Food Situation and Policy 1951-56

The massive US food assistance to India commenced with the shipments under the first Indo-US Agreement finalised on 29 August 1956. This agreement was signed within the framework of the United States Agricultural Trade Development and Assistance Act of 1954 (PL-480). During the first five year plan, no major food assistance was needed apart from the emergency assistance required to tide over the food crisis of 1951. The domestic foodgrains output increased continuously since 1952-53. Bumper harvests were successively reaped in 1953-54 and 1954-55. The record harvests improved the availability of foodgrains, reduced the necessity to import grain commercially and this helped in both arresting rise in prices and improving the balance of payments position. In fact, during these two years there was a sharp fall in agricultural prices, leading to a recession. Apart from providing a suitable opportunity for raising investment and reducing grain imports, the Government had to lift the embargo on food exports and

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1 India, Govt. of, Planning Commission, Review of the First Five Year Plan (New Delhi, 1957), pp.5,11,100. The imports in 1954 and 1955 came down to 0.62 and 0.59 million tons after the 1951 peak of 4.73 million tons (See India, Govt. of, Ministry of Finance, Deptt. of Economic Affairs, Economic Survey 1963-64 (New Delhi, 1964) Table 1.4).
undertake price support operations early in 1955. This was followed by an upswing of prices in the following year (1955-56) both as a result of lower agricultural output and as a reaction to Government's expansionary policies. Consequently, the Government had to reimpose restrictions on export of foodgrains, regulate credit and bank advances against foodgrains and increase the release of grains from Government stocks through the fair price shops. The situation also necessitated reversal of the down trend in grain imports.\(^2\)

Even though the second five year plan was finalised in 1955, basic thinking on it commenced around the period of the bumper harvests and was conditioned by the euphoria of self-sufficiency generated by the farm successes. The importance of raising farm output to provide food and fibre requirements of the economy was recognised. However, it was felt that the first plan had laid a "solid" base for the development of agriculture. The Indian Planning Commission was of the view that while the process of strengthening the agricultural base should be continued in the second plan, the foundations of an industrial base through development of heavy industry should be laid. Even expansion of agriculture required industry, both for supplies of consumer goods, equipment and other inputs, as well as for marketing outlet. The rate of industrialisation, it was argued, depended on the rate of development of certain basic industries, e.g. coal.

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\(^2\) India, Govt. of, Ministry of Food and Agriculture, Report of the Foodgrains Enquiry Committee (New Delhi, 1957), Chapter 2, pp.5-16,22.
iron and steel, heavy machinery and heavy chemicals. While the objective of self-sufficiency in foodgrains was not explicitly given up, there was a definite shift in emphasis from agriculture and foodgrains production to industry and "basic" industries. The objective underlying this shift was making "India independent, as quickly as possible, of foreign imports of producer goods so that accumulation of capital would not be hampered by difficulties in securing supplies of essential producer goods from other countries. It was visualised that shortages of essential consumer goods like food and clothing may develop in the short run, which would be dealt with by a policy of state trading, direct intervention in the market, rationing and other similar measures. 3

The Ministry of Food and Agriculture even explored possibilities of regular imports to meet the deficiency in foodgrain requirements. The question of obtaining three to five million tons of wheat from the United States on concessional terms was raised with the United States authorities in May 1954 even before the final passage of the surplus disposal legislation. 4 While the concept of self-sufficiency was not formally


4 Memorandum from Thorsten V. Kalijarvi, Acting Asstt Secy of State for Economic Affairs to Clarence Francis, Special Consultant to the President, 4 May 1954, Clarence Francis Papers, Dwight D. Eisenhower Library, Abilene (Kansas).
given up, recourse to imports was stipulated as a last resort. The imports were to be kept to the minimum and were mainly for building buffer stocks. Though imports could be used for current consumption, the policy was to restrain consumption and manage with marginal deficit. There were differences in opinion between the Ministry of Food and Agriculture and the Planning Commission regarding the agricultural targets and plan allocation. The Minister for Food and Agriculture, Ajit Prasad Jain, told the present writer that he had pressed for a higher allocation to agriculture and a higher target for production, as well as for creation of buffer stocks. This, he failed to get on account of emphasis on industrialisation. Moreover, the prevailing notion was that agricultural development could take place with organisation of human effort and did not require much investment.5

By the time the second plan was finalised, the food situation had taken a decided turn for the worse.6 However, there was no basic change in the plan strategy which was designed, as mentioned earlier, to secure "rapid industrialisation" of the economy, with special emphasis on the development of "basic and heavy industries". Despite this shift in priorities, it was recognised that "increased production of food and raw materials must remain not only for the second plan

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5 Interview with Ajit Prasad Jain, Union Minister for Food and Agriculture, on 18 November 1973. In his view the imports, commercial or under P.L. 480 would not have been necessary but for the low priority assigned to agriculture in the second plan. The marginal deficit of the fifties could have been wiped out with higher investment in agriculture.

6 Ibid.
but for several years to come a major desideratum". The target of foodgrains output was kept at seventy-five million tons for the end of the plan (1960-61) making a total increase of ten million tons of fifteen per cent above the level reached at the end of the first plan. This was sought to be achieved by providing additional irrigation facilities and improved techniques of production. The target was considered inadequate by the National Development Council in view of the rising trend of prices in 1956. Expressing concern over the need to increase the target, Prime Minister Nehru, while initiating the debate on the second five year plan in the Lok Sabha on 23 May 1956, stated that efforts should be made to achieve a forty per cent increase in foodgrains output. This was important as "there can be no really stable industrial economy in this country without a stable agricultural base". Moreover, if more food was produced it could be exported and more foreign exchange could be earned. The major possibility of increase was visualised through the contemplated "revolutionary" change in the countryside by the extension of community projects and the national extension service. However, the question of target was left

7 India, Govt. of, Planning Commission, Second Five Year Plan (New Delhi, 1955), pp.24,53,61.
9 India, Govt. of, Ministry of Information and Broadcasting, Publications Division, Jawahar Lal Nehru's Speeches (March 1953 - August 1957), vol.IX, pp.95,100-01. This was again emphasised by Nehru on 13 September 1956 in the Lok Sabha. See India, Lok Sabha, Debates, Part 2, vol.8,1956, col. 7132.
vague by the National Development Council and only an exhorta-
tion was offered to the effect that the target should be
improved upon. The Agricultural Ministers’ Conference
subsequently raised the target by twenty-five per cent. The
Planning Commission, however, did not agree to increase the
allocation of funds. The higher targets were to be fulfilled
by internal adjustment, mobilisation of farmers through the
community development projects, increased use of fertilisers
and green manure and other administrative action.

While the shift in relative emphasis from agriculture
to industry left doubts about the increase in domestic grains
output to the needed level, the industrialisation programme
envisioned both a substantial increase in the flow of foreign
resources and resort to deficit financing. To meet the foreign
exchange requirements, “all possible avenues” had to be explor-
ed. The large budgetary deficit along with secondary expansion
of credit by banks carried a risk of inflation. Apart from
adopting appropriate fiscal and monetary policies, it was felt
that in view of the strategic position of prices of food and
clothing, the creation of a reserve stock of foodgrains would
be the most effective insurance against this risk. Since
physical controls on prices were ineffective, the best device
to control prices was to secure command over stocks of food-
grains which could be released at strategic distribution

10 Lok Sabha, Debates, n.9, col.6276. See statement of
Gulzar Lal Nanda, Union Minister for Planning.

points to check rise in prices. This was, in fact, a reaffirmation of an old policy of building reserve stocks. However, since prices were rising already and domestic output in 1955-56 was even less than that of the previous year, the only way to build reserve stocks was by imports. The foreign exchange resources for the plan being also scarce, negotiations for a three year agreement under P.L. 480 with the US Government, initiated in May 1955, were reactivated.

12 Second Five Year Plan, n.7, pp.56,77-78,105. Deficit financing stipulated in 1957 was Rs 1200 crores and foreign assistance Rs 900 crores out of a total of Rs 4800 crores.

13 After the Bengal Famine of 1943, the Foodgrains Policy Committee of 1943 had recommended creation of a reserve of 5 lakh tons. This was endorsed by the Famine Enquiry Commission of 1945. Agricultural Prices Enquiry Sub-Committee of 1947 even recommended a reserve stock of 5 million tons. The Foodgrains Policy Committee of 1948 recommended that it should be one million tons. However, no reserve stock was built because of shortage of funds as well as grain supplies. With the easing of food situation in February 1964 the Government decided to maintain a reserve stock of 15 lakh tons, partly of rice and partly of wheat. Government had adequate wheat stocks and 9 lakh tons of rice was imported from Burma. See Report of the Foodgrains Enquiry Committee, n.2, p.22.

14 Economic Survey, n.4, table 1.4; Lok Sabha, Debates, part 1, vol.6, 1956(3 August - 3 September 1956), cols.1738-9, Statements of Jawaharlal Nehru, Prime Minister and Finance Minister and of Bali Ram Bhарат, Deputy Minister of Finance. The Government of India had pressed for a three year agreement to enable long range planning. The negotiations took over a year as until middle of 1956, when prices started rising, there was no urgency for imports. Based on interview with Ajit Prasad Jain, n.5.
Development of US Policy of Farm Surplus Disposal Until 1956

The Indian need for grain coincided with the accumulation of burdensome and growing surpluses of agricultural products in the United States. Technological transformation of US agriculture since the First World War had led to continuously rising production until the depression and droughts of the 1930s. The technical advances which could not be used in the 1930s helped to boost production in the 1940s with State encouragement. The surpluses did not emerge till 1953 on account of buoyant home and foreign markets during the Second World War and the immediate post-war period. Apart from market offtake, the US agricultural produce was being used for mutual security assistance programmes, mainly in Europe. With the completion of the post-war economic recovery, the United States was faced with agricultural surpluses for which it needed export outlets. The countries of Western Europe and the near East, which could absorb part of the surpluses were also short of convertible currencies. Since the Congress did not like grants and since dollar loans could not clear sufficient stocks, a system of sale of agricultural products for foreign currencies was initiated on 24 July 1953 with the amendment of the

Mutual Security Act of 1951 by introducing Section 550. Apart from the restriction of such sales to countries having mutual security programmes, the sales were limited to $500 million only.

Even during 1953, there was pressure in the Congress for undertaking a wider programme for the disposal of surpluses. The Senate Committee on Agriculture and Forestry had, in fact, recommended in 1953 that such a measure be passed. However, the Administration was of the view that Section 550 of the Mutual Security Act should be given a fair trial before the operations were expanded further. The bill was approved by the Senate on 6 July 1953 but it was finally enacted only in 1954, becoming known as Public Law 480. While the bill was pending consideration of the House, President Dwight Eisenhower recommended on 11 January 1954 passage of the measure along with a comprehensive agricultural programme providing for a flexible price support policy and other measures to reduce the mounting surpluses.

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18 Ibid, pp.2-3. Letter from Secretary of Agriculture, Ezra Taft Benson to Chairman, Senate Committee on Agriculture and Forestry, George D. Aiken, dated 24 July 1953.


20 US, Department of State, Bulletin, vol.31, 2 August 1954, pp.165-6, from the Statement issued by the President on 19 July 1954.
argued before the House Committee that the limited programme of sales for local currencies could not exceed the value of 8230 million and needed to be expanded to 8 one billion within the next three fiscal years. The House accepted this size of the programme. However, the House-Senate Conference reduced the programme to 8700 million for a period of three years. The Act had to be amended twice within the stipulated period to raise the limit first to 81.5 billion (12 August 1955) and finally to 83 billion (3 August 1956).

The objective of the bills introduced as early as 1953 was "to use agricultural commodities to improve foreign relations of the United States and for other purposes". The language as finally inserted in the Act of 1954 was:

An act to increase the consumption of United States agricultural commodities in foreign countries, to improve foreign relations of the United States, and for other purposes.

While on the one hand it was intended to liquidate the accumulated surpluses worth 66 billion, on the other, it

21 H.R. 1775, n.16, p.6; Evidence of John H. Davis, Asstt Secretary, Department of Agriculture, before the House Committee of Agriculture, 27 April 1954.

22 US Congressional Record, n.15, pp.8380,9337.


25 US Congressional Record, n.15, p.9259.
...was to be an instrument of United States foreign policy. Disposal of surpluses in the domestic market would have not merely hurt farm interests but would have adverse consequences on the economy. Further disposal in international markets would have disrupted world trade by producing a similar effect on international prices. Such a course would have adversely affected the interests of friendly food-exporting countries, like Australia, Canada and Argentina. In a letter available in the official files of the Dwight D. Eisenhower Library, Clarence Francis, Special Consultant to the President and his Deputy, Guy Noyes, posed before Sherman Adams, Assistant to the President, that a way had to be found under the circumstances for orderly disposal of surpluses which could protect both domestic farm prices at announced support levels as also ensure that the international markets were not unduly hurt. The State Department, more directly concerned about this foreign policy aspect than the Department of Agriculture, whose primary concern was surplus disposal, recommended a more cautious approach. Secretary of State, John Foster Dulles, stressed the point in a letter to Agriculture Secretary Benson. To protect the interest of friendly food-exporting countries, it was provided in the Act that while negotiating agreements under it, the President should "take reasonable

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26 Letter from Clarence Francis and Guy Noyes to Sherman Adams, Assistant to the President, 15 June 1954, Official Files, Dwight D. Eisenhower Library.

27 Letter from Secretary of State, John Foster Dulles to Secretary of Agriculture, Ezra Taft Benson, 12 May 1954 and memorandum from Thorsten V. Kalijarvi to Clarence Francis, 25 and 26 March 1954, Clarence Francis Papers.
precautions to safeguard usual marketings of the United States and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities."  

The concept of "usual marketings" could not be precisely defined in view of wide fluctuations in agricultural imports of any country depending on size of domestic crop, stocks, etc. Moreover, this protective device would become inoperative unless measures were adopted to increase consumption of foodgrains in the recipient countries.  

The Department of Commerce also expressed concern at an inter-departmental meeting about the impact of such concessional sales on regular US exports. In view of the awareness of possible adverse consequences on dollar sales of US and other friendly countries of what was considered an "essentially give away bill" it was decided by the Inter-Agency Committee on Agricultural Surplus Disposal that a cautious policy should be followed in the initial years while negotiating country programmes.

The sales for foreign currency were to be made only


29 Memorandum from Thorston V. Kalijarvi to Clarence Francis, 7 July 1954, Clarence Francis Papers.

30 Memorandum of an inter-departmental meeting held on 31 March 1954, Clarence Francis Papers.

to "friendly nations" and in furtherance of the foreign policy of the United States.32 This would convert the hitherto unmanageable surplus into a national asset which could be used both for national security and for national economic strength, declared Republican Congressman William Springer of Illinois during the debate in the House. National security would be promoted since good assistance would strengthen ties of friendship between the recipient country and the United States. Rehabilitating and feeding starving people would build goodwill for the United States and would be a useful source of influence, Congressman Harold D. Cooley (Democrat, North Carolina) said. Republican Congressman Walter Judd of Minnesota asserted that promotion of economic development would strengthen nations of the "free world" and would provide defence against communism. The economic strength of the United States could be increased by the expansion of foreign markets, he noted. An interesting possibility visualised was supplies of food and cotton to Japan. The Japanese currency accruing to the United States could be used to provide Japanese capital and consumer goods to develop the vast resources of Indo-China, Indonesia, Burma, Thailand, India and Pakistan. The funds could be returned by these countries in the shape of minerals and raw materials for US strategic requirements, Judd argued.33

32 Gilman G. Udell, n.23, pp.1-3, Section 104 defines "friendly nation" as "any country other than (1) USSR or (2) any nation or area dominated or controlled by the foreign government or foreign organisation controlling the world communist movement."

33 US Congressional Record, n.15, pp.8269,8272,8289-93.
The measure was clearly intended to serve both US farm and foreign policy. With its vast and growing population and a programme of speedy industrialisation, India could provide an attractive market to the US farmer. However, since it did not have hard cash to pay for farm products, it could qualify to be a recipient of grain under the Act of 1954 to serve some hard US national interest.

The US interest in India during 1949-51 has already been analysed in Chapter I. Their interest in the sub-continent commenced in significant measure with the "loss of China" to the Communist world in 1949. During the period following the emergence of Communist China, US policy makers tended to accord relatively greater importance to India than to Pakistan. However, since India did not share US anxiety over "communist expansion" and since Pakistani leaders showed themselves to be more receptive, the US gradually turned to Pakistan as an alternative. Apart from irritation arising out of differences on Korea and signing of the Japanese Peace Treaty, Indian policies became an imponderable in the Asian Security System, as viewed by American policy makers. On the other hand, Pakistan was

34 Chester Bowles, during his first ambassadorship to India, 1951-53, constantly expressed the view that India should be supported as a bulwark of democracy in South Asia. The view was acknowledged as official view by both Dean Acheson and John Foster Dulles. Chester Bowles Papers, Yale University Library, New Haven, (i) Letter from Dean Acheson to Bowles, 1 May 1952 (ii) Letter from John Foster Dulles to Bowles, 25 March 1952.
actively interested in joining the US security system. Even though Pakistan formally joined the alliance in 1954, the preparatory work was well advanced in 1952. The Indian reaction was strong and adverse.\(^{35}\) As is evident from a letter written by President Eisenhower to Prime Minister Nehru, the United States was not prepared to "give up" India.\(^{36}\) On the contrary, to counteract the adverse reaction in India to the provision of military assistance to Pakistan, economic assistance to India was stepped up in the hope that it would mollify Indian opinion.\(^{37}\)

The architect of this policy was John Foster Dulles, the Secretary of State. It is noteworthy that the man who is identified with "pactomania" was also the supporter of the policy of increased economic assistance to India making it the largest single recipient of such aid outside Korea. Dulles

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37 M.S. Venkataramani and H.C. Arya, n. 35, p. 105. In FY 1953 and 1954 India received economic assistance of $44 million and $89 million. In FY 1955, it was increased to $104.5 million. The aid ratio between India and Pakistan was increased for 4:1 to 5:1 between 1953 and 1955 FYs. (See US, House of Representatives, Committee on Foreign Affairs, *Hearings* (Washington, 1954) of the Mutual Security Act of 1954, p. 239).
explained his course in the following terms:

India's foreign policy differs from our own. But freedom accepts diversity. The Government of India is carrying on a notable experiment in free government. It provides a striking contrast with the neighbouring experiment being conducted in China by the Communist Police State System. We believe that it is important to the United States that India's Five Year economic plan should succeed, and that to continue to help in this is legitimate in the enlightened self-interest of the United States. 38

This was clear and unambiguous announcement of the United States' intention of adding a non-military dimension to its cold war strategy. While Pakistan was to be a military ally in the region, India was presented to the Congress and the American public as a laboratory for an experiment in development with US assistance, to demonstrate the superiority of the democratic system as opposed to that of the Communist model of China. If the experiment succeeded it would not merely prevent India from falling to the Communist camp, but provide an example for other developing nations, spokesmen for the Eisenhower Administration argued. The introduction of this new dimension was also necessitated by the fear of Soviet penetration harboured by the Administration. The conclusion of a Five Year Indo-Soviet Trade Agreement on 3 December 1953 was taken as a signal of the new Soviet policy of courting "neutral" nations. The setting up of the new Soviet Trade Mission in India was followed by the announcement of Soviet technical assistance and other miscellaneous activities.

38 Hearings, n.37, p.4, Statement made before the Committee on 5 April 1954.
On 2 February 1955 an Indo-Soviet Agreement was signed for construction of a Steel Plant at Bilai, a development that found mention in the President's annual report to Congress on the Battle Act.39 These Soviet moves were specially viewed with concern as an economic offensive which was part of an overall diplomatic effort at winning the "non-aligned". The Soviet posture offered to such countries the tempting prospect of support to their exigent national aspirations. The need and urgency to "preserve freedom and democracy," in other words, to keep these countries oriented towards the West and the United States was stressed by Assistant Secretary of State George Aiken in his testimony before the Senate Foreign Relations Committee.40 This was sought to be achieved by expanding economic assistance to help build economy within the framework of "free" political institutions. Spokesmen for agricultural interests were active in emphasising that the surplus disposal programme already in force provided a low cost device to assist these developments.41


41 US, Department of State, Bulletin, vol.34, 20 February 1956, pp.301-8, "Policies of the Department of State on the Disposal of Surplus Agricultural Commodities" by W.C. Armstrong, Deputy Director, Federation of Cooperatives, the Texas Cooperative Ginners Association and Houston Bank for Cooperatives at Austin, Texas on 7 February 1956.
The Indian request for grain was, therefore, well received. The negotiations took a longer time than was usually the case. This was so because it was a substantial programme, involving a substantial volume of funds and substantial quantity of wheat and cotton. The commitment extended over a three year period. Moreover, the Department of Agriculture had exceeded the $5 billion authorisation and was awaiting an additional authorisation.\textsuperscript{42} The Law was amended on 29 August 1956 to provide for a ceiling of $3 billion. On the same day the first Indo-US Agreement under P.L. 480 was signed at New Delhi. The Agreement was the largest concluded by the United States with any country. It provided for the sale of 360,100,000 worth of US agricultural commodities, including 3.5 million metric tons of wheat and 300,000 bales of cotton. The grain supplies were intended to help India build a reserve stock "to protect her people against possible future famines caused by natural disasters, to offset inflationary trends which may arise, and to acquire additional economic strength". A substantial part of the Rupees generated were to be loaned to the Government of India for economic development, apart from meeting US obligations and providing for agricultural market development. The United States obtained specific assurances that India

would "maintain her normal imports of agricultural commodities from other free world countries." 43

**P.L. 480 Agreements and Food and Exchange Crisis of 1958**

The signing of the first P.L. 480 Agreement between India and the United States was followed by a good crop year (1956-57) in India. The Indian Government had fortified itself with import arrangements for building reserve food stocks, yet prices continued to rise. The Government appointed a high powered committee to inquire into this situation. 44

The committee noted the possibility of supply-demand imbalance at the end of the plan. Whereas demand was likely to increase by 14.4 to 15 per cent on account of increase in population, income and urbanisation, a definite shortfall in production, compared to plan targets, was anticipated. To meet the deficit, the committee anticipated annual import requirements of two to three million tons. Since the country was also short of foreign exchange for the plan, it was recommended that imports should be arranged from the USA under P.L. 480. Apart from saving foreign exchange for such imports, a rupee fund would also be created for development purposes. A major part of the supplies contracted under the first agreement were likely to be completed by the end of 1957 leaving a balance of only


44 India, Lok Sabha, Debates, vol.1, session of 1957, cols. 54 and 147, Presidential Address on 13 May 1957 and statement by A.P. Jain, Minister of Food & Agriculture on 14 May 1957, respectively.
4.5 lakh tons for 1958. Since the quantities contracted for three years were to be exhausted in two years, they recommended that Government should enter into another agreement to obtain additional supplies for meeting the inflationary pressure.45

The actual situation turned to be worse than anticipated. There was a sharp decline in agricultural production in 1957-58, the output being lowest on record since 1953-54. This was followed by a slowing down of the rate of industrial growth. While there was a setback in exports, there were sharp increases in imports of machinery and material for industrialisation programmes in the first two years of the plan. The food crisis of 1958 was thus accompanied by an inflationary situation, the balance of payments difficulties and foreign exchange crisis.46 The second plan had to be pruned to retain only essential projects referred to as the "core sector". Even to meet the exchange requirements of the "core sector", the Government had to seek foreign assistance. The major part of these needs to save the plan were met by the United States. The crisis reiterated the importance of food production as the food prices were considered to hold a key position in the Indian price structure. Shortfall in food production was one of the main reasons for the situation.

45 Report of the Foodgrains Inquiry Committee, n.2, pp.61, 64-6, 73-4, 95.


The self-sufficiency debate again attracted national attention. While the Government was committed to attaining self-sufficiency in food, Nehru acknowledged in a statement in the Lok Sabha that the goal was not immediately realisable.48 to Ajit Prasad Jain, while replying a debate in the Lok Sabha also stated that the demand-supply imbalance with the increasing tempo of development was making "self-sufficiency" an ever receding ideal. Even though food output was increasing, the demand was increasing faster than increase in output, necessitating larger imports. Even in 1956-57, when production equalled the peak year of 1953-54, three million tons of grain had to be imported from abroad. It was not possible to import commercially such large quantities. The foreign exchange allocation for food during the plan period was Rs 48 crores a year only. The actual value of imports in 1956-57 was Rs 111 crores and in 1957-58 Rs 158 crores. Moreover, with the deepening exchange crisis, it was necessary to economise as much as possible even within the foreign exchange allocation for food. This was made possible by the concessional terms of US P.L. 480, which enabled the country to purchase the much needed foodgrains without entailing any foreign exchange expenditure, except for fifty per cent of the total ocean transport expenses between the USA and India. The foreign exchange spent on foodgrains could be reduced further, but for the "normal marketing clause" under which India was required to purchase commercially 550,000 tons of grains

48 India, Lok Sabha, Debates, vol.11, session of 1958, col.20, President's Address, 10 February 1958; cols.1370-1, Nehru's statement.
per year. Since the supplies contracted under the first agreement would be exhausted before the year closed, the Government commenced negotiations for a fresh agreement on a long term basis. This had to be done even though continued dependence upon imports was not considered desirable. 49

Ajit Prasad Jain told the present writer that he had organised grain shipments from the United States by maintaining personal rapport both with US Secretary of Agriculture, Ezra Taft Benson, and the US Ambassador to India. He had held personal discussions with the former during his visit to Rome in November 1957, while attending a conference of the Food & Agriculture Organisation. He found Benson equally eager to offload surplus grain. 50

During 1958 two additional agreements (viz in June and September) were concluded. 51 The following year was again a good year, yet prices were rising, as apparently the increased food production was absorbed in replenishing the depleted stocks. Moreover, the increase in production was still below the target and, with steadily rising demand, imports had to be sustained at the annual level of about three million tons. 52 The fourth agreement was concluded on

49 India, Lok Sabha, Debates, vol.14, cols.8170-80, A.P. Jain's reply to the debate on grants of Ministry of Food & Agriculture, 3 April 1958. Apart from a statement of realities, the view represented A.P. Jain's sense of disgust at his inability to attract sufficient priority and allocation of funds for agriculture. Interview with A.P. Jain, n.s.

50 Interview with A.P. Jain, n.5.


13 November 1959.53

**US Farm and Foreign Policies (1956-60)**

Throughout the fifties, American agriculture continued to grow rapidly despite acreage controls. Even relatively lower farm prices did not help in contracting output. The reduction in cropland enforced by the Administration was more than compensated by the increase in yield per acre caused by ever increasing efficiency on account of revolutionary changes in agricultural technology. The average farmer was encouraged to increase his yield in order to maintain his income, when farm prices were being pushed to the support levels, as supplies outran the normal market demand. The commodity credit corporation (the public agency responsible for providing price support) had to purchase six to eight per cent of the excess production each year. But for this support, according to Orville Freeman, Secretary of Agriculture in Kennedy-Johnson Administration, the farm price would have been lower by twenty to forty per cent.54 The acquisition of surplus stocks which had touched the level of over 99 billion in February 1956 had posed a challenging task of disposal. Maintenance of such large stocks was a costly undertaking as it even involved uneconomic expansion of storage facilities. All through the fifties, ever increasing attention had to be devoted to the problem of surplus disposal. The minutes of a meeting of an Inter-Agency Committee on Agricultural Surplus Disposal held on 5 November

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53 India, Govt of, Mm of Food & Agriculture, Deptt of Food Report on the Activities of 1958-59 (New Delhi), p.8

1957 were examined by the present writer at the Eisenhower Library. They indicated the substantial importance that was attached to ensuring substantial disposal with appropriate dividends in the foreign policy area. The problem was not only of vital interest to the farmer, but also all American citizens as consumers and tax payers. Farm population had gone down to only 13.5 per cent in 1955, yet the 86.5 per cent could not afford to ignore the farmer because of interdependence of agriculture, industry and other sectors of the economy.

The Agricultural Trade Development Act of 1954 was conceived as a temporary programme for a period of three years. Even though the farmers had an assurance that like other foreign programmes, it would not be abruptly terminated, they were interested in finding more permanent outlets. Moreover, larger releases under this legislation were being hampered by fear and even protests of other friendly surplus countries on grounds of "unfair competition" and "dumping" which, according to them, was disrupting international markets.

The Australian reaction to the Indo-US agreement of 1956

55 Minutes of the meeting of Inter-Agency Committee on Agricultural Surplus Disposal, 5 November 1957, Official files, Dwight D. Eisenhower Library. Also see Bruce F. Johnston, "Farm Surpluses and Foreign Policy", World Politics (Princeton), vol.10, October 1957, p.1.

was particularly strong and adverse. The agreement did not even leave a leeway for maintaining Australian wheat exports at the 1954 and 1955 level. Moreover, Australia considered India a natural market for its farm products on account of its location. The State Department was also concerned about possible impact of wheat imports on India's rice imports from Burma and Thailand.57

Legislative proposals were introduced in the Senate with the support of Senator Humphrey and others to create an International Food Bank and alternatively an International Raw Materials Reserve, to provide a more permanent solution which would preserve international economic relations and provide "a powerful force for human well being and peace among nations of the world".58 Such proposals were also mooted by the Food & Agriculture Organisation to provide effective channels of international cooperation, but no agreement could be reached as the US and UK were not prepared to accept any such international control, even though there was general agreement among other participants.59

These proposals were, however, opposed by the

57 Johnston, n.55, pp.7-8; Memorandum from Henry R. Mephee to Governor Sherman Adams, 11 May 1956, Morgan Papers, Dwight D. Eisenhower Library.

58 Hearings, n.42, p.3, Statement of Senator Hubert Humphrey, Chairman of the Sub-Committee of the Committee on Foreign Relations, at the hearing on 28 May 1956.

executive branch of the US Government on the ground that bilateral programmes were more effective than multilateral programmes. Deputy Assistant Secretary of State, T.V. Kalijarvi, told a Senate Sub-Committee that the control over disposal of surpluses would mean losing control over negotiations. Since food could be made a powerful diplomatic tool, it would not be in US interest to help create international reserves. Assistant Secretary of Agriculture, Earl L. Butz, testified.60

That food could be used as a diplomatic tool, was recognised since the inception of the P.L. 480 programme. The State Department was assigned the task of negotiating sales agreements with "friendly" foreign nations as under the original Act of 1954 the programme was to be in furtherance of US foreign policy. Even though proposals were initiated by the Department of Agriculture, the Department of State had virtual power of veto while advising and assisting the President in exercise of executive power within the legislative framework.61 While the Department of Agriculture was primarily concerned with gradual and orderly liquidation of stocks in order to stabilise both the domestic and international markets and to protect the interest of US farmers, the State Department, as testified by John F. Dulles before the Senate

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Committee on Foreign Relations, was concerned with the use of surpluses in promoting economic development in poor countries in coordination with other forms of economic aid as that had become a major objective of the US foreign policy. There was no real inter-departmental conflict so long as foreign currency sales provided the only dependable outlet for the disposal of surpluses. However, the emphasis on long term objectives was different. Whereas the agriculture interest lay in long run market development, the State Department was concerned with promotion of foreign policy objectives which at that time were presented to Congress and the American public as the development of free institutions and political stability through economic growth in the poor countries. That the differences vanished towards the end of the 'fifties as surpluses continued to mount, drying up the normal market channels, is revealed in a memorandum from Secretary of Agriculture, Ezra Taft Benson to Sherman Adams, Assistant to President Eisenhower in April 1958.

The United States' increasing interest in the


64 Memorandum from Ezra Taft Benson, Secretary of Agriculture to Governor Sherman Adams, Assistant to the President, 29 April 1958, Official Files, Eisenhower Library.
economic development of such countries was reflected in President Eisenhower's second inaugural address, wherein he stated:

In too much of the earth there is want, discord, danger. New forces and new nations stir and strive across the earth with power to bring by their fate, great good and great evil to the free world's future. From the deserts of North Africa to the islands of the South Pacific one-third of all mankind has entered upon a historic struggle for new freedom: freedom from grinding poverty. 65

In the global context of cold war, the United States were increasingly interested in wooing the support of poor nations not committed to either bloc with a view to keeping them away from communism. This was sought to be achieved by expanding aid programmes. Secretary of State, John Foster Dulles, argued that poverty breeds communism, since the poor tended to be misled by the false visions and premises of the communist ideology. It was, therefore, in the interest of the "free world" to help the poorer nations to achieve economic development within a democratic framework. Development requires mobilisation of resources for investment. While the major effort had to be domestic, the developing nations had to be helped both with technical and capital assistance, Dulles stated. 66

65 US Senate, Special Committee to Study the Foreign Aid Program, Hearings, (Washington, 1957), p.396, quoted by Secy of State, John F. Dulles during the course of his evidence on 8 April 1957.

66 ibid, pp.397-8, Secretary of State, Dulles' statement.
Planning Association, commended the use of agricultural surpluses for economic development as a low-cost device to supplement this policy. Such were the premises on the basis of which American policy-makers formulated courses of action.

This policy had the intellectual support of social scientists like N.F. Millikan of Massachusetts Institute of Technology and Mathew S. Rust of Harvard University. It was argued that the initial stages of development require building of infrastructure consisting of roads, bridges, power, irrigation, health and education. The creation of this infrastructure is essential for further economic development. Such development programmes require mainly local mobilisation of manpower and materials and relatively small amounts of external technical and capital assistance. The US agricultural surpluses of food and fibre could help in this mobilisation programme by supplying the food and clothing needs of labour employed in these development projects. This assistance, however, could not supplant external technical and capital assistance which was essential for economic development, but by augmenting the initial "subsistence" fund could support a very much larger programme of economic development. Without this assistance, a large scale programme was feasible only by

67 Study No.9, The Foreign Aid Program and the United States' Economy by the National Planning Association, March 1957, p.772. Letter of transmittal of H. Christian Somme, Chairman dated 19 December 1956, for example, emphasised the necessity of reducing sacrifices in foreign aid or simultaneously benefitting the US economy. The surplus disposal program was cited as an example of helping domestic and promoting aid objectives.
transfer of surplus resources from agriculture to industry, as was the case in Russia, China and Japan. This was, however, not acceptable to countries like India which had a democratic framework with a large farm electorate and with a ruling party in which landowning elements constituted a powerful group.

The Administration's task of pursuing the foreign aid policies was greatly facilitated by the developing climate of opinion throughout the nation for helping the poor countries to secure for themselves a better standard of living after achieving political independence. In the early 'fifties, when the Administration had shifted the focus of foreign aid from Europe to developing nations, after completion of the Marshall Plan, there was growing opposition from the Congress to foreign aid policies as evidenced by the voting pattern.

68 US Senate, Hearings, n. 65, pp. 575-8, Evidence of Mathew J. Rust of Harvard University. The thesis was first elaborated by him in an article entitled, "Economic Development and Agricultural Surpluses," Foreign Affairs (New York), vol. 35, October 1956, pp. 105-15. This view also had a large support both in various special studies conducted for the special committee as also evidence presented during the course of the hearings. Some notable citations are: i) Ibid., p. 4, Statement of M.P. Millikan, Director, Center for International Studies, Massachusetts Institute of Technology; ii) Ibid., p. 549, Statement of Wallace J. Campbell of the Cooperative League of the United States; iii) Study No. 5, "Agricultural Disposal and Foreign Aid" by the National Planning Association, n. 59, p. 397; iv) Study No. 3, "The Role of Foreign Aid in Development of Other Countries" by the Research Center in Economic Development and Cultural Change of the University of Chicago, March 1957, n. 59, pp. 215-16, 225-5.
The Senate constituted a Special Committee on 11 July 1956 to "make exhaustive studies of the extent to which foreign assistance by the United States Government serves, can be made to serve, or does not serve national interest, to the end that such studies and recommendations based thereon may be available to the Senate in considering foreign aid policies for the future." Exhaustive studies were conducted on various aspects of the programme before the Committee held public hearings. This detailed review which lasted for about a year, provided an opportunity for a national debate on the subject. The Committee, impressed by the near unanimity of views in favour of continuance and extension of aid programmes, observed that "Foreign aid is necessary and it can and must be made to serve the national interest, commensurate with its cost." The national interest was defined in terms of security and economic and political needs. The security of the United States could be preserved by creation of a global environment favourable for building a "free way of life". The growth of the economy required expansion of world trade as well as the US share of it. The immediate political requirements involved preservation and development of free institutions "and successful resistance in certain critical areas to direct communist pressure". Alongside foreign aid also was in conformity with the humanitarian traditions of the United States. 69

69 US Senate, Foreign Aid, Report of the Special Committee to study the foreign aid program, pursuant to Senate Resolution 285, 84th Congress and Senate Resolution, 85th Congress (S.R. 300) (Washington, 1957), pp. 1, 2, 8-10. Even before the United States counted in world relations, it had a tradition of helping nations in distress, especially natural disasters.
Committee's views had wide academic and public support. 70

India figured prominently in the Committee's review of aid policies. Dr. Lewis Webster Jones, President of Rutgers University, who prepared a field report on South Asia, considered aid to India "equivalent to an investment in democracy and peace". The increasing competition from the Soviet Union had increased the danger of losing India to the Communist bloc, according to a study conducted by the Council for Economic and Industry Research for the Senate. It was emphasised in this study that the loss would be suicidal in view of India's strategic location. The "vulnerability" to internal and external communist threat could be reduced if India could

be helped to remove the basic cause that gives rise to this situation, viz. poverty. During the course of the hearings, Dr. Max F. Millikan, Director of Center for International Studies, M.I.T., testified that the purpose of US support to India's second plan was to demonstrate the feasibility of a democratic alternative to communism. The potential use of agricultural surpluses in development of the Indian economy was also recognised by J.H. Richter.

That a softening of American attitude to India was taking place during the second Eisenhower Administration has been noted by several authors, such as M.S. Venkataramani and Norman D. Palmer, commenting on the Indo-US relations during the period. Nehru's visit to the United States in December 1956 was followed by Eisenhower's visit to India in December 1959. The Nehru-Eisenhower talks of 1956 recognised

71 Survey No.8, "South Asia", n.59, pp.1471-1474. This point was also recognised in Study No.8, Foreign Assistance of the Communist Bloc and Their Implications for the United States, by the Council for Economic and Industry Research Incorporated, pp.634,686.

72 US Senate, Hearings, n.65, p.10, 20 March 1957. Dr. Millikan was also co-author of the book, A Proposal, Key to an Effective Foreign Policy, n.70.


the growing mutual interest in devising programmes for elimination of starvation and disease in India, continuance of which only enhances the susceptibility of communist penetration. Eisenhower recounts in his memoirs that the Chinese military pressure on India's northern borders (Ladakh region) which commenced in 1957 not merely created security problem for India, but was a matter of concern for him. Under such circumstances, in the view of US Administration, building India's internal strength became all the more important. Since the effort was concentrated in the second five year plan, the US became equally interested in its success and was willing to consider sympathetically assistance to solve the foreign exchange crisis which could jeopardise the plan.

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The Congress also recognised the US stake in India's success and supported the Presidential requests for economic assistance. 77

The farm disposal programme ever since its inception had bipartisan support. Even as the Eisenhower Administration was deepening its involvement in India, Democratic Senator John F. Kennedy, joined Republican John Sherman of Kentucky in introducing a Joint Resolution expressing the intent of the Congress to support economic development of India. Kennedy said on 25 March 1958:

> If the Second Plan collapses, so may democratic India and the democratic hope in all Asia setting in motion forces which would erode the broad security interests of the United States and its allies... India stands as the only effective competitor to China for the faith and following of the millions of uncommitted and restless peoples. Should India fall prey to internal disorder or disillusionment among either system, the free world would suffer an incalculable blow. 78

He also expressly proposed expansion of the P.L. 480 programme in India on a long term basis, in order to relieve food crisis,

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77 US Congressional Record, 87th Congress, 2nd Session, vol.108, p.11902, Statement of Senator Sherman Cooper of Kentucky in the Senate on 27 June 1962. He also recounted the Cooper-Kennedy resolutions of 1958 and 1959 expressing Congressional support for aiding India, whereas the 1958 resolution merely expressed the intent of the Congress, the 1959 resolution requested the President to explore avenues for international cooperation among other western nations to help India fulfill her plan.

ensure price stability and facilitate capital mobilisation for development.

The P.L. 480 Agreement of 1950

The food and foreign exchange crisis of 1958 again brought to the fore the question of self-sufficiency in food and the priority in plan allocation to agricultural development. At the invitation of the Government of India, an agricultural production team was sent by the Ford Foundation to study "food production problems and targets". The team dramatised the food problem. While accepting that "India is making steady progress in agricultural production," a shortfall of twenty-eight million tons was anticipated by the end of the third plan (1966). To prevent a grave crisis in the late 'sixties it was essential to immediately accelerate the rate of food production "to three times their present speed". The shortfall was estimated on the basis of the recommended third plan target of 110 million tons production by 1965-66. Domestic production of this magnitude was recommended to provide for the growing demand of a rapidly rising population which was expected to increase by eighty million by the end of the plan, some improvement in levels of consumption and a safety margin for adverse weather conditions.

The Team concluded that while imports of foodgrains could assist in building buffer stocks for the price stabilisation programme, the magnitude of the shortfall was such that the crisis could not be met by any conceivable programme of
imports or rationing. The team felt that the target could be achieved if the nation was mobilised to meet the crisis.79

The team's recommendations were taken into consideration in the preparation of the agricultural schemes in the third plan, as stated by Ajit Prasad Jain in the Lok Sabha, while replying to a question on 4 August 1959.80 The Planning Commission recognised the need for a shift of emphasis from industry to agriculture. The concept of self-sufficiency in foodgrains was revived and agriculture was accorded top priority.81 This, however, did not imply a reversal of the policy of industrialisation of the second plan. Heavy industry was still considered to be the base for development. What was recognised was the inseparable link between industrial and agricultural progress. No agricultural progress was possible without development of industry which was required to help modernise farm practices by provision of new tools, machinery and industrially processed inputs. Self-sufficiency in agriculture was considered important because if food were to be continuously imported, industrial advancement would suffer. It was not possible for India to import both food

79 India, Govt. of, Ministry of Food & Agriculture and Ministry of Community Development and Cooperation, Report on India's Food Crisis and Steps to Meet it by Agricultural Production Team (New Delhi, 1959), sponsored by the Ford Foundation, pp.1,3,4,7,11-12,28.

80 India, Lok Sabha, Debates, series 2, session 8 of 1959, vol.32, col.527, Statement of A.P. Jain while replying to a question on 4 August 1959.

81 India, Govt of, Planning Commission, Third Five Year Plan: A Draft Outline (New Delhi, 1960), p.23.
and machinery out of its limited foreign exchange resources, Prime Minister Nehru told Parliament. The ultimate objective of the plan was to reach a stage "when we do not depend upon outside countries for any kind of help, whether financial or mechanical". Until that stage was reached, external assistance was necessary, he added.  

In plain language, this meant that India would again seek food aid from the United States.

The Indian Planning Commission's Draft Outline of the third plan also made this evident. Continuing the progress of industrialisation commenced in the second plan and increasing the pace of agricultural development required a progressive increase in investment. This was likely to exert upward pressure on prices. The policy task envisaged was to check prices of essential consumer goods, particularly foodgrains. Since domestic production would match the demand only at the end of the plan (1966), imports were required to bridge the gap. Additional supplies of foodgrains from abroad, according to the Draft Outline, would also help in stabilising prices.  

Food Minister, S.K. Patil, reiterated the old argument that the Government wanted to build buffer stocks of five million tons to meet the grain requirements of lean years. Releases from buffer stocks would also help in countering speculative withholding of grain, he emphasised. Since commercial imports were out of question in view of the tight exchange situation, recourse had to be taken to procure supplies from the United States under the food for peace programme, the Food Minister


83 Third Five Year Plan : A Draft Outline, n.81, p.15.
indicated in the Lok Sabha. 84

While self-sufficiency in foodgrains again became a national objective, the Government of India believed that it would take a minimum of five years to realise the goal. In the meantime, shortages needed to be met and prices which had been rising had to be stabilised. The Government of India did not go along with the view held by some that there was no real shortage of food in the country and that the food problem could be solved by better distribution of grain by control and elimination of the wholesaler who indulged in profiteering. Its course reflected its belief that physical grain shortages could be relieved only by increasing availability. S.K. Patil told the present writer that increased availability through imports was the course deemed necessary to reverse the psychology of scarcity and restore confidence in the market which, in turn, would help stabilise prices. However, since such a situation was likely to continue for some years before the agricultural programme succeeded in increasing domestic output, a long term assurance of grain imports was needed. The Government of India turned again to the United States to secure long term assurance of grain supply towards the end of 1959. 85


85 Michael Brecher, India and World Politics (London, 1968), p.280. This is the view held by Krishna Menon in an interview given to Michael Brecher; Interview with S.K. Patil on 14 November 1973. This view was held by the then Minister for Food & Agriculture who, having been entrusted the Food portfolio, claimed that he was allowed freedom of action to handle the food situation.
The Indian request could not have been made at a more propitious time. The mounting surpluses in the US had not yet abated. The total investment in the Commodity Credit Corporation had reached a figure of $9.55 billion on 30 November 1959. The cost of storage of surpluses was running at the rate of $1.7 million a day. On top of that, a record harvest was reaped in 1960. In terms of the United States' global strategy, the Indian situation appeared to be promising. The Indian Government's concern over Chinese intentions and moves was reflected in the country's Parliament and the Press. Prime Minister Nehru even faced growing criticism even within his own party. In the civil and military bureaucracy and in the non-Communist political parties, there were persons who believed that India should "cultivate" and refrain from acts of irritation. In such a situation the news that President Eisenhower desired to visit India was warmly received in the country.

As early as 1959, the American Embassy in New Delhi sent a cable to the State Department suggesting that the United States Government could offer India a five year Title I programme to help meet the food requirements during the third five year plan. The recommendation was made on the basis of the Embassy's assessment of the political advantages.

that might accrue to the US by such an offer and the keen interest shown by the Food & Agriculture Minister Patil in such a proposal. On 20 November 1959, after inter-agency discussions, the State Department agreed to consider such a proposition and the American Embassy was asked to report on the feasibility of announcing the long term agreement at the time of Eisenhower's visit. The Embassy advised against announcement at the time of Eisenhower's visit as such an announcement, before the Government of India made a formal request, would be premature and could even be misconstrued. The State Department, with the concurrence of the Department of Agriculture, suggested that the most appropriate course would be for the President to limit his remarks to the general support of the US to the continued supply of food aid to India since 1951 and that the US Government is prepared to work with the Indian Government the best means of providing such assistance in future.

Even while initially agreeing in November 1959 to consider the multi-year agreement, the State Department had reservations regarding obtaining of suitable terms for the

87 Memorandum from Ray Joanes to Don PEarlberg, 11 February 1960, along with copies of cables 1866 and 1867 of 20 November 1959 from State Department to American Embassy in New Delhi (Declassified on 21 May 1974), Don PEarlberg Papers, Dwight D. Eisenhower Library.

88 Cable No.1868 from American Embassy in New Delhi to Secretary of State, 25 November 1959 (Declassified on 11 May 1974), Don PEarlberg Papers.

89 Memorandum from Don PEarlberg to the Staff Secretary, 28 November 1959, Don PEarlberg Papers.
"usual marketing clause". On the basis of earlier experience, the State Department had to reckon with the prospect of strong criticism and opposition from other friendly food exporting countries to another major P.L. 480 programme for India. The Agriculture Department, however, continued to press for the implementation of the programme. Despite some back tracking in the State Department, the American Embassy in New Delhi continued its informal talks with various Ministries in New Delhi. The State Department's support was voiced in a Cabinet meeting held on 1 July 1960 by Acting Secretary-Douglas Dillon.

The negotiations in New Delhi culminated in the Government of India agreeing to make a formal request for a Title I - P.L. 480 agreement to cover a four year period. The agreement was to include sixteen million tons of wheat and one million tons of rice. The entire quantity of rice and four million tons of wheat were for building a five million ton national reserve in India. The final negotiations were conducted by S.K. Patil in Washington.

90 Memorandum from Secy of State to Don Pearlberg, 11 November 1959, Don Pearlberg Papers.

91 Ray Ioanes to Don Pearlberg, n.87.


93 Statement by Mr Douglas Dillon, Acting Secy of State at Cabinet meeting on Food for Peace, 1 July 1960, Don Pearlberg Papers.

94 American Embassy to Secy of State, cables of 30 March and 21 April 1960, Don Pearlberg Papers.
Bidenhower took the unprecedented step of personally signing the agreement with S.K. Patil. The Indo-US Agreement signed on 4 May 1960 was the biggest transaction under the P.L. 480 programme. It provided for $1,276 million for financing purchases of sixteen million tons of wheat and one million tons of rice, over the next four years. The wheat authorised amounted to half of one US crop. The terms and conditions were extremely liberal compared to previous agreements. About eighty-five per cent of the counterpart funds were to be re-invested in India for economic development projects of the Government of India on half loan, half grant basis. Another five per cent was earmarked as loans to the Indo-US private enterprises. The remaining funds left for US uses also included programmes like agricultural market development.95

The May 1960 Agreement committed to one single country more than two-thirds of the total authorisation for Title I agreements for the calendar years 1960 and 1951. Since a similar long term agreement was to be signed with Pakistan, the following year fresh legislation had to be enacted to raise the authorisation to $3.5 billion. While Congressmen expressed concern over certain financial implications, particularly the accumulation of foreign currencies, the ease with which the

95 Agricultural Commodities Agreement between the Govt of the United States of America and the Govt of India under Title I of the Agricultural Trade Development and Assistance Act as amended, signed in Washington on 4 May 1960, official files, Eisenhower Library.
authorisation was increased to enable the Administration to honour its Indian commitments signalled a post facto approval of the 1960 P.L. 480 Agreement, as declared by Senator Allen J. Ellender of Louisiana in the Senate on 24 April 1961.96

The pressure of grain surpluses, the appraisal of US policy makers that food aid to friendly countries in the developing world would be a factor in promoting this stability and keeping them oriented towards the West, influenced the Eisenhower Administration to evolve the P.L. 480 programme. The policy makers perceived its extension to India as a useful way of mitigating the hostility of the Indian Government and elite groups in India towards the US military alliance with Pakistan. Subsequently, as the United States took note of the prospect of its own further involvement in South East Asia and of continued Chinese hostility, it also weighed the growing Indian estrangement from China caused by the border dispute. Thus, when the Indian requests for P.L. 480 aid came forth, the United States showed itself to be very responsive. The arrangement, American policy makers perceived, was likely to induce a more "reasonable" attitude towards US objectives on the part of the Indian Government than might otherwise have been possible. It was not as though P.L. 480 was rammed down the throat of a reluctant Indian Government by a domineering and scheming Uncle Sam. The Government of India perceived its own food and foreign exchange situations as sufficiently

96 US Congressional Record, n.54, pp.6566, 6734-5.
serious warranting an approach for assistance to the United States. The objective apparently was to secure the aid and at the same time minimise to the maximum extent possible any undesirable US efforts to influence its domestic and foreign policies.