

tom and convention govern such a large number of transactions in agriculture, and they differ so widely in different parts of the country that it is difficult to evolve a uniform code of minimum wages. Moreover, most of the agricultural employers are themselves small holders and granting that a minimum can be enforced, they might either do away with the little hired labour they employ or, switch over to 'share cropping', which is neither conducive either to efficient cultivation nor desirable on social grounds.

The tripartite labour conference which met last week in Bombay were quite alive to these difficulties, when they discussed the fixation of minimum wages for agricultural labour. Labour leaders were, no doubt, vehement in their demand for the immediate fixation of a minimum wage on a national level and since the Agricultural Labour Enquiry had shown that agricultural labour finds employment on an average for 189 days in a year, they demanded that a fair wage should be fixed during the season of 189 days, which would enable the workers to carry through for the rest of the year. What could be more simple than that?

The representatives of State Governments, however, some of whom have tried fixing a minimum, expressed their doubt about the success of a wage policy for agriculture—owing to the disorganised state of agricultural workers and changing conditions from area to area. Hyderabad's experience of the Minimum Wages Act was one of complete failure. The representative of Rajasthan Government was of the view that the measure should be confined to farms where more than 20 labour-

ers were engaged. The compromise reached was that there should be 3 "pilot" implementation of this measure in selected areas, before it could be extended to all farm labour.

Price Support Widens Price Differentials

THE operation of price support in UP in the first two weeks has brought to light some complexities of the problem which could well have been anticipated. This is only the beginning; so there is no need to jump to conclusions, but the facts are sufficiently important and significant to merit attention. Government purchases for the present are confined to fair average quality wheat which normally commands a premium over other qualities. But since Government is buying only this quality and no other, the price difference between different qualities of wheat has widened, and widened so far as to upset the market. While the FAQ (fair average quality.) is selling at Rs 10 per maund, the red variety, grown on the banks of Jamuna, has gone down below Rs 6 per maund in the interior. Normally, the price difference between these two qualities does not exceed Rs 1-8; now it is Rs 3-8 or more.

True, there is no *a priori* reason to suspect that the elasticity of substitution among the different qualities would be so low as to enable such high price differentials for long. But experience alone can show how far this assumption is borne out by facts. The situation, it is reported, has been made a great deal worse by lack of adequate publicity with the consequence that villagers, ignorant or sceptical about the price support programme, have resorted to panic selling, thereby further upsetting the market. Of course, relative prices need conform to no set standards. This becomes apparent, when the comparison is extended from different qualities of the same grain, eg, wheat, to other cereals and particularly, to gram, the widening price difference between gram and wheat having been a feature in recent years.

Paradoxically enough, it is because prices had been controlled in the past and the grain market in UP as in other important producing centres had come to depend on a substantial volume of Government purchases, decontrol has left these markets without adequate support. The funds employed in the purchase and earning of stocks and grain were diverted to other uses, trade, capital has not yet returned to the grain market and the tendency to depend

on Government purchases is understandable enough. But this very dependence also retards the flow back of normal trade credits and restoration of arrangements for carrying of stocks,

The more sober opinion in UP as well as elsewhere appears to be that when Government purchases attain substantial proportions, grain markets will regain stability; the implied assumption being, among others, that eventually price support will not be confined to one or two varieties, but will be extended to all the major qualities. It is by no means certain, however, that the same result can be obtained by confining purchases, as at present, to a single quality of wheat. The situation bears more than a passing resemblance to that prevailing in the gilt-edged market when Reserve Bank was, supporting only the Conversion Loan. The price difference of other loans widened perceptibly and this disparity remained pretty wide—judged by the standards of the highly integrated money market where rates are adjusted very finely—and persisted throughout the period of Reserve Bank support.

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