CHAPTER II

SEPARATION OF BURMA AND THE SECOND WORLD WAR

THE PERIOD 1936-37 TO 1938-39

Burma was separated from India in 1937. In the first two years after separation, rice production in India fell to 28.6 and 26.1 million tons respectively from 30 million tons in 1936-37. The average production during the previous quinquennium was 28.0 million tons. In Burma, however, production of rice rose to 5.0 million tons during 1937-39 as compared with 4.85 million tons in the quinquennium 1932-33/1936-37. Though the production of rice fell in India as against a slight rise in Burma, rice imports from Burma also fell to 1.3 and 1.4 million tons in the years 1937-38 and 1938-39 respectively. Average rice imports during the previous quinquennium as against this were 1.7 million tons. Table IV explains this. It would be further noted that rice imports fell when India continued to figure prominently in the import and the export trade of Burma (both accounting for more than 50 per cent) and there was free trade between the two countries.

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2. Estimates of Area and Yield of Principal Crops in India, 1939.
3. Foreign Commerce Year Book, 1939, based on Seaborne trade of India.

American Institute of Pacific Relations, 1947, for various other favourable circumstances.
### Index of Hot Imports

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Total Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>585</td>
<td>606</td>
<td>636</td>
<td>603</td>
<td>706</td>
<td>728</td>
<td>757</td>
<td>897</td>
<td>103</td>
<td>115</td>
<td>126</td>
<td>126</td>
<td>1031</td>
</tr>
<tr>
<td>1941</td>
<td>722</td>
<td>745</td>
<td>775</td>
<td>747</td>
<td>849</td>
<td>870</td>
<td>899</td>
<td>1039</td>
<td>116</td>
<td>126</td>
<td>137</td>
<td>137</td>
<td>1136</td>
</tr>
<tr>
<td>1942</td>
<td>960</td>
<td>985</td>
<td>1015</td>
<td>988</td>
<td>1090</td>
<td>1110</td>
<td>1139</td>
<td>1279</td>
<td>139</td>
<td>151</td>
<td>162</td>
<td>162</td>
<td>1476</td>
</tr>
<tr>
<td>1943</td>
<td>1192</td>
<td>1217</td>
<td>1247</td>
<td>1220</td>
<td>1322</td>
<td>1342</td>
<td>1362</td>
<td>1492</td>
<td>161</td>
<td>173</td>
<td>184</td>
<td>184</td>
<td>1688</td>
</tr>
<tr>
<td>1944</td>
<td>1460</td>
<td>1487</td>
<td>1517</td>
<td>1490</td>
<td>1592</td>
<td>1612</td>
<td>1632</td>
<td>1792</td>
<td>191</td>
<td>203</td>
<td>214</td>
<td>214</td>
<td>1898</td>
</tr>
</tbody>
</table>

**Legend:**
- Jan: January
- Feb: February
- Mar: March
- Apr: April
- May: May
- Jun: June
- Jul: July
- Aug: August
- Sep: September
- Oct: October
- Nov: November
- Dec: December

*Note: The table represents the index of hot imports for the years 1940-1944.*
Although two years is too short a period to enable us to come to any conclusion about this fall in imports, it can be presumably ascribed to the Indian market being not responsive to the imports of rice from Burma. Had it not been for their cheapness, rice imports from there might have totally dried up. These cheap imports made the position so serious that even after the Second World War had broken out a meeting of the Rice Committee of the Imperial (now India) Council of Agricultural Research held in New Delhi on November 25, 1939 passed a Resolution to the effect that suitable steps should be taken to maintain the price at a reasonable level and for this purpose, the Government of India should be moved to consider the advisability of regulating imports of rice."

As a result of this, officers of the Central Marketing Staff held a series of informal discussions with the various trade interests concerned at Calcutta, Rangoon and Madras in December, 1939 and January 1940. It was found that Calcutta and Madras being important focal points of the rice trade, vitally affected the whole rice position and were, in turn, affected by imports from Burma. In the light of the informal discussions which took place at the time, it was accepted by the rice millers at Calcutta and Madras that the interests of Indian paddy growers would be safeguarded if the price of Burma rice imported into India was maintained at a reasonable level, viz., $3 3/8/- per maund for Small Mills Specials ex-dock Calcutta and for broken rice of a quality equivalent to Broken No. 3 delivered at Madras. This was thought to be feasible if Burma undertook to control exports to India by means of licences and reduced or increased shipments to India according as the price of Small Mills Specials fell below or rose above the parity of $3 3/8/- at Calcutta. Millers and traders in Rangoon, were also not opposed to the idea of regulations provided such:

2. Ibid., p. 198.
were taken to give Burma a larger share of the Indian market by imposing fairly heavy duties on foreign paddy and rice.

We do not know what the course of events would have been if the war had not taken a serious turn. It is, however, clear that imports even during this period were dictated by the price factor rather than by anything else.

Imports and exports of wheat also continued to be governed by the price factor as before. There was a small recovery in the international wheat trade in 1936-37 and owing to favourable price parity India too got her share. Her exports went up to 285 thousand tons in that year and 530 thousand tons in the following year, a figure which had never been reached during the previous decade. The chief reason for these heavy exports might be the falling wheat prices in India after March, 1937 when the duty on imported wheat was not renewed. It was reimposed only on December 7, 1938 when the internal prices showed a sudden rise. A serious blow was delivered when the bumper wheat crop in 1938 in Canada and America pushed out Indian wheat from the foreign markets.

That the imports and exports of Indian wheat in 1938-39 depended upon its price will be clear from table V which gives prices per maund of Karachi wheat in London and Karachi.

<table>
<thead>
<tr>
<th>Month</th>
<th>In London (Rs. per maund)</th>
<th>In Karachi (Rs. per maund)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>March, 1937</td>
<td>5/2/4</td>
<td>4/5/-</td>
<td>-12/4</td>
</tr>
<tr>
<td>March, 1938</td>
<td>3/14/2</td>
<td>2/14/2</td>
<td>1/2</td>
</tr>
<tr>
<td>August, 1938</td>
<td>3/3/6</td>
<td>2/8/11</td>
<td>-1/7</td>
</tr>
<tr>
<td>September, 1938</td>
<td>2/14/2</td>
<td>2/11/-</td>
<td>-3/2</td>
</tr>
</tbody>
</table>

1. Ibid., pp. 198-201.
2. Jethar and Beri, p. 140.
This shows that the price margin for Karachi wheat in London began to close up after August, 1938 so much so that it remained only a few annas in September, 1938 and ceased to be quoted after October, 1938. That India's wheat exports followed these fluctuations in prices will be evident from Table VI.

TABLE VI.
EXPORT AND IMPORT OF INDIAN WHEAT

<table>
<thead>
<tr>
<th></th>
<th>Exports (thousand tons)</th>
<th>Net Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>80.4</td>
<td>80.4</td>
</tr>
<tr>
<td>July</td>
<td>84.0</td>
<td>84.0</td>
</tr>
<tr>
<td>August</td>
<td>98.4</td>
<td>98.4</td>
</tr>
<tr>
<td>September</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>October</td>
<td>8.4</td>
<td>-26.7</td>
</tr>
<tr>
<td>November</td>
<td>14.7</td>
<td>-14.3</td>
</tr>
<tr>
<td>December</td>
<td>16.2</td>
<td>-15.2</td>
</tr>
<tr>
<td>1939</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>0.4</td>
<td>-31.0</td>
</tr>
<tr>
<td>February</td>
<td>0.3</td>
<td>-20.4</td>
</tr>
<tr>
<td>March</td>
<td>0.4</td>
<td>-23.2</td>
</tr>
</tbody>
</table>

While wheat exports dwindled from August, 1938, there was a corresponding increase in its imports. This was because of the inability of Indian wheat to compete successfully with the Australian wheat which not only drove out the Indian wheat from its European markets but also offered competition in the Indian market, with the result that the imports of wheat into India went up from 34 thousand tons in 1937-38 to 165 thousand tons in 1938-39.

This analysis of India's foreign trade in wheat and rice would show that it was always governed by the pricing parity prevailing in the international grain market.

1. ibid., p. 4.

THE WAR AND FOOD

Early in 1939 war clouds were hovering over Europe and every country was keen to stockpile foodgrains. This will perhaps explain the rise in Indian imports of foodgrains during the year 1939. Rice imports alone amounted to 2 million tons, the highest in the import history of India.

Immediately thereafter rice imports, however, fell below the pre-war average. They came down to 1.3 and 1 million tons in the following two years. War had not spread in the Eastern theatre as yet and there was practically no difficulty in importing foodgrains from South East Asia, particularly Burma. But this fell in rice imports seems paradoxical when we study the production figure of rice in India and other South East Asian countries. Rice production in India in 1940-41 stood at 23.8 million tons, the lowest on record during the previous decade. In Burma and Siam, however, production was 5.7 and 3.4 million tons respectively, the highest ever recorded there.

There was at the same time maximum pressure on the food resources of the country during this period. The demand for foodgrains from the armed forces went up tremendously, against the pre-war average of about one lakh ton, "yearly requirements of these services amounted to approximately 800,000 tons of wheat, rice, barley, maize and millets."

A major portion of this, however, consisted of rice and wheat. Table 4 VII explains how this demand increased steadily.

2. Exact figure is not available. But it is a rough estimate based on the demand for 1940-41 on the one hand and a relation between the strength of the army before and after the war.
4. Bengal Famine Inquiry Commission Report, p. 18 for the years 1940-41 to 1942-43; The Food Statistics of India, erscit, for 1943-44 and 1944-45; and Sir Henry Knight, Food Administration in India, pp. 300-301, for 1945-46 and 1946-47.
This along with purchases for the subsequent years were made under the Basic Plan which came into operation early in 1943.

It is argued that a large proportion of this increased demand by the army did not represent a net addition to consumption as the soldiers would have consumed food even if they had not joined the army. But it did make a difference in the sense that:

(a) the soldier at home was accustomed to coarse grains while in the army he was given only fine grains like wheat and rice.

(b) the net marketable surplus which normally serves to feed the non-producers did not increase in proportion to the number of soldiers drawn from rural areas. Instead there was a decrease in it. The number of soldiers recruited was about 2 million (1), but the village retention of rice increased from 42 to 44.4 per cent(2).

The retenive capacity of the peasant had increased because of a rise in the price of foodgrains. The Economic Adviser's average monthly wholesale price index of rice at Calcutta rose from 111 in September, 1939 to 218 in December, 1942 and that for wheat at Lyallpur and Karachi went up during the same period from 117 to 232, with August 19, 1939 as the base. The farmer could meet his normal requirements with a smaller sale of foodgrains. This, however, did not

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necessarily result in increasing his consumption of foodgrains, only diverted his demand from coarse to fine grains because of his consequent prosperity. It is also true that people whose purchasing capacity was adversely affected changed over from fine to coarse 1 grains in rural areas.

There were other war-time demands on India’s food resources. She had to support foreign troops stationed on Indian soil and to meet certain demands of rice and wheat from her neighbouring countries like Ceylon and her own troops serving in Iran, Iraq and the Middle East.

Moreover the trend towards urbanization and employment opportunities provided by the war attracted people to the cities. The number of people called to the industry is estimated at 7 lakhs. This led to an increased pressure on the marketable surplus. Speculative hoarding of large stocks by consumers, producers and merchants aggravated the situation.

Speculation and hoarding were the result of inflationary spiral let loose by the war. Coupled with this was the tremendous wastage of food which was consequently taking place. Although there was no actual fighting on the Indian soil, the bombardment of the Eastern borders had resulted in the destruction of huge stocks of food. Even before the entry of Japan in the war, large stocks of foodgrains, particularly rice, were said to have been stored on the Eastern border.

Not much out of this could, perhaps, be salvaged.

2. While American ration for civilians was 2200 calories, the one for the military was 4500. Addition to demand thus came more from British and American troops. In the absence of figures of their exact strength the statement of Mr. Churchill in the House of Commons would be of interest. He said, that India had in those days, “the biggest number of white soldiers in the history of British connections”.
3. Average daily number of workers employed in all factories increased from 17 lakhs in 1936 to 26 lakhs in 1944, and 26 lakhs in 1945 (Monthly Abstract of Statistics, Central Statistical Organization, New Delhi).
Rationing introduced in 1943 also resulted in wastage of food. Though year by year figures of the wastage are not available, yet an idea can be formed from an estimate of the Food Grains Investigation Committee, 1950, according to which as much as 1½ lakh tons of foodgrains were lost in transit in 1949. Mr. K.N. Munshi, the then Food Minister also pointed out that "controls, inefficient storage, hurried transport cost us nothing less than 5 per cent."

FOOD SUPPLIES - Against all this accentuation of demand, the supplies of food from sources outside India were perhaps the minimum. Rice imports during the years 1943-44 to 1945-46 were the lowest on record. May be that it was due to our inability to get supplies from Burma and other South East Asian countries because of shipping difficulties, yet the fact remains that India was a net exporter of rice during these three years.

Again, there was a sort of a permanent shift in the food trade in the sense that India became a net importer of wheat instead of an exporter from the year 1943-44. These imports though not very large during the period under review, were steadily increasing and exceeded even those of rice in the post-partition years. With a record wheat crop of 11.2 million tons in 1942-43 as year when our net exports of foodgrains were of the order of 3 lakh tons, the emergence of India as a net importer of wheat from the very next year - 1943-44 - is a matter which needs investigation.

Before we look into the causes for this strange phenomenon it would be interesting to note that before the war, for whatever reasons, India had been getting food supplies of the order of 1 to 2 million tons from sources other than her own. If we can prove that she could survive this period of trial without any untoward happening in the country, we would be justified in asserting that food imports during the earlier...
period when the number of people required to be fed was surely less
were not required to meet any inherent demand of the people. The
Bengal famine of 1943 may be quoted as the biggest calamity of this
period, as we shall see from the brief discussion which follows
immediately. The blame for the famine, however, lay not in any real
food scarcity, but elsewhere. In fact the position in the country
from the point of view of food stocks was thought to be quite normal.

THE BENGAL FAMINE

The causes which led to the famine have been thoroughly investi-
gated by various authorities. There is nothing to show that food
supplies in India or even in Bengal itself were short of the average
supplies during the last few years. There was, however, slightly more
pressure on the food resources of the province. Even then the Bengal
Famine Commission estimated that the supplies were short of three weeks' requirements, i.e., 0.62 million tons. It is unbelievable that the
rest of the country could not spare even this small quantity of
foodgrains for Bengal.

1. Total food production of India in 1942-43 was 58.7 million tons as
compared to 56.6 and 54.8 million tons during the preceding two years.
The wheat crop which stood at 11.24 million tons in 1942-43 was the
highest on record for the previous ten years. (The Food Statistics
of India, 2nd cit., p. 9).
2. Bengal has three rice crops - Aman, Boro, and As. Aman crop which
accounts for nearly 50 per cent of the total production was the
best during both 1942 and 1943. Even the As and Boro crops were
3. This was due to the influx of Refugees. Dr. A.S. Lykroyd (Nutri-
tion, 1944, p. 12) estimated that their number from Burma alone
was 6 lakhs. This number has been estimated by the Census Report
as 4 lakhs (Part I-4, Appendices to the Census Report, 1951, p.119).
Then there were large number of Defence Forces also present there.
4. According to Michael Brown (India Need Not Starve, 1944, p. 91)
even in the worst famine areas of Bengal itself rice was never
completely unobtainable.
The malady was correctly analysed by Sir Ramaswami Mudaliar when he said,

"The Central Government had been up against this problem of every State, every Province, of every area, thinking in terms of its own population, and not willing to recognise the needs of the population elsewhere in India .... that is a most dangerous doctrine to be preached."

The same point was made out by Lord Curzon and Sir Jawala Prasad, the then Food Member, in his opening address to the Fourth Food Conference, when he pointed out,

"Is it right that the Punjab should have all that stuff lying hoarded when the rest of India badly needed it? There are really to my mind, the real parties to this drama, this food debacle if I may so call it, they are the Punjab and the Bengal. If these two parties could be brought together, the rest of the problem would be easy."

The crux of the whole problem is that the food position in India worsened after the fall of Burma due to the shortage of transport and resettlement and alarm over a large area. The existing stocks went underground, and prices rose to levels which were beyond the reach of even the middle class. To worsen the situation further the ...

3. A considerable quantity of rails, wagons and locomotives were sent from the country to some near theatres of war. Cf. Sir W. E. H. Beveridge Report, War and Indian Economy, 1944, p. 44 and Report of the Railway Board for 1942-43 for actual figures during the years 1939-43. C. N. Vakil, (Price Control and Food Supply, 1943, p. 44) also gives actual data with regard to the tremendous increase in military traffic.
4. The country had become divided into numerous independent food monarchies ...... Buying was like trying to get stuff from behind doors bolted and looked as well as guarded. (The Bengal Famine Commission Report, pp. 196-97).
5. Survey of Inflationary Tendencies, United Nations, Department of Economic Affairs, September 1942, p. 66. stated, "It is correct to observe that the Bengal Famine of 1943 was largely a consequence of the inflation. Same was the view expressed by Lord Reith." Economic Journal, a financial expert of the then British Labour Party (The New Statesman of London, November 20, 1945); C. N. Vakil, Financial Burden of the War in India, 1943, and the Foodgrains Policy Committee, 1943, p. 3."
system of distributing food supplies also failed. In Appendix II are given details of the distribution system in Bengal. These were the immediate factors responsible for bringing about the famine. Prof. Kingsley Davis summarised the remedy as follows:

"The actual food deficit, resulting from poor crops in Bengal in 1942 and from the loss of imports from Burma, China, and Indo-China, was not sufficient to explain the famine, because equal or greater deficits had been experienced in prior years without famine resulting. The trouble lay much more in the breakdown of transport because of military demands, the inflation of prices because of wartime conditions, and the hoarding of grain because of profiteering and insecurity."

The Bengal Famine Inquiry Commission estimated that possibly one tenth of the rural population of Bengal was affected by the famine and added that "it should be clearly understood that the greater part of the population of Bengal did not suffer from lack of food in 1942."

The Commission further stated that after giving due weight to the greater difficulties faced by the Bengal Government, "we cannot avoid the conclusion that it lay in the power of the Government of Bengal by bold, resolute and well considered measures at the right time to have largely prevented the tragedy of the famine as it actually took place."

"Outstanding profits were made out of the calamity, and in the circumstances, profits for some meant death for others. A large part of the community lived in plenty while others starved, and there was 1. Kingsley Davis, The Population of India and Pakistan, 1951, p.41. Also see Dr. L.C. Jain, Indian Economy During War, p.146.
3. Ibid., p. 105.
4. Dr. L.C. Jain (op.cit., pp. 16-17) quoted the case of Bengal Govern- ment having engaged itself in making profits. It paid for the Pun atta at 6. 1/- per maund, but charged in Calcutta 8.17/6. The Government purchased rice at 8.10/- per maund and sold to Bengal at 8.1/3/- which was raised to 8.17/- later on. Sardar Baldev Singh in statement to the Associated Press at Lahore on October 24, 1942, stated "even the Central Government made a profit of a Rupee per maund on wheat purchased on its behalf in the Punjab and sold to deficit provinces."

As disclosed by the Bengal Government in the Bengal Assembly on September 29, 1942, their profits for the period from May to August 1943 amounted to Rs. 33.34 lakhs derived solely from the sales of wheat and rice. Profits made by the mills which were not the concern of the Government, were in addition to all this."
much indifference in the face of suffering. Corruption was wide spread throughout the Province and in many classes of society.1 The concluding remarks of the Commission were, "A million and a half of the poor of Bengal fell a victim to circumstances for which they themselves were not responsible. Society, together with its organs, failed to protect its weaker members. Indeed there was a moral and social breakdown, as well as an administrative breakdown.2 These are the various factors which explain the causes responsible for the Famine.

Two Important Measures

Having reviewed the inter-relation of the Bengal Famine with the food resources of the country, it becomes necessary to examine the two important steps - the Grow More Food Campaign and rationing - taken by the Government at that time. The Grow More Food Campaign was launched to save the cultivators of cash crops from ruin as well as to increase the production of food. The object of rationing on the other hand was to watch the interests of non-producers, particularly those who were employed in the essential services. As we would see, many of the complications in the food economy of the country, including increasing sheet imports, in the decade that followed, were directly connected with the latter step - rationing.

GROW MORE FOOD CAMPAIGN - Appendix III explains the circumstances under which the Campaign was launched. The idea was to increase production both by extensive and by intensive cultivation and the scheme was split up into various heads like reclamation of lands, diverting areas from cash to food crops, major and minor irrigation projects, land improvement schemes, manures and fertilizers, seed multiplication and distribution schemes, and provision of agricultural machinery and implements. The main success was achieved in the field of diversion of land from short-staple cotton to foodgrains. Table VIII gives details of this diversion.

1 Report, p. 106.
2 Ibid., p. 107.
Table VIII

Total Area Under Foodgrains and Cotton in Undivided India

<table>
<thead>
<tr>
<th>Year</th>
<th>All Cereals (in million acres)</th>
<th>Rice</th>
<th>Wheat</th>
<th>Cotton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>200.9</td>
<td>77.6</td>
<td>35.7</td>
<td>24.6</td>
</tr>
<tr>
<td>1936-37</td>
<td>to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1938-39</td>
<td>200.5</td>
<td>77.6</td>
<td>35.7</td>
<td>24.6</td>
</tr>
<tr>
<td>1939-40</td>
<td>200.8</td>
<td>76.1</td>
<td>34.9</td>
<td>N.A.</td>
</tr>
<tr>
<td>1940-41</td>
<td>200.8</td>
<td>76.9</td>
<td>35.7</td>
<td>24.1</td>
</tr>
<tr>
<td>1941-42</td>
<td>202.6</td>
<td>77.4</td>
<td>34.9</td>
<td>20.4</td>
</tr>
<tr>
<td>1942-43</td>
<td>214.0</td>
<td>79.1</td>
<td>36.3</td>
<td>14.2</td>
</tr>
<tr>
<td>1943-44</td>
<td>214.2</td>
<td>84.9</td>
<td>34.9</td>
<td>14.2</td>
</tr>
<tr>
<td>1944-45</td>
<td>229.3</td>
<td>83.9</td>
<td>35.0</td>
<td>14.7</td>
</tr>
<tr>
<td>1945-46</td>
<td>200.4</td>
<td>80.7</td>
<td>35.0</td>
<td>14.7</td>
</tr>
</tbody>
</table>

*excludes small millets which covered about 9 million acres in the preceding years.

(Source: Food Statistics, 26th ed., p. 28, for cereals, rice, and wheat up to 1945-46; Crop More Food Campaign Progress Report, 1945, p. 5 for cotton up to 1944-45; and Estimates of Area and Yield (1937-46), pp. 10-13 for the remaining years for all crops.)

The campaign was launched early in 1942. As a result there was immediately a fall in the area under cotton, nonetheless the area under rice and wheat did not show any appreciable increase. This was perhaps due to the cultivators' fear that any increase in the production of food will glut the market. This view is confirmed by the assurance given by the Government of India on May 20, 1942, that "should any development take place which will effect the salability of the food crops, they will buy such quantities of food stuffs in the open market, whether in British India or the Indian States, as are calculated to prevent a serious fall in the prices." Even then this failed to instil confidence into the cultivators, the assurance was repeated by the Food Department on April 3, 1943, in a press note. Such an attitude on the part of the cultivators also proves, incidentally, the point that there was enough food in respect of demand in the country, otherwise they would not have missed the

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1. Quoted by Sir Henry Knight, op. cit., p. 126.
opportunity of producing more food on land than lying fallow. In spite of all this, the area under rice in India had been steadily increasing. It was this increase in the area under foodgrains that helped India to tide over the situation brought about by war.

RATIONAL - If India was not deficient in wheat, what made the imports of this commodity necessary? An answer to this will perhaps be found in the scheme of food rationing which was introduced from early 1943.

The two price control conferences held in October, 1939 and January, 1940 did not show any concern over the increase in agricultural prices. The third conference held in October, 1941 was, however, alarmed at rising prices and the increasing cost of living. It, therefore, fixed the maximum price of wheat on December 5, 1941. But soon afterwards, provinces banned the movement of foodgrains outside their territories. This led to the hoarding of stocks.

The fourth and fifth price control conferences held in February and April 1942, therefore, recognised the vital importance of linking control over prices with control over distribution. The conditions had much changed by September, 1942, when the sixth price control conference was held. Unprecedented transport bottlenecks hampered the free flow of commodities from surplus to the deficit areas, thus serving to intensify local shortages of foodgrains.

Rationing was, therefore, introduced firstly to meet the demands of essential services and the non-producers and secondly to check inflationary prices. But the scheme involved certain commitments on the part of the government for the fulfilment of which it was necessary to secure some stocks of foodgrains. It was this need which forced the government to tap external sources when they failed to procure the necessary foodgrains.

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necessary stock from the home market. Mr. W.H. Kirby, the British expert on rationing who had been invited by the then Government of India for advice, had declared that "when supplies are ample, rationing is necessary for effective mobilization of resources against emergency." Such steps had been taken by countries like Germany and England much earlier for similar reasons.

Population under rationing during this period went on increasing (Table IX), entailing a corresponding increase in the Government's commitments.

**TABLE IX**

**RATIONALIZED POPULATION IN UNDIVIDED INDIA 1943-47.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number</th>
<th>Increase over the preceding year (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1943</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>March 1944</td>
<td>28</td>
<td>24</td>
</tr>
<tr>
<td>March 1945</td>
<td>62</td>
<td>26</td>
</tr>
<tr>
<td>March 1946</td>
<td>100</td>
<td>48</td>
</tr>
<tr>
<td>October 1946</td>
<td>180</td>
<td>50</td>
</tr>
<tr>
<td>January 1947</td>
<td>189.6</td>
<td>9.6</td>
</tr>
<tr>
<td>August 1947</td>
<td>171</td>
<td>11.5</td>
</tr>
</tbody>
</table>


**PROCUREMENT**

With the introduction of food rationing, Government needed stocks to meet its commitments. Purchases from the open market were not possible under the conditions then prevailing in the country. A system of procuring foodgrains was accordingly considered necessary for the purpose. But even this scheme did not prove very successful.


owing to the non-cooperation of the various States - both surplus as well as deficit - with the Centre. Surplus provinces like the Punjab had a strong feeling that the other parts of India, specially the industrial areas, had unjustly been making a profit during the depression by living on cheap Punjab grains. They insisted on making good that loss and claimed special treatment in the matter of rationing.

Such provinces argued that there was no need for them to ration their city population and resort to procurement. They agreed to rationing only when pressure from the Centre increased. Rationing was thus introduced in Karachi not earlier than February 13, 1944 and in Lahore, Multan and Rawalpindi from about June, 1944. The monopoly procurement scheme was accepted by the Punjab as late as 1946.

This was only one reason militating against the smooth working of the policy of procurement. The other, as stated by Mr. Narain was that of defective policy of fixing prices. "Procurement" in its whole history, according to him, "never reached the desired level. The highest level reached was by Madras which procured 94 per cent of its total marketable surplus in the case of rice. Bombay came next with 73 percent in rice and 61 percent in wheat. United Provinces (UP) procured 16 percent of both wheat as well as rice supplies, Bengal 219 per cent and Bihar only 11 per cent." Table X gives procurement figures for the States from the year 1945 to 1947.

### TABLE X

**PROCUREMENT OF FOODGRAINS - 1946-47.**

( in thousand tons )

<table>
<thead>
<tr>
<th>Deficit Areas</th>
<th>1945</th>
<th>1946</th>
<th>1947  (up to June 30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madras</td>
<td>770</td>
<td>2370</td>
<td>1060</td>
</tr>
<tr>
<td>Bengal</td>
<td>640</td>
<td>670</td>
<td>380</td>
</tr>
<tr>
<td>Bombay</td>
<td>610</td>
<td>400</td>
<td>360</td>
</tr>
<tr>
<td>UP</td>
<td>180</td>
<td>360</td>
<td>280</td>
</tr>
<tr>
<td>Kashmir</td>
<td>170</td>
<td>90</td>
<td>80</td>
</tr>
<tr>
<td>Travancore Cochin</td>
<td>70</td>
<td>70</td>
<td>60</td>
</tr>
<tr>
<td>Bihar</td>
<td>20</td>
<td>80</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2600</td>
<td>3040</td>
<td>2340</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus Areas</th>
<th>1945</th>
<th>1946</th>
<th>1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>770</td>
<td>650</td>
<td>260</td>
</tr>
<tr>
<td>Central Provinces</td>
<td>440</td>
<td>390</td>
<td>250</td>
</tr>
<tr>
<td>Sind</td>
<td>230</td>
<td>390</td>
<td>330</td>
</tr>
<tr>
<td>Assam</td>
<td>310</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Orissa</td>
<td>140</td>
<td>120</td>
<td>110</td>
</tr>
<tr>
<td>Eastern States</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1310</td>
<td>1650</td>
<td>1060</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>4410</td>
<td>4690</td>
<td>3420</td>
</tr>
</tbody>
</table>

These are the combined totals for rice, wheat, and millets for the 'procurement years'. For rice and millets the year begins on November 1 of the previous calendar year, and for wheat the year ends on April 30 of the succeeding calendar year.


**THE BASIC PLAN**

The Food Grains Policy Committee, 1943, recommended the formulation of a Basic Plan to assess the food requirements of provinces. After the provinces declared whether they were surplus or deficit, the whole thing was thrashed out in discussions where efforts were made by the Central representative to secure as much as possible from the surplus states and supply as little as possible to the deficit ones. There was actually a sort of a tug of war between the various
representatives each trying to secure the maximum for himself. Table XI gives the working of the plan in so far as rice, wheat, millets and maize are concerned.

**TABLE XI**

**WORKING OF THE BASIC PLAN**

<table>
<thead>
<tr>
<th>Year</th>
<th>Deficit declared by States</th>
<th>Surplus so stated declared</th>
<th>Gap between 2 and 3</th>
<th>Allotments made from the surpluses and stocks</th>
<th>Quantities actually moved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>(in 00,000 tons)</td>
<td>(in 00,000 tons)</td>
<td>(in 00,000 tons)</td>
<td>(in 00,000 tons)</td>
<td>(in 00,000 tons)</td>
</tr>
<tr>
<td>1942-43</td>
<td>1,946</td>
<td>872</td>
<td>1,074</td>
<td>1,117</td>
<td>1,106</td>
</tr>
<tr>
<td>1943-44</td>
<td>4,988</td>
<td>2,292</td>
<td>2,780</td>
<td>2,767</td>
<td>2,594</td>
</tr>
<tr>
<td>1944-45</td>
<td>5,297</td>
<td>1,999</td>
<td>3,374</td>
<td>3,284</td>
<td>3,085</td>
</tr>
<tr>
<td>1945-46</td>
<td>5,081</td>
<td>1,794</td>
<td>3,297</td>
<td>3,221</td>
<td>2,972</td>
</tr>
<tr>
<td>1946-47</td>
<td>4,044</td>
<td>721</td>
<td>3,323</td>
<td>3,268</td>
<td>3,248</td>
</tr>
</tbody>
</table>

(Rice and Millets only for 1942-43.

The gaps between deficits and surpluses declared by states (column 4 of Table XI) were the constant worry of the authorities and they were met through imports. Deficits by the provinces were normally inflated and surpluses deflated. These gaps thus continued to widen with the increase in the rationing commitments as shown in Table IX and low procurement as shown in Table X. The country in turn was involved in a sort of a vicious circle.

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1. Dr. M.S. Desai (Gujarat, pp. 286-296) gives a graphic picture of food procurement in Gujarat. He describes how this policy of avoiding procurement was rampant at all levels. "The collective contributions officially decided upon, levied on villages, were reduced in respect of villages inhabited by farmers of advanced classes who could bargain effectively". The position was not in any way different in other parts of India. This policy ultimately reflected in the state representatives being forced to secure the maximum from the Centre under the Basic Plan.

2. Adapted from Sir Knight, *Gujarat*, p. 183.
Dr. Harendra Prasad, the then Food Minister, while discussing the food situation in the country in the Legislative Assembly in 1946 made this point clear when he pointed out that the 'marketable surplus' in the country being 40 per cent, procurements in the country (3.8 million tons) were only 16 per cent of this surplus. According to him non-producers of food, i.e., those who purchased their food in the market, constituted something like 40 per cent of the population. If the population of India including Pakistan is taken as 417 millions in 1947, the rationed population (169.5 million in January 1947) formed more than 35 per cent of this total.

With 38 per cent of the population depending on rationing and other war time conscriptions of the Government, it was necessary to procure the whole of the 'marketable' surplus for a complete success of the working of food controls. But the machinery for the procurement of foodgrains was in the hands of the Provinces and full cooperation was not forthcoming from them.

Sir Henry Knight while describing the working of the Basic Plan aptly remarked that the Plan, "owing to the selfishness of human nature and the constitutional handicap of the Government of India in dealing with self-governing provinces and States, met with many difficulties."


When targets were being fixed for procurements, the Punjab, for example, insisted on contributing only the 'exportable surplus' and not the 'marketable surplus'. The former meant anything the Punjab liked to give. The proposal to the deficit provinces seemed rather a case of Punjab first, and the rest no-where.

(Sir Henry Knight, op. cit., p. 156).

When it became difficult to secure supplies, the Food Conferences held in New Delhi in December, 1942 and February and July, 1943, decided that all foodgrains for the Army as well as the civilian use should be purchased by the same agency. It was also decided that the agency in question should be a provincial one and not a department of the Central Government.

4. op. cit., p. 127.
The vicious circle started by rationing had permeated our body politic so deeply that it became evident that imports of foodgrains were necessary to keep the distribution system going.

Dr. Iqbal Qureshi pointed out that it was the hesitating, undecided, and vacillating policy of the Government which was responsible for creating the situation which existed at that time. According to him, there was otherwise no real shortage of food in the country as a whole.

The position deteriorated further after the war because of the inflationary movement which was in evidence from the second half of 1946. With the expectation of a sellers' market thus created, both the producer and the trader turned to hoarding in the hope of making profits. Sir Henry Knight described the situation as follows:

"Not only the farmer and the trader were hoarding; the non-producer in the deficit provinces remembered how Government control of foodgrains had saved him from starvation when the lack of it had produced in Bengal, and, therefore, he was anxious to buy in the black market household stocks against the coming days of decontrol."

Black market prices further vitiated the whole situation. For instance, on November 11, 1946, wholesale wheat was selling at 64/- in cash against a statutory maximum of 14/-; 10/- in cash against a statutory maximum of 10/-, and rice was selling at 64/-. 23/-, more than twice the official price. Such were the conditions which hampered a successful policy of procurement, thus necessitating increased imports.

THE ANSWER

Having examined the rationing and procurement systems as well as the working of the Basic Plan, we are now in a position to find an answer to the paradoxical situation of India's emergence as a net importer of wheat in increasing quantities. May be that our success

1. Dr. Iqbal Qureshi, op. cit., p. 6.
2. Sir Knight, op. cit., p. 267.
in controlling the basic food distribution was more than that of Germany under Hitler's dictatorship, but there is no denying the fact that imports of foodgrains were represented only by the 'gaps' between rationing commitments and procurements. Out of the total foodgrains procured, wheat procurements were the least and constituted hardly 10 to 15 per cent; while rice procurements invariably represented more than 70 per cent. The only course left to meet the wheat commitments under the circumstances was by way of imports.

As for the general position, the cultivator felt insecure and developed an apathy towards the city population. The conflict according to Mr. Krishnan Chandra Sharma was between the man who produced and the man who enjoyed. He pointed out and perhaps rightly that,

"If the Government assures the producer that the next crop, if it is a better crop, may fetch him a better price, then I assure the 'Hon'ble Member that there is so much food in rural India that you can meet the crisis without any difficulty."

The solution in other words lay in a re-orientation of the procurement policy so as to step up procurements and consequently to reduce imports.

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