches ; Paints and Varnishes ; Timber ; Motor Vehicles, Spare Parts and Accessories ; Charcoal, Coke and Firewood ; Toilet Articles (soap, razor blades, tooth-paste, tooth-powder and tooth brush); Boot Polishes ; Torch Lights and Batteries ; Writing Paper and other Stationery Items ; Washing Soap and Washing Soda ; Oil Cakes ; Cashewnuts, Areca Nuts and Betelnuts ; Japanese Staple Fibre and Artificial Silk Yarn of counts Nos. 10-2, 20-2, 40-2, 60-2, 80-2, 150-1 and 300-1 ; Bicycle Tyres and Tubes ; Electrical Goods ; Imported Woollen Goods ; Watches.

APPENDIX IV

Names of articles to which the Consumer Goods (Control of Distribution) Order applied.

Wines, Spirits and Liquors ; Lead Pencils ; Slate Pencils ; Toilet Requisites ; Boot and Metal Polishes ; Steel Pens ; Fountain Pens and Parts of Fountain Pens ; Silk Yarn and Thread ; Artificial Silk Yarn and Thread ; Pure and Artificial Silk Fabrics ; Hand-knitting Wool ; Woollen Fabrics ; Umbrellas and Parts of Umbrellas ; Enamelled Ironware ; Kerosene-oil Lamps ; Incandescent Mantels ; Zip-fasteners ; Razors and Razor Blades ; Cutlery ; Typewriter Ribbons ; Wireless Receiving Sets, Parts of Wireless Receiving Sets and Wireless Bulbs ; Cycle Spare Parts and Accessories ; Photographic Negatives and Printing Papers ; Clocks, Timepieces and Watches and Parts thereof ; Cart-ridges ; Crockery ; Spectacle Frames ; Sanitary Fittings ; Sports Goods ; Grindery ; Camphor and Camphor Powder Synthetic.

CHAPTER IX

Controls: Possibilities and Limitations

We have now reached the end of our task. We have surveyed in the foregoing chapters the working of controls on foodgrains, cloth, a few other articles of necessity and the general 'controls subsumed under the title 'anti-hoarding and anti-profiteering controls'. These by no means cover the entire sphere of economic controls during the present war. Even this limited study, however, throws light on the nature of the problem, theoretically as well as from the point of view of actual working and administration. We may not repeat here in this concluding chapter our criticisms or comments on the various controls surveyed in this work. But it is only natural to ask oneself the question whether, on the whole, all these controls can be said to have succeeded. The criteria of success are given by the end in view, viz., the furtherance of the war effort, and the maintenance, even in the face of the enormous demands made by a colossal struggle like the present one, of a certain minimum standard of consumption for the civilian population. That these objectives could not possibly be realised by letting the economic system alone is obvious. Under war conditions, the free market simply cannot function, as the experience of 'free trade' in Bengal has amply shown. The basic postulates of uncontrolled capitalism, viz. consumers' sovereignty and freedom of enterprise, have little reference to a war economy. Controls are therefore inevitable. The diversion of resources from peace-time to war-time purposes necessitates controls, and the greater the war effort, the greater must be the severity of these controls and the degree of regimentation of economic life. However, most countries have found it impossible and even unnecessary to requisition resources directly and to supersede altogether the profit motive and the price mechanism. The result everywhere has been a complicated economic system in which the different indices of change do not point the same way. There is set up, almost inevitably, a clash between incentives, which has to be reconciled through controls, to whatever extent possible. But this very clash of incentives comes in the way of the smooth operation of controls, and this in turn creates a need for further controls to hold in check or defeat the activi-

ties of private individuals and interests which run counter to the ultimate objectives in view.

Theoretically, therefore, the problem of controls is difficult. Regimentation is not, but controls are, a trying task. The consumer wants low prices; the producer's interest is to secure high prices. If prices are kept down by law, demand outstrips supply, black markets arise, and production is likely to be curtailed. Elaborate subsidies to producers and consumers may thus become necessary. Similarly, inflation seems an easy way to solve the problem of war finance, but it raises the price-level and the cost of living, and creates discontent among wage-earners. If wage increases and dearness allowances are given to the latter, there is a danger of this extra purchasing power pressing upon price-level of consumers' goods and thus augmenting scarcity and creating conditions for further inflation. Therefore, most Governments want inflation and yet, at the same time, seek to avoid or keep in check the consequences. War-time economy thus creates contradictions within the economic system, and a proper system of controls, checks and balances is necessary in order to resolve and reconcile these contradictions.

Economic theory as such throws but little light on how this can be done so as to secure the maximum of results from given effort. Theoretical analysis only emphasizes two fundamental points: firstly, the interdependence of all economic variables, and, secondly, the supreme importance of the parametric function of prices. The former suggests the inefficacy and even inadvisability of piecemeal, haphazard and sectional controls. From the latter follows the non-availability of an objective standard of valuation in the absence of free prices, and the virtual impossibility, therefore, of a scientific estimate of the extent or degree of success attained by controls in terms of the efforts and sacrifices involved. The general principle of maximising returns or minimising costs gives no criterion; production, prices, distribution—all these have to be determined with reference to the scale of priorities adopted in view of the requirements of the situation. The situation in war-time is highly dynamic, and the scale of priorities is never a rigid or clear-cut one. Decisions have to be made at short notice and at the administrative level, and they have to be implemented partly by the use of compulsion and partly by persuasion and appeals to patriotism. The criteria of success are, therefore, necessarily pragmatic. The public knows that a war economy necessitates sacrifices; it will

also always take for granted a certain amount of inconvenience and hardship on account of the limitations of the administrative machinery working under heavy pressure and often in the face of novel situations. Nevertheless, a controlled economy must satisfy, at least roughly, three broad tests: (i) it must make the fullest possible use of the resources available ; (ii) it must safeguard certain minimum standards ; (iii) it must distribute fairly equally the sacrifices to be made in the interests of the common end.

As regards (i) above it is well known that the U.K., U.S.A., Canada and other countries have kept this desideratum prominently in view, for nothing short of this could meet the challenge of total war. Thus, in the U.K., the total number of workers employed in 1944 was 23 million, an increase of $4\frac{1}{2}$ million as compared to 1939. As a result partly of this and partly of the more intensive utilisation of equipment through longer hours, fewer holidays and multiple shifts, it was possible, in the face of enemy raids and other difficulties, to increase production by 20%. Employment in U.S.A. increased by 16 million from 46 to over 62 million, and production increased by 75%. The number of persons gainfully employed in Canada went up from 4 million in 1939 to 5.1 million in 1943, and the increase in production recorded was as high as 80%. As regards (ii), countries like U.S.A. and Canada have not only maintained the minimum essential standards, but have actually been able to raise them. In the U.S. the over-all civilian food consumption per capita in 1944 was at least 7 to 8 per cent above the average for 1935-39. For Canada, the indices of per capita consumption of food by civilians show increases varying from 6 to 50% in respect of most articles of energy-giving as well as protective value. The U. K. was not in the same happy situation. She had to make substantial reductions in meat, poultry, eggs, oils and fats, sugar, tomatoes, citrus fruits, etc.; on the other hand, there have been increases in the consumption of milk and milk products, potatoes, vegetables and grain products. In terms of food values, the percentage reduction in calorie content of the average British civilian diet during the war does not amount to more than 5.3. As against this, the diet has been considerably enriched in respect of vegetable protein, calcium, iron, vitamins A and C and certain other essentials. As the World Economic Survey, 1942-44, sums up the position ; " In general, the level of nutrition enjoyed by the civilian population has, on the average, been as good as, or better than, before

the war. . . . The chief shortcoming of the British war-time diet has been monotony and lack of palatability . . . ; but the general improvement in public health inspite of all war-time stresses testifies to the success of the British food distribution system". Thus, although the citizen in all countries has been called upon during this war to make the maximum contribution possible to the war effort, steps have been taken to see that his health and vitality did not suffer in consequence. Lastly, as to (iii) above, quantitative data are not readily available, but the policy of averting or minimising inflation and financing the war through taxation and loans, and of fixing a ceiling on incomes, taxing war profits to the fullest extent and allowing moderate increases in wages must have narrowed the range of inequalities in a country like the U.K.¹

In India, on the other hand, the increase in production has been but small relatively to the potentialities of our resources;² the minimum standards of consumption, which were already low before the war, have been encroached upon seriously, so as to result in widespread malnutrition, destitution and deaths; and, the inflation of currency has added to the fortunes of the few and impoverished the masses. The chief explanation for this is, evidently, not so much the shortcoming of any particular control or controls but the failure to evolve

¹In U. K., U.S.A., as well as in Canada, there has been an increase in real wages, as the following table will show:—

	U.K.	U.S.A.	Canada
Increase in weekly wage of factory workers ..	52	95.3	37.5
Increase in cost of living ..	32	27.0	17.6
Rise in real wages ..	45	62.0	17.0

These figures indicate an improvement in the condition of the lower working class; the better class of wage-earners has to pay income tax and its standard of life is affected by the prices of several items which do not figure in the cost of living index which Governments have tried their best to hold down throughout the war period.

²The figures for production as a whole are not available in India. But some idea of this can be had from figures regarding increase in food production and certain items of industrial production. According to the Famine Commission, foodgrains production in 1943-44 in spite of the highly favourable season, was only 6% higher than in the pre-war period. A large part of it was due to the shifting of land from cotton to foodgrains. The Capital indices given below indicate the rise in industrial production:—

	April 1935—March 1936=100					
	Cotton	Jute	Steel	Pig-Iron	Paper	Coal
1938-39	120.4	121.0	113.4	108.6	125.1	118.8
1944-45	159.2	103.2	128	125.6	155.9	112.1

a suitable general policy. The working of individual controls has, in fact, been made much more difficult because of this general defect in policy as a whole. Controls are no more than means to an end ; their purpose is to help in the task of carrying through a certain defined policy. Where the policy itself is vague or wrong, controls cannot achieve what they ought to, however much their similarity to controls in other countries.

It is this absence of a proper economic and financial policy during the war that has been responsible for all the temporising that has characterised the evolution of the various controls we have reviewed in this work. On this point, the following account of food control in Britain, showing how sound and timely its planning was is of interest :

“ As early as December 1937, the Food (Defence Plans) Department of the Board of Trade had laid down the following principles for food control in war time :

- (a) The experience of the Great War shows that if control is to be effective in maintaining supplies and holding prices, it must be introduced before and not after a shortage has arisen and prices have begun to get out of hand.
- (b) It was generally agreed that in future emergencies all food should be under the control of a single authority.
- (c) One object of the Food Controller would be to ensure that “ every member of the public would be able to obtain a fair share of the national food supply at a reasonable price.”
- (e) Experience of control in the Great War showed clearly that if prices are to be controlled, demand as well as supply must be regulated.”¹

The principles enunciated here apply as much to other controls as to food ; all controls require pre-planning, promptness in administration, unity of control and an eye on the underlying basic factors of demand and supply.

¹ Kjellstrom : Price Control, p. 115.

The Government of India could, if they had been on the alert, have made use of whatever schemes were being thought out or adopted in Britain, but instead, even after the actual outbreak of war, there was no clarity in the highest quarters as to the nature of the task and the methods of executing the same satisfactorily. Thus, it was not till the end of 1942, full three years after the war started, that the Food Department was set up at New Delhi. The cloth control was instituted some six months later when the prices had already risen about five-fold. The Hoarding and Profiteering Prevention Ordinance was promulgated after another four months. In respect of each of these, again there was delay in setting up the complete machinery required and in putting the controls into effective operation. Thus, the rationing of urban areas was started in Bombay in May, 1943; in other Provinces, with the exception of Madras, it came much later. The surplus Provinces did not commence rationing until the beginning of 1944, and the same is true of Bengal. It took about 2 years to cover a population of 42 millions, which meant, after all, less than 11% of the total. In respect of cloth, as we have pointed out in the relevant chapter, the method adopted in the early stages was to bring down prices by compelling a dishoarding of stocks; thereafter, it was sought to control the prices of chief varieties. Even after the control was extended to cover all varieties, it took a fairly long time to evolve a tolerable regional distribution scheme. Only as late as the middle of 1945 some steps were taken to rationalise production. The Hoarding and Profiteering Prevention Ordinance was passed in October, 1943, but the Consumers' Goods Distribution Order came as late as July, 1944. It is the same general story all round, of dilatoriness, temporisation and piecemeal effort without proper co-ordination.

This lack of co-ordination has resulted in wide disparities between retail prices, not only as between different 'zones' but also within the same zone, as will be seen from the following table.

It is remarkable also that within the same zone, for example, the southern zone, the maximum price for cereals should be 204 and the minimum 78; that for other articles of food, whereas the index stood at 206 in one of the centres in the eastern zone, it should be as low as 110 somewhere in the southern zone; and that while prices in most centres record a big rise as compared to Jan. 1943, some centres should register an actual fall. Part of the explanation probably is that Jan.

Retail Price Index Number—Nov. 1945. (Jan. 1943 = 100)

	Cereals	Pulses	Other Articles of Food	Fuel and Lighting	Clothing	Miscellaneous
Eastern Zone						
1. Barma	115	115	165	154	101	187
2. Maibang	116	113	174	87	145	262
3. Rajapur	147	114	205	121	182	292
4. Sankergarh	191	157	133	78	81	183
5. Sonali	195	133	206	71	195	240
Northern Zone						
6. Multapi	114	124	145	111	106	278
7. Nana	109	95	141	135	112	184
8. Salamatpur	165	106	154	80		150
9. Shujabad	114	125	148	111		216
10. Gujarkhan	123	158	157	204	113	171
Southern Zone						
11. Krishna	140	78	124	90	68	141
12. Lakh	112	90	110	121	95	138
13. Malur	161	153	171	83	125	242
14. Muniguda	204(Sep.)	128(Sep.)	133(Sep.)	85(Sep.)	-92(Sep.)	160(Sep.)
15. Kudchi	78	106	162	117	120(Sep.)	377

The minimum and maximum prices have been printed in thick type. It will be noticed that maximum prices are $2\frac{1}{2}$ times the minimum in the case of cereals, twice the minimum for pulses and other food articles and $2\frac{3}{4}$ times for fuel and lighting, clothing, and miscellaneous items.

1943 was itself an abnormal period to start with when the different prices were by no means in equilibrium. Nevertheless, there is little doubt that the working of the various war time controls has ruptured the economic unity of the country, producing a new alignment of scarcities provincewise and even districtwise. Different authorities have placed restrictions on movement within and out of their jurisdictions according to their own understanding of their local needs, the presumption all through being that the interests, real or fancied, of the particular area in question were the prime consideration in such matters. These large price disparities indicate the failure of the authorities to equate even roughly the degree of scarcity in respect of these commodities over the different parts of the country. Apart from the uneconomic and unfair distribution of scarce resources in the face of an emergency that this represents it is a dangerous precedent which has introduced amongst us a new and selfish outlook in such matters. This way of thinking is apt to retard the progress of genuine all-India planning in future with a view to the interests of the country as a whole.

The main shortcomings of economic controls during wartime have thus been due partly to defective conception of policy, partly to administrative incompetence or apathy, in part also to the inherent difficulties of the problem in a country of the size and diversities of India, and, lastly, as everyone knows, due to the failure on the part of the Government to secure the best co-operation of the general public. The net result of all the vast effort has, as we have pointed out above, been far from satisfactory when judged in the light of the various criteria usually accepted in such matters.

The recent deterioration in the food situation all over the country is, at least to some extent, indicative of the essential weakness of the organisation set up. The famine that threatens us is, no doubt, partly the result of the failure of the rabi crops over large parts of the country. But the utter fright and helplessness that the authorities are now displaying arise from their failure (a) to secure a substantial increase in food production, (b) to build up adequate reserves along the lines recommended by the Foodgrains Policy Committee, (c) to introduce an effective procurement scheme in the surplus areas, and (d) to evolve an adequate plan of distribution of the available supplies so as to cover the rural masses. No wonder, frantic efforts have become necessary at this stage (i) to economise food even by accepting as large a cut as

25% in rations from a level which has been considered by experts as the minimum essential, and (ii) to get imports from abroad at a time when there is a world shortage of food and there are several other urgent demands to be met. The redeeming feature of the situation is that the administration in the country has realised that it is incapable of dealing with the situation unaided. Appeals have, therefore, gone out to political parties to treat this food problem as 'above party politics'. We are not concerned here with the solution of this urgent problem, which can after all amount to no more than 'pulling through somehow'. The point that we should emphasize is only that controls will have to be entirely re-orientated if they are to subserve the wider purposes of post-war planning and that the key to this re-orientation lies in a new relationship between the Government and the public on the basis of an acceptance of a common objective to be attained by methods also agreed upon. Only such a transformation can call forth the creative endeavour which a planned and controlled economy demands.

