

LESSONS OF WHEAT TRADE NATIONALISATION



FORUM OF FREE ENTERPRISE

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"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—Eugene Black

LESSONS OF WHEAT TRADE NATIONALISATION

I

The Rationale Of the New Food Policy

By

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In a democracy, Government rules by consensus not dogma. An elected Government cannot remain insensitive to people's hardships caused by a policy in the name of commitment to an abstract ideology. The recent decision of the Government of India to end the well-intentioned but unworkable policy of nationalisation of wholesale trade in wheat, therefore, deserves approbation.

It will be recalled that the nationalisation of wheat trade had two major aims: (a) to assure farmers a remunerative price so that they produce more, and (b) to ensure sufficient wheat to consumers at a reasonable price. The Government, anxious to keep the price to the consumers low and reduce the burden of subsidies on account of high overhead costs of the administering agencies, kept the procurement price of wheat unchanged at Rs. 76/- per quintal. This price was quite remunerative in earlier years. The tremendous surge in productivity brought about by high yielding varieties and increasing use of fertilisers and other

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inputs enabled the farmer to improve his income year by year. Prices of inputs and consumption goods paid by them were reasonable in relation to wheat price. In 1973, however, this price of Rs. 76/- turned out to be quite unattractive. Not only the cost of fertilisers and other inputs had gone up, but inferior grains and cattlefeed were selling at much higher prices. Many a farmer found wheat the cheapest feed for his own cattle.

The Union Government had an ambitious plan to purchase the entire marketable surplus of 8.1 million tonnes largely concentrated in Punjab, Haryana, U.P. and Rajasthan. State zones and ban on inter-State and even inter-district movement except on Government account were expected to ensure this mop-up. Farmers were however not interested in disposing their produce at this low price. Hence market arrivals turned out to be quite low. The target was then reduced to 6 million tonnes but not more than 4.3 million tonnes were actually procured. This was a dismal performance considering that in the previous two seasons 5 and 5.1 million tonnes were procured even when wholesalers were operating in the market along with public agencies.

This poor performance was not the result of a small crop; the decline in the crop outturn from 26.4 million tonnes in the previous year to 24.9 million tonnes in 1973 was not significant. And in earlier years, with smaller crops, over 5 million tonnes were indeed procured. Traders' opposition was certainly not a major factor because a farmer is no longer a credulous being who cannot evaluate market trends and his own interest. The same farmers had delivered larger quantities to public agencies when the price was fair.

The recent experience of cotton monopoly procurement of Maharashtra Government confirms that both small and large farmers are fully conscious of what is in their

interest. In 1972-73 the monopoly procurement assured farmers a fair price and all the cotton produced was offered to the State agency. But in the current season almost all cotton growers refused to part with their produce because the price offered was lower than what they were getting in the market.

The failure of the Government to mop up the entire marketable surplus in wheat had disastrous consequences for people in deficit areas. Vast areas of Gujarat, Maharashtra etc. had lost crops through widespread drought. Procurement of rice and coarse grains in the traditional surplus areas had been very poor partly because of smaller crops and partly because State Governments as usual were indifferent to purchasing foodgrains for distribution in other regions. Inter-state movement restrictions imposed to ensure procurement denied people of deficit States direct access to the unprocured marketable surpluses. This break-up of the national market in grains thrust on the Centre the entire responsibility of feeding people in deficit regions. In the past, the Government could meet such demands through imports. Last year, despite frantic efforts only about 2.4 millions could be purchased, as Russia and China having swept the world markets of all the surpluses, little more was available even at fantastic prices.

According to official estimates, the total supply of foodgrains in 1972-73, with total crop outturn of 95.2 million tonnes and imports of 2.4 millions, was about 98 million tonnes. This was substantially less than 107 million tonnes available in the previous season. The takeover aggravated this shortage as a large part of the marketable surplus in wheat remained bottled up in Punjab and Haryana for the benefit of the people and cattle of these States.

After having abolished a free market for wheat and imposed inter-state restrictions on the movement of most other grains, the Government should have substantially in-

creased distribution through fair price shops. But it could distribute only about 11.6 million tonnes against 10.2 million tonnes in the previous year. This was clearly not enough. Even in sensitive areas like Bombay the ration was reduced to 5 Kg. a month or only about 40 per cent of normal human needs. This meagre ration was also not available in time and people had to stand long exhausting hours in queues. If this happened in Bombay, one can only imagine the plight of people in small towns. If food riots were few, the credit goes to the patience of our people who knowing the impact of drought accepted the hardship as God's will.

People looked forward to an end to their misery through better supplies and some relief in prices when the 1973 monsoon promised bumper crops. This was, however, not to be. The Government learning from the fiasco of the wheat takeover did not abolish private trade in rice as planned earlier. However, to maximise procurement, state-wise zones were continued, leaving methods of procurement to State Governments. Surplus States again failed to procure enough despite good crops and a 25 per cent increase in procurement prices. Procurement of rice this season has been only 3.3 million tonnes or two-thirds the target of 5 million tonnes and of coarse grains less than one-eighth of the target of 1.6 million tonnes.

Government stocks were exhausted in the last season itself. Poor kharif procurement led to reduced grain allocations to deficit areas. Thus in the midst of bumper crop harvests, people in these areas got meagre rations and were forced to scramble for the limited supplies in open markets at fancy prices. In Gujarat, the ration quota for an adult in November/December last was only one kilogramme per month. Wheat fetched exorbitant prices. With levy affecting the marketing of rice and coarse grains, their prices too were beyond the reach of even middle classes.

It is this spectre of starvation that drove the traditionally peaceful Gujaratis to violence and the eventual fall of the State Government.

To sum up, the monopoly purchase of wheat did not help Government to improve upon the quantities procured. On the other hand, the abolition of wholesale markets denied consumers in urban and deficit areas enough wheat at reasonable prices. The price offered to the farmer was so unattractive that good wheat went to feed the cattle and in the current season the area under wheat has declined in favour of gram, mustard and barley. The disparity in grain prices between surplus and deficit areas greatly widened. With meagre rations, the consumer was compelled to patronise black markets. This Government venture imposed on the public a heavy burden of nearly Rs. 250 crores in the form of food subsidy which through increased deficit financing has only helped to push up food and other prices.

Except to those in ivory towers considering nationalisation as a panacea for all our ills the lessons of the wheat takeover are apparent. Firstly, in a vast country like ours the quantity of grains involved is too huge to be managed through bureaucratic government agencies. Secondly, even small farmers are now quite conscious of the price they receive and are no longer in a hurry to market their surplus at harvest time. They prefer to have organised or unorganised markets to set price trends for their produce. Thirdly, it would be calamitous to ignore the political realities of democracy under which State Governments function. Whatever be exhortation, incentives and coercion, quantities procured remain the same except when there is a breakthrough in production as in the case of wheat. In these circumstances, the Centre could do well not to shut out the inter-State trade and take over full responsibility of feeding the people in deficit areas. Fourthly, it is idle to expect that a democratic Government can acquire grains

through coercion from millions of farmers at prices below market rates in order to ensure vulnerable sections against the ravages of inflation. In fact, the really poor in rural areas are beyond the reach of public distribution. Public distribution normally benefits only the urban population, that too of large cities which otherwise enjoys much higher living standards.

In stressing the important role of the market in distribution of grains one does not suggest **laissez faire**. All countries have recognised the need for some measure of regulation of commodity markets. Grain output fluctuates from season to season. In years of bumper crops a minimum procurement price guaranteed by Government assures farmers a reasonable return. Buffer stocks built through such procurement protect consumers against undue rise in prices during poor crop seasons. In India, with marginal shortages in food supply, State procurement of limited quantities is necessary for public distribution in deficit urban areas to moderate seasonal price rise and avoid industrial unrest.

The new food policy is in effect a restoration of the policy followed in the past. Now licensed wholesalers will be required to sell 50 per cent of their wheat purchases to Government agencies at a price of Rs. 105 per quintal. These agencies will also buy in the *mandis* directly to assure farmers the minimum price of Rs 105/-. Wholesalers will be free to move the balance 50 per cent anywhere. Inter-State restrictions on the movement of coarse grains have also been lifted. Thus a national market for wheat and coarse grains has been restored. The prime merits of this are that consumers in deficit areas are now in a position to supplement their inadequate ration by open market purchases. Farmers have been assured a 40 per cent increase in the minimum price which is equal to the wholesale price in the market. Remunerative prices will encourage farmers to grow more next season.

The critics of the new policy fear that the Government will not get enough to maintain public distribution. This fear is not unwarranted as shown by the recent experience of rice and coarse grains procurement. If wheat market prices rule unduly above Rs. 105/- a large procurement will not be assured. In any case, the situation will be no different than was the case under nationalisation. Now at least the freedom to sell 50 per cent in open market lends sufficient price flexibility to draw out the entire marketable surplus. Under State trading only smugglers could bring out part of the unprocured surplus. Total supplies available for public distribution this year will perhaps be only of the same order as last year. For an efficient distribution of the available supply the present scope of distribution will have to be curtailed. It is better to assure regular supplies to limited numbers so that people do not have to wait in queues for supplies which are not there. People will now have the freedom to supplement the ration from open market.

The critics of the new policy also fear that food prices may rise further. The remedy for high price lies in stopping inflation generated by imprudent monetary and fiscal policies and assuring higher production of all goods and services. Takeover and uneconomic prices to producers even by the most competent administration cannot provide much relief because then farmers will not produce.

If wholesalers appreciating the mood of the people exercise a measure of discipline and enable Government to procure 50 per cent of the marketable surplus the country will be able to pull through a difficult food situation without adding to current social tensions.

II

A Record of Developments from Nationalisation to Denationalisation of Wheat Trade

WHEAT PROCUREMENT MAY SURPASS TARGET

As the massive rabi procurement operations get into full swing tomorrow all over the country, the Food Corporation of India and the State Governments have indicated that the targets would be exceeded in the major wheat producing states.

Based on the present production trends, the rabi procurement target of 8.1 million tonnes for 1972-73 is expected to be achieved despite the adverse propaganda by private wholesale traders exhorting farmers to hold on to their stocks.

A press party which returned today from a trip of various *mandis* in Punjab, Haryana, Uttar Pradesh and Himachal Pradesh, found that the preparations for procurement and distribution of wheat made in the wake of the wholesale trade take-over by the FCI and state government concerned have dashed the hopes of private wholesalers of creating psychology of scarcity and price rise. (U.N.I. report in "The Times of India" 16-4-1973)

Step on grain trade a permanent feature

The take-over of the wholesale trade in food grains will be a permanent feature even in times of food surpluses.

An indication of this was given in the Lok Sabha today by the minister of state for agriculture, Mr. Annasaheb P. Shinde, who said: "This is the soundest thing so far as food administration is concerned even in times of bumper crops."

Rejecting the policy of 'laissez faire' in food management, Mr. Shinde quoted from the Woodhead Commission which had said nearly 30 years ago that "a policy of 'laissez faire' cannot lead to anywhere: probably it will lead to catastrophe." (The Sir John Woodhead Commission had inquired into the causes of the catastrophic Bengali famine in 1943).

Mr. Shinde said with reference to the take-over of the wholesale trade in food grains that "things are changing and a new atmosphere is coming up."

Theoretically, the take-over was one of the most radical and revolutionary reforms that would benefit everybody—the farmer as well as the consumer, the minister asserted. Every expert committee which had gone into the problems of food administration had recommended it. The food economy of India was subject to violent fluctuations and the take-over would, by and large, eliminate them.

The common notion that the decision taken in 1953 by the late Mr. Rafi Ahmed Kidwai (the then Union food minister) to do away with procurement and rationing was sound in all circumstances was not correct. For instance, there was a sharp rise in food prices in 1956.

Mr. Shinde, who was intervening in the ten-hour debate on the demands for grants of his ministry, referred to the doubt expressed by some members about the competence of the bureaucracy to handle the wholesale food grain trade take-over.

Paying a tribute to officials of the ministry of food and agriculture, Mr. Shinde said: "The government of India is seized of the matter about the administrative reorganisation necessary for this. My own experience is that I do not find any difficulty in working with officials in my ministry. Our administration rises to the occasion whenever national needs

demand it." ("The Times of India" 19-4-73. TOI News Service report.)

Four killed in police firing at Sinnar

Four people were killed and 25 injured when the police opened fire on an 8,000-strong mob that tried to storm the local tehsil office at Sinnar.

According to P.T.I., five persons were killed in the firing.

The mob marched on the tehsil office after a Sinnar bandh which had been called by opposition parties to focus attention on the short supply of food grains and rising prices. The bandh was total. ("The Times of India" 23-4-1973 TOI News Service)

Food crisis—worst is over, says Shinde

NEW DELHI, April 24: The Centre is rushing 12 wheat specials from Punjab to Maharashtra from today to meet the urgent requirements of the State.

Disclosing this in the Lok Sabha today Shri Annasaheb Shinde, Minister of State for Food, assured that the most difficult phase of the food situation was practically over. From May onwards, he said it would be possible to meet the reasonable requirements of Maharashtra and other drought-affected areas. ("Free Press Journal" 25-4-1974. FPJ News Service)

Sale of sub-standard Punjab wheat stopped

The sale of sub-standard Punjab wheat through co-operatives in Bombay has been suspended by the government on public complaints. (TOI 25-4-1973)

Nation in grip of wheat crisis

NEW DELHI, April 29 (UND): A wheat crisis is brewing all over the country following take-over of the wholesale trade in wheat from April 1, this year.

The procurement operations are failing due to the farmers' diffidence to bring the golden grain to the market. The open market prices have shot up to Rs. 180 a quintal against the official issue price of Rs. 89 a quintal in some States and there is a seething discontent among the people in urban and rural areas against the break in the supply of wheat at the fair price shops.

A country-wide survey conducted by the UNI has revealed that excepting Punjab and Haryana all the wheat producing States have indicated that procurement targets would not be fulfilled despite the Centre's claim of a 30-million ton bumper wheat harvest during 1972-73. (FPJ 30-4-1973)

As wheat specials being rushed...

Hungry mob gassed at Bulsar

AHMEDABAD, April 29: Police burst teargas shells at Bulsar, in South Gujarat, this evening to disperse a mob protesting against inadequate food grains supply, even as the Centre was rushing eight wheat specials to the State to meet the immediate requirements. ("Indian Express" 1-5-1973)

'Govt. bungling to blame for food crisis'

NEW DELHI, May 1: The present difficulties in food distribution in deficit states could have been avoided if the Central and state governments had taken adequate steps to strengthen the public distribution system before embarking upon the state take-over of wholesale trade in wheat.

In fact, the planning commission sources appear to be sore that their repeated advice to the states since August not only to raise the number of fair-price shops but also to improve their functioning has not been taken seriously by most of the state governments.

The commission's suggestions were based on the interim findings of an expert study of the working of fair-price shops

in Lucknow conducted by Dr. V. B. Singh, professor of economics, Lucknow University. The final report of the study has just been published.

The study makes no secret of public dissatisfaction with the existing public distribution system. Several cardholders alleged that fair-price shops were a cesspool of corruption. Diversion of commodities from fair-price shops to "black" and "open" markets as well the registration and issue of "ghost" ration cards were also widely reported though Dr. Singh could not vouchsafe for their accuracy. (TOI 2-5-1973)

Grain shortage poses law and order problem in state

Inadequate supplies from the fair-price shops and rising prices in the open market have made the food grain position in all districts of Maharashtra acute to the point of posing a serious law and order problem.

The only exception is Ratnagiri district, where, if the government is able to maintain the present supply of 70 per cent of the quota, no great discontent is likely to manifest itself. (TOI 2-5-1973)

Three die in Vidarbha violence

NAGPUR, May 1 : Three people, including two police personnel, were killed and several injured in mob violence and police firing in Tumsar town, about 60 km. from here, following the bandh organised by the Mahavidarbha Rajya Sangharsha Samiti today. (TOI 2-5-1973)

Mob raids shops in Belgaum

BELGAUM, May 7 : A 1,000-strong crowd broke open five food grain shops and carried away 106 bags of maize and rice valued at Rs. 36,000 at Ugarkhurd in Belgaum district last night, according to a delayed report reaching here today.

The crowd also took away cash of over Rs. 1,500 from these shops.

Angry with the shopkeepers for not supplying "sufficient" quantity of food grains at "reasonable" price, the crowd threw stones, injuring two merchants and two policemen. (TOI 8-5-1973)

Grain trade take-over not a stunt: Chandra Shekhar

Mr. Chandra Shekhar, Congress M.P., said in Bombay on Friday that in view of the appalling poverty and unemployment in the country, no one could term as a "political stunt" the government's take-over of the wholesale trade in wheat and rice.

At the same time, he warned that the failure of the scheme would not only hit the ruling party, but also jeopardise the larger interests of the country.

Earlier, Mr. N. Dandekar, recalling Mr. Jayaprakash Narayan's comment that the take-over would be an "unwise adventure", said it would prove a "disastrous" one.

He thought the government was only using the take-over as a smokescreen, "to hide the failure of its own agricultural policy" and accused it of launching a "virulent propaganda campaign to malign traders" to achieve this end.

According to him, the country would not have been in this "calamitous situation" if the government had properly utilised the nation's water resources and taken steps for flood control, afforestation and conservation.

Mr. George Fernandes opposed the "arbitrary" take-over because it would throw out of employment not only a large number of wholesalers, their employees and brokers, but also many retailers.

Mr. Shriman Narayan, who was the panel chairman at the symposium, expressed doubts whether the nationalisation

of the wholesale trade in food grains was necessary. "Perhaps it would have been better to regulate and control the trade more effectively," he remarked. (TOI 12-5-1973)

Wheat in shops, claims official—but loses bet

NEW DELHI, May 13 : A private bet accepted by the executive councillor for civil supplies, Mr. O. P. Bahl, prompted him to inspect many fair-price shops in west Delhi only to discover, contrary to his claim, that wheat was not available at any shop. (TOI 14-5-1973)

Asoka : Govt. can't handle grains trade

AHMEDABAD, May 21 : Old Congress leader Asoka Mehta has disputed the Government's competence to implement progressive measures and improve the condition of the masses.

Fifteen years ago, as member of a committee, he had recommended the take-over of food grains trade. But today, he would not advocate it for the Government was incapable of handling it. (I E 22-5-1973)

Trade willing to offer services : wheat distribution

Mr. Devji Rattansey, president of the Grain, Rice and Oilseeds Merchants' Association, has offered the government the co-operation of the wholesale grain trade in the distribution of wheat with such restrictions and checks as the government may consider necessary.

The trade will undertake to move wheat supplies procured by the government from the mandis to the consuming areas. It will also ensure the sale of wheat to consumers at the prices to be fixed by the government after allowing for transport cost and pre-determined handling charges if the proposal is accepted.

Mr. Rattansey told pressmen in Bombay on Wednesday that the trade was induced to offer its services mainly be-

cause of the plight of the consumer who had to stand in long queues for inadequate and irregular supply of wheat of poor quality.

Referring to the poor government performance in respect of wheat procurement which had so far aggregated two million tonnes against the season's target of 8.1 million tonnes, he warned that the country was heading for a distribution crisis. Assuming that the procurement would amount to five million tonnes by the end of June when the marketing season would conclude, the government would not be left with more than 1.5 million tonnes after allowing for a monthly supply of 1.2 million tonnes for public distribution. The situation would become critical during the monsoon and before the arrivals of the khariff crops begin in November, he added.

He felt that the insufficient procurement was the result of the unremunerative price of Rs. 76 per quintal being offered by the government to the grower. While that price was fixed five years ago, the cost of production had gone up and the producer had no incentive to offer better qualities under procurement which permitted only a uniform payment irrespective of the grade of supply.

Mr. Rattansey said that the procurement would not pick up unless the price was raised to around Rs. 85 per quintal. Although he did not expect the government to allow the trade to participate in procurement, he felt confident that given a chance the trade could procure as much as three million tonnes of wheat if the government was willing to raise the price to Rs. 85. (TOI 24-5-1973)

2 m. bogus ration cards in Patna

NEW DELHI, May 26: Although Patna city has a population of only 450,000, ration cards have been issued in that city for no less than 2.3 million persons.

This is disclosed in a confidential survey recently carried out by the union agriculture ministry. The survey shows that bogus ration cards on a massive scale are in circulation in several cities, though Patna is well ahead of the others in this game. (TOI 27-5-1973)

Poor gather wheat from manure pits

At the Aarey Milk Colony in Bombay, hundreds of emaciated men, women and children have been scraping compost pits for food grains for the past ten days.

Most of these people came from the drought-hit rural areas of Maharashtra.

The wheat is not fit even for animals, but the poor have no money to buy wheat and are forced to dig through the cattle dung.

About 170 tons of wheat were sent by the Catholic Relief Association to the Aarey Milk Colony to be used as cattle feed. However, the Agro-Industries Corporation, which prepares 'sugrass', found the wheat was unfit for cattle. It was decided to dump the wheat into compost pits between stables Nos. 13 and 14 for making it into manure.

News of this decision spread quickly in the suburbs and hundreds converged at the compost pits.

Besides people from the drought-affected areas of Parbhani and Nasik, the **zopadpatti** population and Adivasis from the jungle nearby also scooped up as much wheat as they could.

Mr. Nivruti Waghmare of Partud village in Parbhani taluka, who is staying in Jogeshwari, said it was impossible for him to buy **bajra** from the open market as the prices were very high. He and his family did not have ration cards. He was, therefore, happy to get the wheat from the pit. He

said he would boil it, dry it and use whatever was good. (TOI 1-6-1973)

Housewives sore over quality of grains

Dissatisfaction with the quantity and quality of grains supplied by ration shops appears to be widespread among housewives in Bombay, according to a field survey conducted by UNI. (TOI 4-6-1973)

Sale of poor quality rice halted

The sale of 22,000 bags of sub-standard boiled rice to card-holders in Bombay has been stopped with immediate effect by the Controller of Rationing on the directive of the Commissioner of Food and Drug Administration, pending analysis of the rice by the Public Analyst.

The sub-standard boiled rice was acquired by a number of city consumers' co-operative societies, led by the Delisle Road Co-op. Society, at an auction held in Andhra Pradesh, some seven months back. The auctioneers were the State Trading Corporation. (FPJ 6-6-1973)

Irate mob raids ration shop

SANGLI, June 7 : Nearly 2,000 persons, including many women, working in scarcity centres raided a fair-price shop in Jath, 85 km. from here, on Tuesday, suspecting that food grain stocks there were being sold in black market.

The manager of the shop and his servant who became victims of the mob fury were admitted to hospital. (TOI 8-6-1973)

Only four chapatis per head in many U.P. hotels

SAHARANPUR, June 9 : Long queues and frayed tempers have become a common feature outside fair-price shops in this major wheat-producing district of U.P.

There is acute shortage of essential commodities like wheat, vanaspati and kerosene. In some eating-houses, proprietors have put up boards saying "customers will not be served more than four chapatis."

The size of the chapatis has also been considerably reduced, while the price has been raised from 20 paise to 35 paise apiece. (TOI 10-6-1973) s

Cong. MPs sabotage procurement drive

GORAKHPUR : Rich farmers belonging to the ruling party have succeeded in sabotaging the wheat procurement drive in the Gorakhpur region which is a deficit area. It covers the six backward districts of Gorakhpur, Gonda, Deoria, Basti, Azamgarh and Bahraich.

Among the defaulters are Congress MLAs and MPs. There are exceptions like the food minister, Mr. Yadvendra Singh, who is a successful progressive farmer. His brother, obviously at his instance, sold 300 quintals of wheat to local food department officials. The example set by the minister did not prove infectious. By and large, rich kisans, owing allegiance to the Congress, sold their stocks to retailers who were unwisely allowed by the state government to buy wheat at any price from April 1 to May 10, when the authorities ordered that no retailer could sell wheat at more than 86 paise a kg.

During the 40 days when private traders (retailers) co-existed with owners of ration shops, rich Congressmen farmers sold their stocks to private traders at rates ranging from Rs. 100 to Rs. 110 a quintal. The profit motive proved stronger than loyalty to the party. (TOI 17-6-1973)

States indicted for slow pace of wheat trade take-over

NEW DELHI, June 18 : The Centre has indicted the state governments for dilatory and ineffectual measures in implementing the wheat trade take-over and has made a

gloomy assessment of the procurement prospects in all wheat-producing states, except Punjab.

In a confidential analysis, the agriculture ministry has described the performance of Bihar and Rajasthan as the "most gloomy". The position in Haryana, Madhya Pradesh and U.P. is "none too rosy".

Even Punjab, whose record was commended by the agriculture minister at the chief ministers' conference, is trailing behind its own record of last year. The ministry believes that the state will have to step up its rate of procurement (42,000 tonnes daily) substantially if the target of 3.3 million tonnes is to be achieved.

Normally, the Centre respects the sensitivities of the state governments and its criticism is couched in mild terms. But it is a measure of the agriculture ministry's disappointment with the states that it has not minced words this time in laying blame at their door.

By citing reports of large-scale inter-district and inter-state smuggling, the ministry supports the view that effective measures have not been taken to check smuggling and the position has not improved even now. Once more, the states have been asked to tighten up anti-smuggling measures. (TOI 17-6-1973).

Canadian wheat for India

OTTAWA, June 24: That Canada has undertaken to "give early consideration" to supply India with food grains, edible oils and fertilisers, including potash, is tangible evidence of its co-operation in India's efforts to achieve self-reliance.

A joint communique issued at the end of the eight-day visit of Mrs. Gandhi to Canada stressed the renewal of friendly ties in changing the framework of the world and

of the Indian advancement from an aid recipient status to a possible trading partner. (TOI 25-6-1973).

CMs unhappy over food trade policy

NEW DELHI, June 15 : Rumbblings of dissatisfaction among some Congress chief ministers with the policy of take-over of wholesale trade in food are beginning to be heard. There are straws in the wind to suggest that the government may be planning to go slow with the policy.

At the chief ministers' conference on the food situation, the West Bengal chief minister, Mr. Siddhartha Shankar Ray, is understood to have called on the Centre to give a second look to the policy of take-over of wholesale trade in wheat.

His views are evidently shared by other chief ministers and food ministers who remain discreetly silent. The take-over of wheat trade has been a frustrating experience. (TOI 16-6-1973).

Poor Meerut response : wheat bonus scheme

MEERUT, June 27 : Having sold away the entire stock of barley and gram, farmers are using wheat as fodder in the western U.P. districts of Meerut, Muzaffarnagar and Saharanpur.

The cultivators' decision to dispose of coarse grain stocks in preference to wheat is understandable in the context of the unusually high prices they fetched in the market.

The bonus scheme for farmers selling wheat to government agencies has evoked a poor response in Meerut division. Though the scheme has been explained in detail to farmers in the remote areas of this predominantly wheat-producing zone, they insist on the government increasing the procurement price.

Against the target of 152,000 tonnes of wheat for Meerut district, only a little over 40,000 tonnes has been so far purchased by official agencies. (TOI 28-6-1973).

Bengal procurement fails : rice stocks hoarded

CALCUTTA: Low procurement and non-compliance by the state government with the Centre's repeated advice to vary the rice content of the ration quantum according to availability threaten the foodgrain distribution system in West Bengal.

The target for this year's procurement was 300,000 tonnes of rice and 100,000 tonnes of wheat. To many, the rice target appeared too low, but the government justified it with the argument that a belated monsoon and drought had affected the kharif crop last year.

But, so far, only a little over half of the rice procurement target has been achieved. The government admits that procurement of more rice may not be possible.

Only a few hundred tonnes of wheat have been procured and the food minister, Mr. K. K. Moitra has himself described the result as "ridiculous". (TOI 28-6-1973)

"Bombay consumers being fleeced"

Mr. Prakash Singh Badal, former chief minister of Punjab and now a leader of the opposition, asserted that the Centre had indulged in black-marketing. "It pays less to the farmers in Punjab and fleeces the consumer in Bombay."

He said the government's purchase price of wheat in Punjab was Rs. 76 per quintal while it was selling it at Rs. 150 per quintal. (Report of a press conference in Bombay. TOI 28-6-1973)

Scheme a failure in Punjab too

CHANDIGARH: The incentive bonus scheme for wheat procurement has not helped bring out the stocks hoarded by farmers in Punjab.

According to official sources, market arrivals in the wheat producing areas have dropped to a mere 5,000 to 7,000 tonnes per day, compared with 30,000 to 40,000 tonnes before the announcement of the scheme.

The Union food minister, Mr. F. A. Ahmed, had announced last month a bonus ranging from Rs. 4 to Rs. 7 per quintal of wheat procured by states in excess of 25 per cent of the target fixed for them. The bonus scheme is operative till July 15. (TOI 4-7-1973)

Shinde: no food shortage

NEW DELHI, July 11 (PTI): The minister of state for agriculture, Mr. A. P. Shinde, declared tonight that scare about shortage of foodgrains in the country was unwarranted and that there was no reason to feel panicky.

"We hope to procure more than five million tonnes of wheat. We are also arranging to import wheat from certain countries and in view of this the scare about shortages is merely psychological," Mr. Shinde said. (TOI 12-7-1973)

Kerala closes schools: food shortage

TRIVANDRUM, July 12: The Kerala government tonight announced the closure of all educational institutions in view of the acute food shortage and the state-wide agitation against the government's failure to meet the situation. (TOI 13-7-1973)

Most bakeries in city idle

Most of the 500 bakeries in Greater Bombay remained closed on Friday owing to the non-availability of maida.

A 30-per cent cut in the wheat quota of bakers from November, and the non-availability of wheat were the reasons for the shortage of bread during the past six months.

The direct effect of the bread shortage has been that the common man has been deprived of the cheapest and most popular of foodstuffs. (TOI 28-7-1973)

No going back on wheat trade take-over : Ahmed

PATNA, July 30 : The Union food and agriculture minister, Mr. Fakhruddin Ali Ahmed, today ruled out any reversal of or relaxation in the basic policy of take-over of the wholesale trade in wheat because of the difficult food position in certain drought-hit states like Bihar, Maharashtra and Gujarat. (TOI 29-7-1973)

“Pay kisans price of foreign wheat”

LUCKNOW, August 5 : India could do without wheat imports and save Rs. 560 crores if the government agrees to pay to Indian kisans the price it is willing to pay to foreign farmers, said Mr. Bhanu Pratap Singh, president of the Farmers' Federation of India.

Mr. Singh declared an additional two million tonnes of wheat could be procured if the procurement price was raised. About 2.5 million tonnes of food grains could be produced by Indian farmers within the next three months if the government agreed to buy them at the same rate at which it was making purchases abroad.

He declared millions were suffering because of the take-over. (TOI 6-8-1973)

Food prices up by 30 p.c. in several states

The prices of food grains and other essential articles have risen by 30 per cent in several parts of the country in the past four months.

Edible oil is not only dearer but also scarce even in surplus states, according to a survey made by The Times of India News Service.

While the authorities try to ensure food supplies to cities and towns, they leave villages to fend for themselves. The vast mass of people in the rural areas, who do not have an effective and vocal leadership, considers food shortages and high prices as fate. (TOI 14-8-1973)

DIR invoked to enforce prices

The Maharashtra government on Thursday invoked the Defence of India Rules to give statutory effect to the prices of various essential commodities fixed recently by its six panels. (TOI 17-8-1973)

Rs. 28-lakh spoilt wheat destroyed

VISAKHAPATNAM, September 6: Imported wheat, worth Rs. 28 lakhs, which was stored in the godowns of the Food Corporation of India here, had been declared unfit for human consumption and was being dumped in the municipal night soil grounds, FCI sources said today.

About Rs. 50,000 was being spent on transport charges for disposal of the damaged wheat, it was stated. (TOI 7-9-1973)

Ration cards pawned with money-lenders

The seizures of 42 ration cards from a Colaba money-lender on September 7 and 41 cards from a Chembur grocer on Thursday provide a clue to the increase of 600,000 in the "card-population" in the Greater Bombay rationing area.

(Card population means the people included in ration cards.) The rationing authorities have found that a number of people take loans from money-lenders by mortgaging their ration cards and subsequently obtain fresh cards in a different place.

The money-lenders then operate or draw food grains on these cards. (TOI 15-9-1973)

Food riots spread

Army alerted in Mysore

BANGALORE, September 14: The food riots in Mysore state spread to nearly a dozen towns and villages today when the police opened fire at two places, killing one person.

Fearing large-scale violence, enveloping the entire state, the government today alerted the army and called for CRP reinforcements from Madras, Pondicherry and Trivandrum.

At Belur, in Hassan district, the house of a Congress M.L.A. and a general secretary of the PCC, Mr. H. K. Puttaranganath, was attacked. His life was threatened. He, however, managed to rush out and take shelter in the office of the block development officer. A shop was raided in Hassan and bags of rice were pulled out and distributed. Police reinforcements have been rushed from Bangalore to Kolar where attempts were made to loot grain shops. (TOI 15-9-1973)

No going back on grain trade take-over : Ahmed

Mr. Fakruddin Ali Ahmed, Union minister for food and agriculture, said in Bombay on Saturday that there was no going back on the policy of taking over the foodgrain trade. "We are committed to it."

Speaking at a Congress workers' meeting organised by the BPCC, Mr. Ahmed said: "We want to give a reasonable price to the farmer and give grains at reasonable rates to the consumer.

"We have succeeded in taking over the wheat trade," he said, but admitted that because of inadequate machinery for distribution, there were some problems in the initial stage. (TOI 23-9-1973)

Russia offers grain loan of 2 m. tonnes

NEW DELHI, September 28 : The Soviet Union has offered India two million tonnes of food grains, including some rice, on a loan basis.

The offer came personally from Mr. Leonid Brezhnev, general secretary of the Soviet Communist Party, and it has been accepted by the government of India. (TOI 29-9-1973).

Prices will fall in weeks: Shinde

Prices of food grains, oilseeds and pulses will drop "very substantially" in the next four or five weeks, the Union Minister of State for food and agriculture, Mr. A. P. Shinde, claimed in Bombay on Thursday, citing the excellent crop prospects and the Soviet wheat loan. (TOI 5-10-1973).

Worst is over on the food front

NEW DELHI, Oct. 5 (PTI) : Thanks in the main to the excellent monsoon this year, the worst seems to be over on the food front. (FPJ 6-10-1973).

Wheat Sale—Big profit by govt. alleged

NEW DELHI, Dec. 12 : Both Congress and opposition members in the Rajya Sabha today charged the government with having made huge profits of several crores of rupees by increasing the issue price of wheat from Rs. 78 to Rs. 90 per quintal.

Mr. A. P. Jain (Cong.), former food minister, said the government, by purchasing wheat at Rs. 76 per quintal and selling it at Rs. 90, had made a clear profit of Rs. 12 crores.

Mr. A. P. Shinde, minister of state for agriculture, said the government had not made any profits but "the losses would be reduced." (TOI 13-12-1973).

FCI "overstaffed"

NEW DELHI, December 13 : The committee on public undertakings of the Lok Sabha has expressed concern that while the turnover has increased five times its staff strength has gone up 12 times as on March 31, 1971. (TOI 14-12-1973).

Union govt. staff in Nagpur tear-gassed

NAGPUR, December 22 : The police burst tear-gas shells and resorted to cane charges to disperse a procession of Central government employees here today.

They were demanding an increase in the quantity of rations. (TOI 23-12-1973).

Ahmedabad firing on grain looters

AHMEDABAD, January 9 : The police fired one round on food grain looters in Dariapur and burst three tear-gas shells on traffic obstructionists outside Shahpur Gate here during the striking students' three-hour curfew, which was ineffective.

The students, on a four-day strike from Monday to protest against the price spiral and closure of government engineering colleges here and in Morvi, had declared they would stop all vehicular traffic in the city from 9 a.m., the only exceptions being buses and press vehicles.

At a meeting held in the senate hall of Gujarat University early this morning, the students pledged to sacrifice their studies and use even force to "secure the necessities of life for the people and to safeguard democracy in the country". (TOI 10-1-1974).

Procurement fiasco

PATNA : In an expansive moment, Mr. Abdul Ghafoor, the Bihar Chief Minister, undertook to procure 250,000

tonnes of rice instead of the earlier target of 100,000 tonnes, removed Mr. L. P. Sahi from the food supply and commerce ministry and personally took over the responsibility for the procurement drive. But will these brave gestures be of any avail in the present situation? All that the state was able to procure until January 15 was a miserable 3,000 tonnes of paddy, which is less than a thousandth part of the 'kharif' harvest of 4.8 million tonnes. (TOI 29-1-1974).

Ahmed : Enough food, distribution faulty

VARANASI, February 4 : The Union food and agriculture minister, Mr. Fakhruddin Ali Ahmed, reiterated here today that the government was having no second thoughts on the take-over of the wholesale trade in wheat.

Talking to newsmen, he said the policy helped the country tide over the crisis caused by the drought in Maharashtra and Gujarat last year.

Motihari : Mr. Ahmed blamed the defective distribution system for the food crisis in the country. (TOI 5-2-1974).

Bulk of imported wheat is ergot-infested

More than a half of the imported wheat received in Bombay in the last one year was found to be infested with ergot, Mr. P. S. Roy, zonal manager of the Food Corporation of India, told newsmen on Tuesday. (TOI 6-2-1974).

6 in hospital after eating millets

AHMEDABAD, February 5 : The food distributed through fair price shops in Gujarat is feared to contain some "element of poison". Six people were hospitalised in Ahmedabad after eating bajra (millets) supplied by fair price shops last week. (TOI 6-2-1974).

Grain trade take-over a flop : Giri

NEW DELHI, February 9 : The President, Mr. V. V. Giri, said here today the take-over of the wholesale trade in foodgrains had not yielded the expected results.

In spite of a bumper crop in many parts of the country last year, the hopes of improved procurement had not been fulfilled.

On the contrary, there were complaints of large-scale withholding of stocks and hoarding. The formulation of a workable and purposeful plan for procurement, stocking and distribution of foodgrains—fine as well as coarse—applicable throughout the country and its successful implementation was of the highest importance, he said. (TOI 10-2-74).

Curbs on movement of coarse grains go

NEW DELHI, March 6 : The Union government has decided to lift all restrictions on the movement of coarse grains with immediate effect. The whole country will be treated as one zone within which free movement of coarse grains will be allowed.

The government decision was announced by the agriculture minister, Mr. Fakhruddin Ali Ahmed, in a statement to both houses of Parliament.

The withdrawal of restrictions appears to be another step in an orderly retreat from the take-over of the wholesale trade in wheat. (TOI 7-3-1974).

Coarse grain prices fall

The price of bajra dropped substantially in Bombay on Thursday, following the lifting of curbs on movement of coarse grains, traders said. According to them, the price of bajra came down to Rs. 140 a quintal from Wednesday's Rs. 160. The price of barley had fallen by Rs. 10 a quintal to Rs. 160. (TOI 8-3-1974).

World Bank raps India for lack of earnestness

WASHINGTON, March 11 : The World Bank is reported to be annoyed with India for its "lack of earnestness" in meeting the food and oil crises. (TOI 12-3-1974).

Ban on trade in jowar lifted

The Maharashtra government has decided to lift the ban on private trade in jowar and nagli, imposed in 1972.

The government has also decided to lift the ban on the export of jowar, bajri and nagli to other States imposed in 1966. (TOI 13-3-1974).

Wheat traders back in business

NEW DELHI, March 28 : The government today gave up the policy of state monopoly in wholesale trade in wheat, permitting traders to revert to procurement.

Announcing the new policy in the Lok Sabha, the food minister, Mr. Fakhruddin Ali Ahmed, said: "After careful consideration, it has been decided to continue the procurement of wheat by the public agencies in all the States and in addition, to allow wholesalers, both private traders and co-operative societies, to operate under a system of licensing and control."

Under this system, wholesalers would be required to turn over to the government 50 per cent of their procurement at a fixed price of Rs. 105 a quintal in the surplus states of Punjab, Haryana, U.P., Madhya Pradesh and Rajasthan.

The government will continue its procurement operations at a price of Rs. 105 a quintal for all varieties.

The Central issue price has been raised to Rs. 125 a quintal for all wheat varieties.

Mr. Ahmed said the existing single state zones for wheat would continue.

The private wholesalers will be allowed to sell their stocks, after paying the levy, in or outside the State on the basis of permit. The announcement did not specify the rates which the wholesalers could charge in respect of these sales. (TOI 28-3-1974).

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III

Net Availability, Procurement and Public Distribution of Foodgrains

YEAR	Net Production of food-grains (Million Tonnes)	Imports (Million Tonnes)	Net Availability* of Foodgrains (Million Tonnes)	Procurement (Million Tonnes)	Public Distribution (Million Tonnes)
1	2	3	4	5	6
1956	60.67	1.44	62.66	0.04	2.08
1961	72.04	3.50	75.70	0.54	3.98
1962	72.10	3.64	76.10	0.48	4.37
1963	70.29	4.56	74.86	0.75	5.18
1964	70.61	6.27	78.11	1.43	8.67
1965	78.20	7.46	84.59	4.03	10.08
1966	63.30	10.36	73.50	4.01	14.09
1967†	64.95	8.67	73.37	4.46	13.17
1968†	83.17	5.69	86.82	6.81	10.22
1969†	82.26	3.87	85.55	6.38	9.39
1970†	87.06	3.63	89.52	6.71	8.84
1971†	94.87	2.05	94.33	8.86	7.83
1972†	92.02	0.45	96.24	7.70	10.48‡
1973†	83.30	3.60	87.56	8.43	11.50

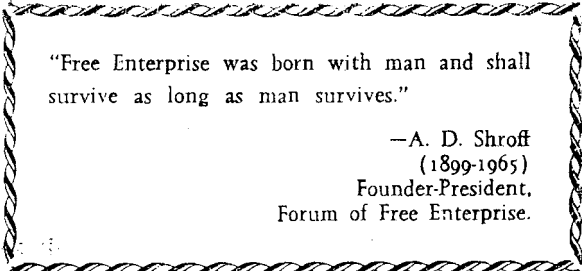
* Net availability = Net Production + Net Imports — Change in Govt. Stocks.

† Provisional.

‡ Excludes exports to Bangla Desh.

— From "Economic Survey" (1973-74)

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—A. D. Shroff
(1899-1965)
Founder-President,
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