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## LID OFF PRICES

FROM the beginning of food control which goes back to the years of the war, the growers of food-grains have had a raw deal. No one has ever seriously denied it though instances have been cited of big land-owners fattening at the cost of others by evading procurement, hoarding food-grains and selling them at the right moment at the highest price in the black market. The prices paid for food-grains by the Government have never been based on any reliable estimates of costs of cultivation or any other rational principles. These prices vary fairly widely from State to State. It has often been complained that in some cases prices were too low in the sense that it did not offer a strong enough incentive to the cultivator to increase the production of food-grains, that the Government were paying a much higher price for imported food-grains. But never quite, seriously that the food-grower did not cover costs. The country is so large and the conditions vary so widely that it would be foolhardy to claim that the price paid by the Government always covered costs on a fair and reasonable estimate. Cases of local hardships may not be rare or uncommon. But, by and large, those observers have never been convinced that these prices did not cover costs.

The question of incentives however, is much more controversial and not so easy to decide. The food-growers had a raw deal because the growers of other crops were never subjected to the hardships, vagaries, inquisition and minor tyrannies which are always attendant upon procurement in the manner in which it has been carried out in most parts of the country. True, it is not the prices of food-grains alone that have been subjected to control. Other crops have also been brought under control from time to time. But in the case of other crops, notwithstanding expert and sober advice to the contrary, as in the case of cotton, a higher price has been accepted in principle as the incentive to be offered for increasing production. Whether the incentive has worked satisfactorily or not, whether it has produced the desired results, is quite a different question. That it has been accepted as a working device is all that matters. The same treatment is now being extended to food-grains though very belatedly and reluctantly and only in therapeutic doses.

That the growers of rash crops have been in a more advantageous position, that the incentive of a better price has worked fairly strongly to the detriment of foodgrains is proved by such statistics as are available which point to a definite shift in production from food to cash crops. Perhaps it would be more correct to say that the shift has been from 'procurement' to 'non-procurement' crops. Though it may not be proved by reference to statistics, it is not to be denied that vexations and pinpricks attendant on procurement are often as galling a disincentive as price differences or differential returns.

Controls always become more difficult to work when they fail to win the moral support of the people who are affected by their operation.

This moral support procurement has conspicuously lacked from the very beginning, its enforcement has always been marred by discrimination between one section of people and another. It is not enough that there should be no discrimination in fact. The operation of any kind of economic control must be demonstrated to be fair and above board. From the volume of complaints that are raised from every part of the country every day and that go unchallenged, it would be idle to pretend that procurement has been enforced fairly and equitably. The poor results attained by it is proof enough of its inefficiency.

And yet, despite all that can be said against it, controlled distribution of foodgrains in principle is unexceptionable. It has proved a god-sent and in spite of many abuses and the many imperfections that have unfortunately stigmatised its actual operation, it has succeeded in averting famine at times when the overall shortage was of bigger dimensions than was the case during the Bengal famine. It staved off a threatened famine in Bihar, it has prevented large-scale deaths from starvation, though judging statistically, the food situation has often made the occurrence of such deaths a likely possibility.

That food control has been able to work only with the help of ever larger imports of food grains is no complete answer to its undesirability. When food production is adversely affected by calamities of nature, the consequences have to be laced and can only be averted by finding outside sources of supply. The sort of exercise in elementary arithmetic which seeks to prove that if the consumption per head can be kept down to a certain minimum, the food that is grown in a normal year would be sufficient to meet these minimum requirements misses the essence of the problem. This is that consumption cannot be restricted or kept down to this minimum, without extending procurement to embrace the whole of the country. That is to say, even with production at the present scale, major natural calamities apart, and with the poor incentive offered by the current procurement prices, what is produced should be enough to guarantee 12 oz. per head to all people in the urban areas and 16 oz. per head for the rural population, provided the twin arms of control, procurement and rationing, is extended. To relax control would not only be to take the lid off prices, it will mean an

open invitation, to speculators and hoarders to help themselves and mal-distribution of foodgrains on a scale which cannot but produce results too disastrous to contemplate. May be, the bitter experience of the period of decontrol magnifies these fears. But it would be idle to hope that in the present situation such fears could be baseless.

Of all the criticisms levelled against food-control, the most naive is the one that this nefarious system has been devised by the Congress in order to concentrate all power in its own hands. Nothing is more essential than food and by making everybody dependent on the Government for the supply of this most essential of the necessities of life, so runs the argument, the Congress wants to draw all the reigns of power into its own hands. This is patently absurd, because the Congress Governments in the States as well the Government at the Centre have always fought shy of carrying food control to its logical conclusion. Despite the pressure of circumstances and the imperative necessity of making the distribution of foodgrains as complete as possible, both Governments have shrunk back from extending rationing to the rural areas except under the strongest pressure. Even where such pressure has been irresistible, they have only yielded to some sort of modified rationing which is a high-sounding name for opening a few fair-price shops for selling food grains at controlled rates and to keep these shops insufficiently supplied with grains.

The unpleasant fact is that popular ministries have fought shy of courting unpopularity by seizing grains from the growers. This is apparently because the administration has not been equal to the job; distribution has proved wasteful and expensive and it has either broken down or worked indifferently whenever subjected to pressure from politically influential quarters. Five years of food administration under the present regime have made these facts patent to everybody.

If the high prices have to be attacked, one has to begin it somewhere. And since food prices account for 50 per cent of the cost of living, naturally the best point to start is by keeping them down while concerted attempts are made to bring down other prices to this level. The only alternative to this drastic remedy is to allow other prices to be levelled up. To this process of levelling UP, there is no end, and ob-

viously we have now started on it, albeit haltingly, by offering a token rise to procurement prices. The Governments concerned could not possibly have resisted the just demands of the food growers since they knew in their own minds that they were doing nothing to bring down other prices to the level of food prices which had so long been deliberately kept low.

The relationship between procurement prices, the selling prices of foodgrains and those of imported food is so complex and obscure that it is difficult to say to what extent the higher price now granted will affect either the cost of living or the price situation in general. Perhaps the effect will be negligible for the Government view that higher procurement prices will help procurement significantly will not bear examination if one compares this token rise with the prevailing black market prices in controlled areas and free market prices in the areas which have not been fully brought under control. The expected effect of such a small rise on future production is equally insignificant, for the rise now granted is not related in any way to the higher prices of competitive crops, some of which, as in the case of jute, have shot up to Fantastic heights. Moreover it is ill-timed. If the intention was to encourage wider food cultivation, higher price should have been offered before the sowing season.

This change of policy, however, may be a dangerous portent if it means that the Government are going back on their past decision, which has already produced some encouraging results, of steadily bringing down the prices of cash crops by the imposition of higher export duty, fixing lower export quotas and other restrictive measures. There is reason to believe that such a danger may be very real for it is now beyond dispute that the foreign exchange budget must be completely upset by the necessity of importing even in the next year some 5 to 6 million tons of food grains. This has been rendered inevitable by the failure of monsoons in large parts of the country. If food imports are to run on this level, the foreign exchange budget can be balanced only by freeing and encouraging exports to the maximum. Let us hope that higher procurement prices do not herald a retreat from the policy of bringing down agricultural prices which had been aimed at so far by the restrictive export policy.