FAMINE INQUIRY COMMISSION

REPORT ON BENGAL

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THE FAMINE INQUIRY COMMISSION

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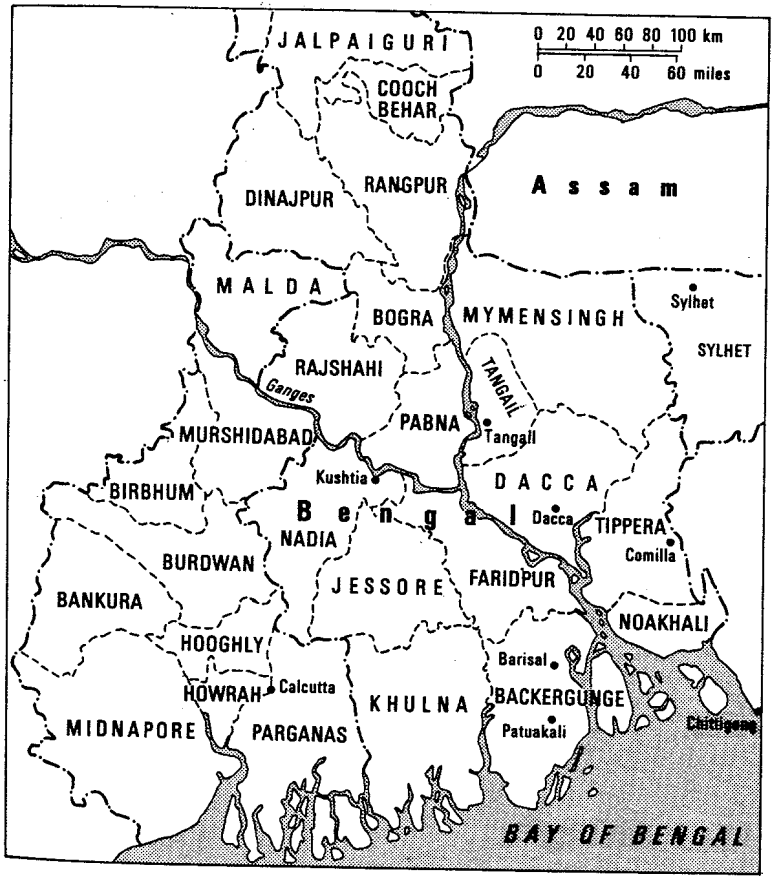
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INTRODUCTION

The Famine Inquiry Commission was appointed under Ordinance No. XXVIII of 1944, with the following terms of reference:—

To investigate and report to the Central Government upon the causes of the food shortage and subsequent epidemics in India, and in particular in Bengal, in the year 1943, and to make recommendations as to the prevention of their recurrence, with special reference to—

(a) the possibility of improving the diet of the people and the quality and yield of food crops, and

(b) the possibility of improving the system of administration in respect of the supply and distribution of food, the provision of emergent medical relief and the emergent arrangements for the control of epidemics in famine conditions in those areas and in those aspects in which the present system may be found to have been unsatisfactory.

Section 4(1) of the Ordinance, in pursuance of which this report is submitted, provides that "the Commission shall, in the first instance, direct its attention to the Province of Bengal, and.....shall make a report and formulate recommendations in relation to that Province in advance of the final report....."

We met for the first time on July 18th, 1944, in New Delhi. After spending some weeks in Delhi, where numerous official witnesses were heard, we went to Bengal on August 11th, and remained there for about 6 weeks. During this period we heard 130 witnesses in Calcutta, 45 official and 85 non-official. We took the opportunity, when in Bengal, of visiting various districts to observe the situation as it existed at that time and to obtain further evidence from witnesses. Chittagong, Tipperah, Dacca, Khulna, and Midnapore were visited by different members of the Commission and 33 official and 55 non-official witnesses were heard in rural Bengal.

A wealth of information about the causes of the famine and other questions included in our terms of reference was obtained in Bengal. But in order to view the past and present situation in Bengal in its proper perspective we felt it necessary to make inquiries in other parts of India. We wished to study procurement, rationing, and food administration in various provinces and states. Further, we are concerned with broad developments in food and agricultural policy in the country as a whole in connection with the prevention of famine in the future. Accordingly, on leaving Bengal on September 26th, we visited in succession Bombay City, Walchandnagar, Bijapur (where famine occurred in 1942-3), Madras City, Calicut, Cochin, Travancore, Tanjore, Bezwada and Nagpur. In all these places we interviewed numerous official and non-official witnesses, studied the existing food situation and food administration, and made inquiries about immediate and long term prospects of producing more food and improving the diet of the people. We returned to Delhi on November 2nd to prepare our report.

At the beginning of the inquiry we decided to hear witnesses *in camera*. The reasons for this decision were given as follows by the Chairman at a press conference on July 31st, 1944:—

"As you know, our terms of reference are wide and I think you will agree with us that our inquiry is of first class importance to the welfare of the people of this country. We have a definite and responsible task to perform and we feel that nothing must be allowed to prejudice its success. You would wish us, therefore, to obtain the best possible evidence of what occurred and why it occurred, so that we may be able to apply our minds to cause and effect and to make recommendations for the prevention of those events which were such

1200 miles away

an unhappy feature of the year 1943. It is to that task that we are dedicated. We must be allowed to undertake it in the best possible conditions for success. Above all, we must be able to hear, weigh and judge the evidence in a calm and dispassionate atmosphere. I need not remind you of the strong feelings which have been aroused by past events. There has, perhaps unavoidably, been acute controversy and indeed bitterness and recrimination. We want those who give evidence before us to be free to speak their minds fully and without any reserve. It would be most unfortunate if evidence given before us should lead to an atmosphere of controversy, prejudicial to our work and to the manner in which other witnesses give their evidence before us. It would, indeed, be disastrous if the day to day labours of the Commission were to give rise to political or communal controversy or disturb the co-operation of all the different units in carrying out the all-India food plan.

It would be equally unfortunate if things were said and written which would have the effect of retarding the growth of public confidence. In short, our aim and object must be to do our work in a manner best calculated to ensure a report of the highest practical value in the shortest possible time. It is for these reasons that, after careful consideration, I and my colleagues have unanimously decided that our proceedings should be *in camera*. We are confident that the Press will appreciate these reasons and the spirit in which we are approaching our task and assist us by their support and confidence."

We feel that our decision to sit *in camera* was fully justified by results. Witnesses expressed themselves, both in giving oral evidence and in the memoranda prepared for our perusal, with a freedom that might have been restricted had our proceedings been open to the press. Our witnesses included officials, experts in various fields, and representatives of political parties and relief organizations. A great variety of views were put forward about the causes of the famine and the prevention of famine in the future. We are grateful to the many witnesses, official and non-official, who assisted us in our efforts to arrive at the truth.

This report is concerned largely with the past, with the story of the Bengal famine and the causes of that famine. We have also considered the immediate future and made certain immediate recommendations. We propose to deal in a later report with the second part of our terms of reference—the development of agriculture and the raising of standards of nutrition so as to make recurrence of famine impossible. But in order to lay plans for the future it is necessary to understand the past, and hence we feel that our analysis of the causes of the famine should not be regarded solely as a "post-mortem". Numerous lessons which should be of value in the future can be drawn from the sequence of events which led to the tragedy of 1943.

We are grateful to the Governments of the provinces and states visited by us for hospitality, and we wish to thank these and other governments for the readiness with which they have supplied us with information on the wide range of subjects covered by our inquiry.

Acknowledgement to the staff of the Commission may suitably be made when our work is over. We feel, however, that we cannot submit the present report without expressing our appreciation of the services of our Secretary, Mr. R. A. Gopalaswami, O.B.E., I.C.S. Throughout our inquiry and in the preparation of the report he has worked untiringly at every stage and has given us invaluable assistance.

PART I

FAMINE IN BENGAL

CHAPTER I.—THE FAMINE

1. The Bengal famine of 1943 stands out as a great calamity even in an age all too familiar with human suffering and death on a tragic scale. Between one and two million people died as a result of the famine and the outbreaks of epidemic disease associated with it. Many more who escaped death went hungry for many months, fell sick of disease, and suffered in other ways from the disintegration of normal life which the famine occasioned. Famine has, of course, been a common event in the ancient and modern history of India. As far as history stretches back, the country has been a prey to recurrent famines and during the nineteenth century a number of serious famines occurred. The terrible famine of 1769-70, in which it was estimated that 10 millions died out of a population of 30 millions, seriously affected the whole of Bengal, except the districts of Bakarganj and Chittagong in the south-eastern corner, but during the nineteenth century and the twentieth century up to 1943, Bengal was almost entirely free from famine.[1] The Famine Commission of 1880 included the eastern districts of the province, which suffered so severely in 1943, among the parts of the country which "enjoy so ample and regular a rainfall and such abundant river inundation as to ensure the safety of the crops in the driest years". The western districts are liable to scarcity but the only area which has been prone to famine from time to time is the district of Bankura on the western boundary of the province.

2. The most recent famines accompanied by high mortality took place in 1896-7 and 1899-1900. Thus, for over 40 years previous to 1943, India had been free from great famines. The relatively small famines of the last few decades occurred for the most part in rural areas remote from cities, were controlled by effective measures, and hence did not attract much public notice. Famine on a catastrophic scale had indeed faded from memory and was regarded by many as a thing of the past. In 1943 an enemy generally thought to have been finally vanquished reappeared in full strength and its victims thronged in their thousands the streets of the greatest city in India, Calcutta. The horrors of famine at its worst were clearly exposed to the public view. All this came as a great shock to the public in India.

3. The famine affected only the province of Bengal and, to a much less serious extent, the neighbouring province of Orissa. Its general course was as follows: during the early months of 1943, there were reports of distress from various parts in Bengal and apprehension on the part of District Officers that famine was imminent. In May and June it became clearly evident in the districts of Chittagong and Noakhali, situated on the eastern border of the province, and a steep rise in mortality occurred in these districts. By July most of rural Bengal was involved, the death rate in almost all districts being in excess of the normal. From this point onwards the number of deaths rose rapidly and the peak was reached in December, 1943. With the reaping of the *aman* crop in December and the arrival and distribution of supplies from outside the province during the closing months of the year, the famine was relieved, but the death rate remained high throughout the greater part of 1944. Severe epidemics of malaria, small-pox and cholera accompanied the famine. Of these diseases, malaria caused the greatest number of deaths.

[1]We refer here to Bengal according to its present boundaries.

4. In 1943 the mortality rate in certain districts in which starvation was most acute and widespread was higher than in the rest of Bengal, but nearly all parts of the province were affected in greater or lesser degree. While there were variations in the extent of local scarcity, the phenomenal rise in the price of rice which placed it beyond the means of the poor occurred everywhere in Bengal and the poor were nowhere immune from starvation. During the first half of 1944 there was little difference between various parts of Bengal in respect of disease and mortality. Disease associated with the famine became prevalent throughout the province. The famine therefore affected the whole of Bengal and was not confined to certain districts.

5. Only one section of the community suffered from starvation—the poorer classes in the rural areas. Well-to-do people, and industrial workers in Greater Calcutta and elsewhere did not go short of food in 1943. We have estimated in our report that perhaps one-tenth of the population—6 million people—were seriously affected by the famine. As the price of rice rose during the first half of 1943, the poor in the villages without sufficient stocks of grain in their possession found themselves unable to buy food. After an interval during which they attempted to live on their scanty reserves of food, or to obtain money to buy rice at steadily rising prices by selling their scanty possessions, they starved. The majority remained in their homes and of these many died. Others wandered away from their villages in search of food, and the mass migration of starving and sick destitute people was one of the most distressing features of the famine. Thousands flocked into towns and cities; the number in Calcutta in October 1943 was estimated to be at least 100,000. The migration of disorganized masses often occurred in the great famines of bygone ages, but during more recent famines it has been prevented or greatly limited. Its appearance during a famine shows that the famine is out of control.

6. The wandering famine victims readily fell a prey to disease and spread disease in their wanderings. Families were broken up and moral sense lost. In their distress they often sank to sub-human levels and became helpless and hopeless automata guided only by an instinctive craving for food. We shall refer in our report to the problems to which the large scale migration of destitutes gave rise.[1] Here we are simply outlining the general features of the famine and it is sufficient to say that, by degrees, after the height of the famine was passed, the destitutes throughout the province returned to their villages and homes. By the end of November 1943 Calcutta was more or less free from famished wanderers. A residue of homeless and indigent famine victims remained to be cared for in relief institutions in Calcutta and the districts.

7. The turning point of the famine was reached in the closing months of 1943. In November His Excellency the Viceroy, Lord Wavell, brought in the Army to the rescue of the province and in December a bumper crop was harvested. During 1944 recovery took place slowly. But so serious a famine must necessarily have its after-effects on the life of the community. Even when food became available much remained, and still remains, to be done to heal the wounds which it inflicted on Bengal.

8. Such, briefly and barely described, is the tragedy which we are called upon to investigate. We shall fill in the details of the picture in our report and give our views as to the causes of the famine. It is as regards the latter that our responsibilities differ from those of previous Famine Commissions in India, which had the comparatively simple task of reporting on famines due to drought with consequent failure of crops over wide areas, and the straightforward measures necessary to relieve such famines. The causes of the Bengal

[1] The word "destitute" was generally used in Bengal as a noun to describe famine victims. However objectionable as English, the word is convenient and its use has not been avoided in this report.

famine, and the measures taken to relieve it, have given rise to much bitter controversy, centering round the question whether responsibility for the calamity should be ascribed to God or man. We have had to unravel a complicated story, to give due weight to a multiplicity of causes and apportion blame where blame is due.

9. **Scope of the report.**—Our report is designed as follows: first, to provide a background, a brief account is given of the geography, population, and social organization of Bengal. Next, the supply and distribution of rice in Bengal, and the supply position in recent years including 1943, are considered. Since the all-India food situation obviously influenced the situation in Bengal, we describe, in Chapter IV, the development of the former from the outbreak of war up to the end of 1942. In the following 3 chapters an objective account is given of the course of events in Bengal leading up to and culminating in the famine. A chapter on relief follows: here we describe the effect of the famine on the life of the people and the measures taken to relieve distress in Calcutta and the districts.

10. In the following chapter "Looking Back" we review in a critical vein the history of the famine and point out the mistakes made by the governments concerned. The chapter includes sections on "high prices and failure of distribution", "control measures during 1942", "the people and the government", "the situation in January 1943", "the situation in March 1943", "external assistance", "free trade", "distribution of supplies" and "famine relief". All these subjects are critically discussed. In a final chapter we state and sum up our conclusions on the course and causes of the famine.

11. Part II deals with the health aspects of the famine. An estimate of total excess mortality during the famine is made. The subjects considered are "mortality", "causes of disease and mortality", "medical relief and public health work", "the failure to prevent high mortality" and "health in other parts of India". Certain recommendations about the health services in Bengal are made. The health chapters are for the most part written in non-technical language for the benefit of the general reader and certain medical aspects of the famine of interest to the medical profession, notably the treatment of disease associated with famine, have not been fully dealt with. We consider it important that all useful medical and public health experience gained during the famine should be placed on record to add to existing knowledge about the relation between nutrition and disease. At an early stage we drew the attention of the Government of India to this point, and at our request a medical officer with experience of medical relief work during the famine was given the task of preparing a technical report on certain of its medical aspects.

12. In Part III we consider the immediate future. Procurement, rehabilitation and the supply of protective and supplementary foods are discussed and a number of recommendations are made on matters of immediate importance to Bengal. Finally there are a number of appendices which explain and expand certain passages in the main body of the report. These include analyses of production and consumption in 1943 and preceding years, a chronological account of events during 1943 supplied by the Government of Bengal, and a list of witnesses appearing before the Commission.

13. While we have summarized our general conclusions on the famine at the end of Part I, we have not prepared a summary of the report chapter by chapter. The detailed story which has to be told and our critical reviews do not lend themselves readily to summarization. We may add that matter which is not essential to the main theme of the report has been as far as possible excluded.

CHAPTER II.—GENERAL DESCRIPTION OF BENGAL.

1. **Area and Population.**—Bengal is pre-eminent among the provinces of India in two respects; it has the largest number of mouths to feed and produces the largest amount of cereals. The area of the province is 77,442 square miles, rather more than the area of England, Wales, and one-half of Scotland. The population is a little over 60 millions, which is well in excess of that of the United Kingdom, and not much less than the aggregate population of France, Belgium, Holland, and Denmark.

2. **Natural Divisions.**—The province naturally divides itself into four parts, namely, North, West, Central, and East Bengal. North Bengal extends from the Himalayas to the Ganges and, with the exception of the Darjeeling district and an elevated tract on the south-west, consists of a large area of alluvial land which has been subject to great fluvial action. West Bengal falls into two zones, of which the eastern is a low alluvial tract, while the western zone is higher and rocky and becomes more and more undulating the nearer it approaches the uplands of Chota Nagpur. Central Bengal was formerly the Ganges delta; in this area new land formation has almost entirely ceased and the greater part is no longer subject to inundation. It is a land of dead and dying rivers; a land which no longer receives the fertilizing silt from the large rivers which formerly flowed through it. East Bengal is the present delta of the Ganges as well as the Brahmaputra, and it is here that land formation is still proceeding. This is a country of innumerable rivers, large and small, the waters of which overflow the country-side during the rainy season and enrich the soil with their fertilizing silt.

3. **Soils and Rainfall.**—The soils of Bengal are almost entirely of alluvial origin and fall into two well defined types. The more important is known as the "new alluvium" and this is generally easily cultivable. The other type, the "older alluvium", occurs mainly in the west and consists of laterite formations of varying grades of sand and clay, with nodules of haematite. Cultivation of this "older alluvium" in a dry state presents great difficulty; for the most part, therefore, crops are sown on it only during the summer rains, whereas on the "new alluvium", crops are also grown during the winter. The province receives its rainfall from the south west monsoon current and by far the greater part of it falls between the months of June and October. Rainfall ranges from 50 to 60 inches westward of Calcutta and from 60 to 120 inches further east and north.

4. **Communities.**—According to the Census Report of 1941, over 54 per cent. of the people of Bengal are Muslims, about 42 per cent. Hindus, and approximately 4 per cent. members of other communities. The distribution of the population by communities in the four natural divisions of Bengal is shown below:

	Muslims	Hindus	Others
North Bengal	61·3	32·1	6·6
East Bengal	71·9	26·2	1·9
Central Bengal	44·6	53·7	1·7
West Bengal	13·9	79·0	7·1

5. **Rural and Urban Population.**—According to the census figures, the population of the province increased from 42·1 millions in 1901 to 60·3 millions in 1941. While the population of India increased by 37 per cent between the years 1901 and 1941, that of Bengal increased by 43 per cent. Nine-tenths of the people of Bengal live in about 84,000 villages. Of these nearly 70,000 are small

villages, with less than a thousand inhabitants. The urban population numbers about 6 millions. About two-thirds of this number live in Greater Calcutta which includes Calcutta, Howrah, and the industrial areas to the north and south of these cities along the banks of the river Hooghly. Greater Calcutta, moreover, is one of the most important industrial areas in India and includes within its boundaries a very large proportion of India's war factories. Except for Greater Calcutta and the area covered by the coal-fields in the west, the province is predominantly—indeed almost entirely—agricultural; and the vast majority of its enormous population are dependent upon agriculture for their livelihood. In spite of the expansion of industry in the province, the percentage of total population depending on industrial employment for its livelihood is decreasing.

6. **Area under different crops.**—The total extent of the cultivated land in Bengal is nearly 29 million acres. Some of this is cropped more than once, and the total area sown under various crops is normally 35 million acres[1]. The principal crop is rice which accounts for a little less than 26 million acres[2]. In fact, Bengal may be described as a land of rice growers and rice eaters. The area under other staple foodgrains is small; that under wheat, for instance, is less than 200,000 acres, and the total area under food crops of all kinds other than rice is somewhat over 4 million acres. This includes land devoted to the cultivation of fruits and vegetables. The most important non-food crop is jute, which accounts normally for between 2 million and 2·5 million acres.

7. **The Permanent Settlement**[3].—The land revenue payable in respect of the greater part of the land in Bengal was fixed in perpetuity in 1793 and hence the term "Permanent Settlement". The settlement was concluded not with the cultivators but with the *zamindars*, through whom the State's share of the produce of the land was collected. It fixed the revenue at ten-elevenths of the assets, *i.e.*, annual gross rental, and left to the *zamindar* the remaining one-eleventh. In addition, the *zamindars* were given the benefit of any future increase in the assets of their estates resulting from the extension of cultivation or other causes, and the State promised not to make any demand "for the augmentation of the public assessment in consequence of the improvement of their respective estates". The *zamindars* were declared to be the proprietors of their estates subject to the prescriptive or customary rights of the tenants. These rights were not defined in the Regulation but the State reserved the right to legislate for the benefit and protection of the tenants. Finally, the estates became liable to be sold for arrears of revenue if the revenue was not paid by sunset of the latest date fixed for payment; and no excuses, such as drought or famine, were to be accepted for non-payment.

The fixation of the revenue in perpetuity, followed as it was by an increase in the *zamindar's* profits, encouraged sub-infeudation and brought into existence a large body of tenure holders. In some estates the number of such intermediate interests is extraordinarily large and in some districts 15 to 20 grades of tenure holders are not uncommon. The report of the Simon Commissions pointed out that in some cases as many as 50 or more intermediate interests have been created between the *zamindar* at the top and the actual cultivator at the bottom. The number of rent receivers continues to increase and of recent years there has been a further process of sub-infeudation below the statutory ryot.

Under the tenure holders are the ryots. Formerly the ryots were the actual cultivators but owing to sub-letting and the right of transfer the actual cultivators are to an increasing extent men who are either paying a cash rent corresponding to a full economic rent, or are cultivating under the *barga* system and

[1]Report of the Bengal Land Revenue Commission, 1940, Vol. II p. 88.
[2]*ibid* p. 105.
[3]Based upon the Report of the Land Revenue Commission, Bengal.

paying as rent one half of the produce. The ryots to-day possess a large measure of proprietary rights; the provisions of successive tenancy acts have endowed them with the practical ownership of their land. Under the ryots are the under-ryots, that is, the persons to whom ryots have sub-let. Under-ryots are not tenants at will and are protected by tenancy legislation.

The number of *bargadars* is increasing rapidly and in consequence a large and increasing proportion of the actual cultivators possess no security of tenure.

8. **Cultivation and their holdings.**—The cultivator in Bengal is a small producer. This fact is well known, but it is so important for the purposes of our inquiry that it is necessary to have some idea of the number of families which depend mainly on agriculture for their livelihood but either do not hold any land at all or hold only very small areas. Precise information on this point, however, is somewhat difficult to obtain. In 1939, at the instance of the Land Revenue Commission, Bengal, the Settlement Department investigated the economic position of nearly 20,000 families in typical villages of each district of the province. After studying the results of these investigations, together with certain further information subsequently collected during the 1941 census, we have arrived at the following estimates[1]:—

(i) The number of families in Bengal wholly or mainly dependent upon the cultivation of land for their livelihood is approximately 7·5 millions.

(ii) Less than 2 million families hold more than 5 acres each; about a third of this number hold more than 10 acres each.

(iii) About 2 million families hold between 2 and 5 acres each.

(iv) All the others, constituting about one half of all the families depending wholly or mainly on the cultivation of land, either hold less than 2 acres each or are landless.

(v) The cultivating families of Bengal include roughly about one million families living mainly or entirely as *bargadars, i.e.*, crop sharing tenants.

(vi) The number of families living mainly or entirely on agricultural wages is approximately 2 millions.

9. **Poverty.**—These estimates are important, for they afford a clear picture of the classes of cultivators who live, even in normal times, on the margin of subsistence, as well as the probable numbers of these classes. The general consensus of opinion among witnesses who appeared before the Land Revenue Commission, Bengal, was that "5 acres would be the minimum area required to keep the average family in reasonable comfort; but if the land is capable of growing nothing but *aman* paddy, the area required would be about 8 acres". The Commission considered these figures to be substantially correct.

The Land Revenue Commission also observed that "about half of the holdings in Bengal are barely sufficient for the maintenance of the families which own them". This, we have no doubt, applies to all those whose holdings are less than 2 acres, but the same would also apply to some among the 2 million families which cultivate between 2 and 5 acres each. As the Land Revenue Commission more than once observed in their report, "there is not enough land (in Bengal) to go round". We endorse this view.

In later chapters we shall deal with the immediate causes of the famine. It is necessary, however, to draw attention at the outset to the condition of the people in normal times. The standard of living was in general low. Population was growing rapidly, leading to increased pressure on available land suitable for cultivation. How far agricultural production was keeping pace with the increase in the number of mouths to be fed, it is difficult to say. At the

[1]Appendix I.

best of times, however, a section of the poorer classes, both in villages and towns, did not get enough to eat and their diet, largely composed of rice, was of poor nutritive quality. Sir John Megaw, Director General, Indian Medical Service, carried out in 1933 an inquiry into the physical condition of villagers in different parts of India, by means of questionnaires sent to local doctors. Dispensary doctors in Bengal reported that only 22 per cent. of the population were well nourished, while 31 per cent. were very badly nourished. The corresponding figures for India as a whole were 39 and 26 per cent. respectively. Since the assessment of the state of nutrition depended on the subjective impressions of doctors in different provinces, it is difficult to accept these figures as showing conclusively that nutritional conditions in Bengal were worse than elsewhere in India. Nevertheless, the results of the investigation may be quoted as indicating in a general way the unsatisfactory state of nutrition of the people of rural Bengal 10 years previous to the famine.

Poverty and malnutrition left a section of the population with few reserves, material or physical, to meet superimposed calamity. For them there was no "margin of safety" and little possibility of "tightening the belt". The fact that such conditions are common to most other provinces of India, which escaped the famine, does not detract from their fundamental importance. They provide a background against which the events which led to widespread starvation in 1943 must be viewed.

10. **The Administrative Organization in the Districts of Bengal.**—We have been struck by the weakness of the administrative organization in the districts of Bengal owing to the absence of a subordinate revenue establishment comparable with that maintained in those provinces in which the land revenue has been temporarily settled—not permanently settled as in Bengal—and in particular in those provinces in which the *ryotwari* system of land revenue prevails. In the *ryotwari* areas the land revenue, which is liable to periodic resettlement, is paid by the peasant proprietor and not, as in Bengal, by the proprietor of an estate. In these areas it is, therefore, necessary for Government to maintain detailed village records showing *inter alia* the land held and the revenue payable by each ryot, all changes in possession and ownership and the crops grown in each field. This involves the maintenance in such areas of a revenue staff in every large village or group of small villages, as well as an adequate subordinate revenue establishment to supervise and control the work of the village establishments. In Bombay, for instance, each sub-division of a district is divided into *talukas*, the number depending upon the area and population of the sub-division and each *taluka* is divided into circles consisting of 30 to 50 villages. The *talukas* are in charge of officers called *mamlatdars* and a Circle Inspector is attached to each Circle. Finally, each village has a *patel*, an accountant (the accountant is sometimes for a group of villages) and a number of village servants who work under them. Although the primary object of this organization is the assessment and collection of revenue, it is available, and is in fact used, for assisting almost all branches of the district administration in rural areas. In Bengal, as we have indicated, there is no such organization effectively linking the District Officer and the Sub-divisional Officer to the villages in their charge. The only functionary in the Bengal village is the village *chowkidar* who carries out police duties. He is poorly paid, usually illiterate, and in no way comparable with the village officers of the *ryotwari* areas who are persons of established standing with considerable local influence. It is true that there are Circle Officers in Bengal each in charge of an area of about 400 square miles, *i.e.*, two or three to a sub-division. These officers, who were appointed primarily for the purpose of assisting and supervising Union Boards—the smallest unit of local self-government in the province—certainly form a link between the District and Sub-divisional Officers and the villages. The area of their jurisdiction is, however, large, and they have not the assistance of officers corresponding to the Circle Inspectors, *patels*, and accountants in

Bombay. We have drawn attention in some detail to this difference between the subordinate revenue establishment in Bengal and elsewhere for three reasons. First, an organization such as exists in the *ryotwari* areas keeps the Collector of the district in almost day to day contact with life in the villages; secondly, it provides machinery for the collection of reasonably accurate and recent information about crop conditions, and the conditions in the villages generally, and thirdly, it provides a foundation on which to build and expand in an emergency. The existence of such an organization would have been of the greatest value to the Government of Bengal in dealing with the situation as it developed in 1943.

11. **Union Boards.**—Union Boards, the smallest unit of local self-government in the Province, came into existence on the passing of the Bengal Village Self-Government Act of 1919 and combine the functions of the *Chowkidari Panchayats* under the Village Chowkidari Act of 1870 and the Union Committees under the Local Self-Government Act of 1885. At the end of 1939-40 there were 5,120 Union Boards with a gross annual income of Rs. 1·16 crores and an expenditure of Rs. 1·03 crores.

The number of members of a Union Board is normally nine, of whom six are elected and the remainder nominated by the District Magistrate. The duties of a Board are generally speaking, first, the control of *daffadars* and *chowkidars* (village police servants) of the Union, secondly, the carrying out of measures for the sanitation and conservancy of the Union and the improvement of public health within the Union, and thirdly, the construction and maintenance of local roads and water-ways. A Board can also undertake other duties, such as the provision of a water supply, the management of pounds under the Cattle Tresspass Act, the registration of births and deaths, the development of cottage industries, etc. The income of the Boards is derived from rates imposed on owners and occupiers of buildings and from grants made by District Boards and the Government.

Two or more members of a Union Board may be appointed to be a Union Bench or a Union Court for the trial of certain classes of criminal cases and civil suits respectively. Such Benches and Courts have been established in many Unions.

The administration of a Union Board is subject to the superintendence of the District Board, except in matters relating to *daffadars* and *chowkidars*. In regard to the latter, control is exercised by the District Magistrate through the Superintendent of Police or the Sub-Divisional Magistrate. Union Boards are organized in circles and each circle is in charge of a Sub-Deputy Magistrate and Collector. This Officer, known as the Circle Officer, is charged with the duty of supervising and assisting the Union Boards in the discharge of their functions. He forms the connecting link between the Boards on the one hand and the District Magistrate and the Sub-Divisional Magistrate on the other.

12. **Communications.**—Our description of Bengal would be incomplete without reference to one other factor which distinguishes it from most parts of India. We refer to transport and communication in the province. The outstanding features of the transport system are the important country boat traffic on its water-ways and the meagreness of road communications. The nature of the terrain is such that the making and maintenance of roads are extremely difficult. Throughout the greater part of the province roads have to be raised above flood level, frequently to the height of several feet, and have to be provided with a large number of bridges over the smaller rivers and *khals*. Moreover, the larger rivers present an insurmountable obstacle to any system of through communication by road; the largest of them are too wide to be bridged and others are unbridgeable except at a prohibitive cost. In many districts, therefore, the chief means of communications are by country boats supplemented by a limited number of river steamer services.

This is particularly the case in the southern districts which consist of a vast network of rivers and *khals*. Another difficulty is that throughout nearly the whole of the province road metal is not available locally. It has to be transported long distances and this makes the construction and maintenance of metalled roads especially expensive. The province is, therefore, ill provided with roads, and in many parts the transport of goods to and from railway and steamer head is by country boats, a slow but cheap means of communication. Bengal, while it lacks roads, is rich in water-ways.

A.—The process of supply and distribution described

1. In Bengal, as elsewhere in India, about 80 to 90 per cent of the food of the people consists of cereals. The staple cereal of Bengal is rice. Some wheat is also consumed, particularly by the population of Greater Calcutta, but in the province as a whole, wheat accounts for less than 4 per cent of the total cereal consumption. Only a portion of this wheat is grown within the province, the greater part being imported from other provinces or from overseas. The production and consumption of millets are negligible.

2. Bengal, we are told, used to be called the "granary of India". This picturesque description, though misleading in some respects, is certainly justified by the size of the Bengal rice crop. It is believed that the production of rice in India is almost equal to the aggregate production of all other countries in the world, excluding China, and Bengal produces about one-third of the Indian rice supply.[1] During the course of the year, three rice crops are grown in Bengal. Winter rice, which is known as the *aman* crop, is by far the most important. It consists mainly of lowland rices which are sown in May and June, and mature in November and December. The autumn crop, which is known as the *aus* crop, ranks next in importance. It comprises highland types sown in April or thereabouts, and harvested in August and September. Another crop of minor importance is also grown between the *aman* and the *aus*. This is called the *boro* and is sown in November and harvested in February or March. As in other areas with a relatively high rainfall, irrigation plays a small part in the agriculture of Bengal. Only about 7 per cent. of the total area under rice is irrigated; the remainder is dependent entirely on rain.

3. The supply of rice in the province at the beginning of a calendar year consists of almost the whole of the *aman* crop reaped at the end of the preceding year and "old rice", that is, the balance of earlier grown and imported rice carried over from the previous year. During the year this initial supply is augmented by the *boro* and *aus* crops and imports. Apart from the small portion used as seed, the greater part of the year's supply is consumed by the people, and what remains is carried forward as "old rice" to the following year. The proportion of *aman* rice consumed within the year in which it is harvested is normally negligible. In exceptionally bad years, however, it is consumed to some extent. Thus, the annual rice supply position of the province may be visualized in the form of a balance-sheet as shown below.

1. Balance of "old rice" carried over from the previous year.	1. Seed.
2. Yield of the *aman* crop.	2. Exports.
3. Yield of the *boro* and *aus* crops.	3. Consumption.
4. Imports.	4. Balance of "old rice" carried forward to the succeeding year.

4. Consumers of rice may be broadly divided into three classes. First, there are those who buy their supplies from the market all the year round. This class comprises practically the whole of the non-agricultural population, both in urban and rural areas, as well as a large proportion of the agricultural labourers. In Bengal, labour is generally hired on a cash payment basis. The second class consists of all those who do not buy any supplies from the market, that is, that section of the agricultural population whose holdings are large enough to provide their annual rice requirements in addition to seed and a margin

[1]Report on the Marketing of Rice in India and Burma (1941) page 482.

for meeting the expenses of cultivation, the payment of rent, and other essential cash needs. Lastly, there are groups who buy their supplies from the market only during certain parts of the year and not at others. These include numerous small holders who do not grow sufficient rice for their own needs as well as agricultural labourers who receive wages in kind.

5. How much of the rice crop is retained by the grower and how much comes on the market depends upon various factors and varies from district to district, from village to village, from one holding to another, and from year to year. Primarily, it depends upon how much the cultivator retains for his domestic consumption and seed, and it may be taken as a general rule that the proportion retained varies inversely with the size of the holding. Small growers, however, often sell a proportion of their crop immediately after the harvest for the payment of rent, repayment of debt, and for meeting other pressing cash obligations even though the produce in their possession may not be sufficient for their needs throughout the year. Again, in those districts in which jute is the principal cash crop, the proportion retained is higher than in districts where rice is the main cash crop. Taking the province as a whole, it has been estimated that normally 54 per cent. of the total rice crop is retained by the producer; that is, the proportion which comes on the market is 46 per cent.[1]

6. The season of marketing is determined by the time of harvest. In Bengal, as we have seen, the *aman* crop, which is the most important, is harvested by the end of December. An indication of the rate at which paddy and rice move into the markets of Bengal during different months of the year is given by the following account of movements into the Calcutta market:— "Fifty per cent of the total annual arrivals of paddy as well as rice were received in the four months, January to April. Incomings of paddy were heaviest in January and February, amounting to 28 per cent of the annual total arrivals in the market, while receipts of rice were highest in February and March, being also 28 per cent. of the total yearly imports. After March, arrivals diminish gradually, the months of least activity being July and August in the case of paddy, and from September to November in respect of rice".[2]

7. Paddy, after it is harvested, has to be de-husked before it can be consumed. Roughly one half of the market supply is de-husked by manual labour in the villages, while the other half passes through rice mills. The high proportion of the market supply which is de-husked by villagers and professional de-huskers as a cottage industry is of some importance in the rural economy of the province. The number of rice mills in Bengal is relatively small in comparison with the size of the crop and with the numbers in certain other provinces, particularly in Madras, Bombay, the Punjab, and Sind. The cultivator generally sells his paddy and hand-pounded rice to village merchants or to itinerant traders known as *paikars*, *beparis*, and *farias*. These sales sometimes take place in the villages themselves, but more often in the rural markets of which there are nearly 7,000 in Bengal. This represents the first stage of the movement of paddy and rice into the market. Part of the grain thus collected passes into distribution locally through retail shops, and a part, probably the greater part, passes to the larger markets where it is sold to the bigger merchants, known as *aratdars*, or to local rice mills. Cultivators, particularly the larger cultivators, also bring their grain for sale to these markets. This is the second stage in the marketing process. Once more, part of the grain assembled at this stage passes into local consumption. In fact, the whole of it may be absorbed locally if the market is situated in or near to an urban or deficit rural area. The next stage in the marketing of the grain is reached when the paddy and rice move from these assembling centres. Part is despatched to consuming centres in different parts of the province, and part

[1] Report on the Marketing of Rice in India and Burma (1941), pages 27 and 492.
[2] *Ibid.*

travels to the final wholesale market in and around Calcutta, where a large amount of paddy is converted into rice. That is a brief, and in many respects an over-simplified, account of the extremely complicated process by which food in Bengal is collected in small lots from millions of growers, transported stored, de-husked, transported and stored again, and finally distributed through tens of thousands of retail shops to millions of households. The number of persons engaged in this business, so vitally important to the life of the community, must run into several hundreds of thousands.

B.—The supply and distribution aspects of food shortage

8. In normal times, the intricate processes of supply and distribution, described in the last section, took place of their own accord. Householders who did not produce their own food went to the shops to which they were accustomed to go and bought the supplies they needed. The shopkeepers, in their turn, bought their supplies from larger traders, and so on back to the growers in the villages. It was no one's responsibility, either in the trade or outside, to ensure that the supplies necessary for every one were actually produced and distributed. The free activities of producers, traders, and consumers, largely sufficed to secure this result. In the main, the necessary supplies were always available; and the bulk of the population found that they had either the food, or the money necessary to buy the food, which they needed. Even in normal times, however, considerable numbers among the poorer classes live on the margin of subsistence because they do not grow enough food, and do not earn enough money to buy the amount of food which they need. Food shortage in this sense may, and does, exist even when crops are good and prices low, and stocks are abundant, and are exported. It is the result, not of a shortage in the total supply of food, but of lack of purchasing power in the hands of the poorer classes, that is, of their poverty.

9. "Food shortage" of this kind becomes more pronounced in years in which seasonal conditions are unfavourable and the yield of crops is seriously diminished in consequence. The immediate effects of a total or partial failure of crops in any area are twofold: on the one hand, it reduces the supply which would have been otherwise available, and, on the other, it increases the number of people who are without enough food of their own, and who have to buy their requirements from the market, and lack the purchasing power necessary for that purpose. It is in such circumstances that relief measures are undertaken by Government. The essential feature of these measures is, not the direct provision of supplies, but the provision of purchasing power to the affected population, mainly in the form of wages paid to labourers employed on relief works, and to a lesser extent in the form of loans and gratuitous payments. It is assumed that, once the purchasing power has been provided, the necessary supplies will become available for purchase. According to experience in Bengal, as well as in other parts of India, throughout this century, this expectation has been fulfilled, and the normal operations of the trade have sufficed to bring the necessary supplies to the markets. This is possible because the total supply available for consumption, in any area during any particular year, does not consist merely of the yield of crops during that year; it includes the stocks carried over from the previous year and the net imports into that area. When the yield of crops is reduced, the price rises and this helps, first, in bringing local stocks into the market more quickly and in larger quantities than usual: secondly, in making it more profitable to import larger quantities than usual from outside the area; thirdly, in making it less profitable to export; and lastly, the rise in price leads to a reduction of consumption which in the aggregate, is by no means inconsiderable. The rise of prices thus automatically adjusts the normal trade machinery to the abnormal situation, and enables it to maintain the distribution of supplies. Inevitably, the rise of prices makes it difficult

for the distressed classes to buy their food, rendering relief measures all the more necessary; but it is not the cause of distress occassioned by crop failure. The provision of purchasing power through relief measures is useless, unless supplies are available for purchase, and the rise of prices helps to ensure their availablity.

10. It is therefore clear that sufficiency of food for everyone can be ensured only when total supplies are sufficient to meet requirements and purchasing power is adequate in relation to the prevailing level of prices. Two aspects of food shortage may thus be distinguished, one of which may be called the supply aspect, and the other the distribution aspect. Food shortage of the most serious degree—famine—occurred in Bengal in 1943, and it is essential to our inquiry to study the famine from both these angles.

Some estimate of the supply position in 1943 is therefore necessary. We shall attempt this in the next section. Here we may draw attention to certain facts relating to food shortage in past years which are relevant and important. It has already been pointed out that in normal years a section of the population suffers from insufficiency of food, and it has been suggested that this is due to lack of purchasing power rather than an over-all shortage of supplies. In the course of the 15 years preceding 1943, there were 3 years (1928, 1936 and 1941) in which the supply obtained from the *aman* crop reaped in the previous year, was seriously short because of the partial failure of that crop from natural causes. During these years, distress prevailed in many parts of the province and relief measures on a considerable scale had to be organized. When, however, purchasing power was provided by these measures, the necessary supplies became available for purchase, and no deaths from starvation occurred. This suggests that in these years sources of supply other than the *aman* crop were important, that there was little or no overall deficiency in supplies in relation to requirements, and that the distress which occurred, not very serious in degree, was due primarily to lack of purchasing power. In 1943, the shortage in the previously reaped *aman* crop was comparable to that which occurred in the 3 years referred to above. Actually, it was less serious than in 1941. A phenomenal rise in the price of rice, however, occurred which was of a very different order from the small rise which took place in the earlier years of shortage. This suggests at first sight that the famine of 1943 was due to a breakdown in distribution rather than to insufficiency of supplies. In order, however, to reach a satisfactory conclusion on this question, we must attempt to compare in greater detail the supply position in 1943 and in previous years. This is one of the most difficult parts of our inquiry because the available information is both incomplete and defective.

C.—Review of supply in relation to requirements

11. The sources of rice supplies in any given year have been described in paragraph 3 of this Chapter. To assess the supply position, some estimate must be made of the yield of the different crops from year to year, the quantities imported and exported, the amounts required for seed and for consumption; and information about the amount of stocks carried over from year to year is also necessary. The defects in the relevant statistics are familiar. They have been commented upon by various Commissions and Committees from time to time and need not be recapitulated here. We must, however, make the best use we can of available information and attempt to reach conclusions which approximate to the truth. We append to this Report a note containing an analysis of supply and requirements during 1943 as well as during fifteen preceding years. The conclusions given below are based on this note.[1]

[1] Appendix II.

12. **Current supply (1928 to 1937).**—We use the term current supply, in relation to a calendar year, to mean the yield of the *aman* crop reaped at the end of the previous year, the yield of the *boro* and *aus* crops reaped during the year, *plus* imports into, and *minus* exports out of, the province during the year.

On the average of the ten years 1928 to 1937, the yield of the *aman* crop was sufficient, after meeting seed requirements, to provide the rice required for about 42 weeks in the year. The yield of the *boro* and *aus* crops was sufficient for about 12 weeks. Thus, the yield of crops in the province was more than sufficient for requirements. The balance of imports and exports was negligible; in the first half of the ten year period, net exports amounted to less than one week's requirements per annum, and, in the second half, net imports were of the same order.

The current supply varied from one year to another, mainly because of variations in the principal source of supply, namely the yield of the *aman* crop. In eight years out of ten, current supply was equal to or in excess of annual requirements. In two years namely 1928 and 1936, it was materially short. In these years, current supply was sufficient for the requirements of about 45 and 44 weeks respectively.

13. **Current supply (1938 to 1942).**—On the average of the 5 years 1938 to 1942, the yield of the *aman* crop was sufficient for about 38 weeks, as against 42 weeks in the previous decade. The yield of the *boro* and *aus* crops was sufficient for about 10 weeks as against 12 weeks in the previous decade. The supply derived from external sources, namely the balance of imports over exports, provided over one week's supply, as against *nil* in the previous decade. Thus, the current supply was, on the average, sufficient for only 49 weeks in the year as against 54 in the former period.

The supply position had deteriorated for two reasons. First, population was increasing faster than the acreage under rice. Secondly, seasonal conditions were less favourable in the later period than in the earlier period. This is borne out by the figures in the following table:—

Period	Average acreage under rice (millions of acres)	Percentage increase from one quinquennium to another	Average rate of yield (in tons) per acre
1928 to 1932	23·71	...	0·39
1933 to 1937	24·53	3·5%	0·40
1938 to 1942	25·53	4·1%	0·37

While, on the average, current supply was short of annual requirements by 3 weeks, it was sufficient or more than sufficient in two years out of the five. In one year, 1941, it was seriously short, as it amounted only to about 39 weeks' requirements.

14. **Current supply (1943).**—The yield of the *aman* crop reaped at the end of 1942, which came into supply during 1943, was sufficient for about 29 weeks. The yield of the *boro* and *aus* crops was sufficient for nearly 13 weeks. External supply provided rather more than one week's requirements. Thus, current supply was sufficient for about 43 weeks. As compared with the average of the previous quinquennium, current supply was short by an amount equivalent to 6 weeks' requirements.

The year 1943 was, therefore, comparable as regards current supply with the three lean years in the preceding 15 years, as shown in the following table:—

Year	Current supply (in terms of weekly requirements)
1943	about 43
1941	„ 39
1936	„ 44
1928	„ 45

15. **Carry-over and total supply.**—It is very unlikely that the stock of all rice physically in existence in the province on the first day of any year is smaller than the yield of the *aman* crop reaped at the end of the previous year. We use the term "carry-over" to mean the difference between the two. The supply available for meeting the requirements of any year consists of the carry-over and the current supply; the two together may be called "total supply". An absolute deficiency of supply in relation to requirements exists only when total supply is less than sufficient for the requirements of the year. We have no information about the actual size of the carry-over in any year, apart from such indications as are afforded by the difference between current supply and requirements from year to year. It is thus inevitable that conclusions reached about the carry-over (and, consequently also, total supply) must be subject to more uncertainty than those put forward about the sources of supply in the previous paragraphs. With this proviso, we believe that the following conclusions are consistent with the available evidence:—

(i) In relation to the requirements of the year, the carry-over was largest in 1936, and considerable in 1941. It was probably not so large in 1928, and still smaller in 1943.

(ii) It is probable that total supply was appreciably in excess of annual requirements, both in 1936 and 1941. It is unlikely to have been much in excess of annual requirements in 1928 and was probably not sufficient for such requirements in 1943.

(iii) The carry-over at the beginning of 1943 was probably sufficient for about 6 weeks' requirements. As the current supply was sufficient for 43 weeks, total supply during the year was probably sufficient for 49 weeks. Thus, during 1943, there was an absolute deficiency of supply in relation to requirements, of the order of about 3 weeks' requirements.

16. If these conclusions are accepted, it follows that the total supply position was worse in 1943 than in 1941, 1936, and 1928. Under any circumstances there would have been distress in 1943 and relief measures on a considerable scale would have been necessary. The supply position was not, however, such as to make starvation on a wide scale inevitable, provided the trade was capable of maintaining the distribution of available supplies subject only to a moderate rise in the price level. Towards the end of 1942, however, a situation, developed, not only in Bengal but also in other parts of India, in which the normal trade machinery began to fail to maintain and distribute supplies at moderate prices.

One of us, Mr. M. Afzal Husain, holds that the shortage of supply in the beginning of 1943 was even larger than is indicated in the foregoing paragraph. His views on the subject are contained in a separate minute.

CHAPTER IV.—DEVELOPMENT OF THE FOOD SITUATION IN INDIA.

A.—The situation in 1942

1. When the war broke out, the supply and distribution of foodgrains over the whole of India depended entirely on the normal trade machinery. The nature of this machinery was much the same as we have described in the last Chapter as operating in Bengal. Today, this is no longer the case. Throughout India the grain trade is under government control of varying degrees of intensity. No grain moves from within the boundary of one province or state to another except in accordance with a plan framed by the Government of India. Within every province and most of the states, the movement of grain from surplus areas to deficit areas is similarly planned by the Provincial and State Governments. In large sections of the wholesale trade government agency has replaced private traders and other sections operate under close control and supervision. It is not merely the trader who comes under such control. The consumer in all the cities and most of the larger towns, and also in extensive areas of the country-side, is rationed. In many parts of the country the producer is no longer free to retain his surplus grain at his discretion. In such areas the surplus of each cultivator is regularly assessed, and millions are required to sell the quantities prescribed to Government at a fixed price.

2. This is a tremendous change in the life of the country and in its economic and administrative organization, which took time to come about. The change began early in 1942 and is still proceeding. A critical and potentially most dangerous stage in the process of transition occurred in the summer of 1942, with the springing up all over the country of "barriers" preventing the movement of grain from one province to another and often from one district to another, except under the specific permission of local authorities.

3. There is one view which attributes the disaster that befell Bengal in 1943 to these barriers as a primary cause. An exponent of this view has expressed it before us in these terms: "Until Japan declared war, India had no serious food problem beyond the fundamental truth that two-thirds of its population normally existed at a level little above the starvation line, and, by western standards, well below it. That in itself is an important fact, the effect of which is to be fully grasped before the true significance of the situation which ultimately developed can be understood. Its effect was that a slight disturbance of the economic practices of the country, and a small diminution of the over-all available supply, had consequences altogether out of proportion to their intrinsic gravity. So delicate was the balance between actual starvation and bare subsistence, that the slightest tilting of the scale in the value and supply of food was enough to put it out of the reach of many and to bring large classes within the range of famine . . . . . On the 29th November, 1941, immediately before the beginning of the war with Japan, the Central Government gave the provinces concurrent powers under the Defence of India Rules to exercise the power of prohibition of movement, and of requisition, over foodgrains and other goods . . . . It was a mistake . . . . Practically every province and every state placed a fence round itself . . . . A death blow was given to the traditional conception of India, and in particular, the Eastern Region, as one economic entity for food, without restriction on flow and movement, built up to form the delicate machine which the people understood and by which they lived. Even districts followed suit. It was each one for itself.

". . . Every province, every district, every taluk in the east of India had become a food republic unto itself. The trade machinery for the distribution of food throughout the east of India was slowly strangled, and by the spring of 1943 was dead".

4. We shall point out elsewhere that the erection of inter-provincial and inter-district barriers was a necessary step in the assumption by government of control over the trade. It was a mistake only in so far as it preceded the planned and controlled movement of supplies across such barriers. What is important is to note that conditions had arisen by the summer of 1942 which imperatively dictated the adoption by almost all Provincial and State Governments and their officers of a whole series of measures in restraint of the normal operation of the machinery of trade. These were adopted independently and largely without reference to one another, as a result of local initiative in dealing with local emergencies which had arisen more or less simultaneously in widely separated areas. There was a scramble for supplies which occurred simultaneously in many parts of the country. Unusual quantities were being purchased at unusual prices and being moved out of areas which needed them. The price level was rising too rapidly and tending to pass beyond the limit at which large classes of the population could afford to buy their food. We now proceed to describe the course of events which led to this situation and the nature of the measures followed in the attempt to bring it under control.

B.—Trend of Supplies

5. Rice is the cereal most widely consumed in India and wheat and millets come next in importance. As we have already mentioned India produces about as much rice as all the other countries of the world excluding China. Though the Indian production of wheat is considerably less than that of rice it is larger than that of Australia or the Argentine.[1] The average figures of production of rice and wheat have during recent years fluctuated round 25 million tons and 10 million tons respectively. That of the two most important millets, *jowar* and *bajra*, is approximately 10 million tons.

6. The trend of production, imports, and exports of rice during the 10 years ending 1942-3 can be seen from the figures in Table 1 of Appendix III. One fact which clearly emerges is that seasonal conditions were less favourable for rice cultivation during the five years ending 1942-3 than in the preceding quinquennium. The average production for the five years ending 1937-8 was 25·84 million tons, whereas that for the succeeding period of five years ending 1942-3 was only 24·42 million tons.

7. The harvest of the year 1940-1, was a very poor one. We have seen already how the winter rice crop of 1940 in Bengal, that is, the crop which came into supply during 1941, was the worst in 15 years. There was also a shortage, though less serious, in Bihar, the United Provinces and the Central Provinces. Madras alone among the more important rice producing areas had a normal crop. By this time the decline in imports had also commenced as a result of a shortage of shipping towards the end of the year 1940-1. There can be little doubt that stocks were heavily drawn upon during 1941.

8. The yield in 1941-2, although much better than in the previous year, was less than the average for the five years ending 1937-8 and only slightly larger than the average for the 10 years ending 1942-3. Bengal had an outstandingly good crop but Bihar which had suffered during the previous year had a subnormal crop this year also; while in the United Provinces and the Central Provinces crops were poorer even than those of the previous year. Imports also were shrinking rapidly; the net imports during 1941-2 were less than 0·75 million tons, as against an average of 1·72 million tons during the quinquennium ending 1937-8.

[1] Page 77 of the Report on the Marketing of Wheat in India, 1937.

9. The rice crop of 1942-3 was not as good as that of the previous year and was about one million tons less than the average for the quinquennium ending 1937-8. Bengal had another bad crop and the harvest in Madras was below the average. Bihar, on the other hand, had a good crop and so also the Central Provinces. But this year imports ceased altogether while exports continued at about the same level as in previous years. The amount available for consumption was less than the average during the 5 years ending 1937-8 by 3 million tons. Stocks must once again have been drawn on to a considerable extent.

10. There is a striking difference between the average amount available for consumption (production *plus* net imports) during the five years ending 1937-8 (27·56 million tons) and the immediately succeeding period of 5 years ending 1942-3 (25·41 million tons). It is impossible to estimate consumption with accuracy, but bearing in mind that the population was increasing rapidly, there can, we think, be little doubt that, during the 5 years ending 1942-3, stocks were heavily depleted and that towards the close of that period the market was being subjected to considerable strain.

11. The figures for wheat are given in Table II of Appendix III. In contrast with that of rice, the average production of wheat during the 5 years ending 1942-3, was higher than during the 5 years ending 1937-8, the average production during the former period being 10·37 million tons as against an average of 9·81 million tons during the latter. Production, however, was not evenly distributed and the increase in the average production during the five years ending 1942-3 was largely due to the good crop in 1939-40, which came into consumption in 1940, and a super-abundant crop in 1942-3, which came into consumption in 1943. On the other hand, the crops of the years 1940-1 and 1941-2 were not much larger than the average crop reaped during the quinquennium ending with the year 1937-8. In the meantime population had increased, and having regard to the amount available for consumption in these years, that is, production less net exports, it is reasonable to assume that in the years 1941 and 1942 consumption slightly exceeded current supply.

12. There was also another factor affecting the wheat situation, namely, the increased purchases for the Army. In 1940-1, these purchases amounted to 88,000 tons; they had increased by 1941-2 to 238,000 tons, and by 1942-3 to 312,000 tons. It is true that a large proportion of these purchases did not represent a net addition to consumption, for the Indian soldier would eat foodgrains even if he remained in his village. They did however, constitute an additional demand on market supply, and it is the pressure of demand on such supply which affects price levels. Army purchases of rice were much less important, as the following figures show:—

Year	Purchases for the Army ('000 tons.)
1940-1	22
1941-2	47
1942-3	115

C. The Movement of Prices and Price Control.

13. With the outbreak of war in September 1939, there was an immediate rise in the prices of many commodities throughout India. We have included in Appendix III a table showing the index numbers of average monthly wholesale prices of rice and wheat from September 1939 onwards at quarterly intervals. For purposes of comparison, the index numbers showing the movement in price of all primary commodities, all manufactured articles, as well as of cotton manufactures, have also been included. The base period for these index numbers is the week ending 19th August, 1939.

14. By December 1939 prices had risen considerably and the position in that month was as follows:—

Commodities	Index number
Wheat	156
Rice	114
All manufactured articles	144·5
Cotton manufactures	126
All primary commodities	135·9

The rise was sudden and led to public agitation against profiteering and a demand for action by the Government. On the 8th September 1939, the Central Government delegated to the Provincial Governments powers under the Defence of India Rules to control the prices of certain necessaries of life. These powers were actually exercised in some areas and remained as a threat in the background in others. The general result was to check the initial panic and to slow down, if not stop altogether, the rise in prices. The Government of India were, at that stage, not convinced of the necessity for price control. It was expected that prices would soon stabilize themselves at a reasonable level as supply and communications were normal. They were, however, impressed by the views expressed by various Provincial Governments that the powers delegated under the Defence of India Rules were necessary in order to keep under control a situation which might otherwise lead to disturbances of the public peace. But the results of experience in the use of these powers had to be reviewed and future policy settled; and for this purpose the Government of India summoned a conference of the representatives of the Provincial and State Governments. This was the first of a series of six Price Control Conferences which met at different times during the next three years to discuss the prices of foodgrains and other commodities.

15. The consensus of opinion at the two Price Control Conferences held in October 1939 and January 1940 was clear in respect of foodgrains. It was opposed to any interference with the course of foodgrain prices; the rise in prices was welcomed. It was recognised that the agricultural classes had suffered from unremunerative prices over a long period preceding the outbreak of war. The sharp fall in prices which had occurred in the early thirties as a result of the world economic depression had greatly diminished agricultural incomes, increased the burden of debt, and generally weakened the economic condition of the agriculturists. This in turn led to the contraction of revenues with a consequent restriction of the resources available for economic development and social services. Some recovery had indeed taken place and agricultural prices had risen during the years immediately preceding the war. But the recovery was not complete. The rise in prices which took place after the outbreak of war was, up to a point, calculated to produce entirely beneficial results.

16. The price of wheat rose rapidly during the three months following the outbreak of war but by January 1940, when the Second Price Control Conference met, the rise had been checked and the price was falling. While the level actually reached was not disturbing, the rate of increase caused some uneasiness and the possibility of its reaching an unduly high level could not be disregarded. This led to a discussion of the functions which would have to be assumed by the Central and Provincial Governments if and when price control became necessary. The conclusion reached was that the control of primary wholesale prices and the regulation of the primary wholesale markets should vest in the Central Government, and that the control of the retail markets should vest in the Provincial and State Governments. It was also agreed that in exercising control in the wholesale markets, the Central Government should consult the Governments of the provinces and the states mainly concerned with the commodity to be controlled.

17. The course of prices during 1940 was not unsatisfactory and the position in September 1940, after the first year of war, is illustrated by the following figures:—

Commodities	Index number
Wheat	133
Rice	133
All manufactured articles	111·6
Cotton manufactures	110
All primary commodities	110·3

18. The situation changed in 1941. There was a sharp upward trend between June and September. At this time the war was taking a grave turn. On the 22nd June Germany invaded Russia; on the 25th July the Japanese assets in the British Empire were frozen; on the 28th July the Japanese landed in Indo-China; and on the 25th September the Germans were in the Crimea. The war was coming nearer to India. The scale of the war effort in the country was increasing. We have referred already to the increase in the Army purchases of wheat which was at the same time an index of the increase in recruiting. The sharp increase by nearly 50 points in the index numbers for the prices of wheat and cotton goods, which took place between June and September, was the reaction of the markets not so much to any existing shortage as to anticipation of coming events and an inevitable increase in the pressure of demand on available supply. Thus, the end of the second year of war marked the beginning of the "food situation" in India. The following figures indicate the position reached in September 1941:—

Commodities	Index number
Wheat	193
Rice	169
All manufactured articles	166·3
Cotton manufactures	190
All primary commodities	138·3

19. When the Third Price Control Conference met on the 16th and 17th October 1941, the attitude of satisfaction with price levels in general had disappeared. The attention of the Conference was mainly directed to the steep rise which had occurred in the price of yarn and cloth, but there was also a good deal of concern about the trend of wheat prices. The need for distinguishing between the interests of the wheat producer and those of the speculator was strongly emphasized at this Conference. The representative from the United Provinces pointed out that normally the price of wheat rose only in January or February and never in July or August. But in 1941 the price of wheat in the Hapur market had risen by about 11 annas per maund in the month of July. The reason, he said, was that "speculators were forcing up prices since producers had disposed of 80 to 90 per cent of their produce and during July and August no exports from the province were observed". The representative of the Punjab, the most important wheat exporting province, "saw no reason why profiteering on the part of the middlemen should not be stopped", and agreed to control being instituted after the grower had parted with his produce to the dealer. The result of the deliberations of the Conference was recorded as follows:—

"On the whole there does not seem to be very grave apprehension at the moment regarding the rise in the price of agricultural products, but the question of wheat prices has to be carefully watched. It may be possible, or it might even be necessary, for the Central Government to intervene at any stage if there is a tendency for a rise in the price of wheat". This stage was reached within a few weeks after the Conference.

20. We have already seen that the rice harvest reaped in the winter of 1940-1, in many provinces was a poor one. Nevertheless, the price of rice had not risen to the same extent as that of wheat. This was due, in part, probably to the smaller demands made on the market by the Defence Services but mainly to the fact that imports from Burma, although on a reduced scale, were still available. Discussion about rice at the Third Price Control Conference was, therefore, mainly concerned with the conversations then proceeding between the Government of India and the Government of Burma in regard to the export of rice from Burma and the endeavours which were being made, with some success, to secure sufficient shipping for importing that rice. Nevertheless, references were made at this Conference to the occurrence, here and there, of those difficulties in the internal distribution of supplies of the kind which subsequently became so serious in the summer of 1942. The representative of the Central Provinces referred to the "scramble for supplies" occurring in that province. The representative of Assam suggested that steps should be taken not merely to control prices but "also for regulating the movement of rice to the competing consuming provinces". The conclusions reached at the Conference were that although rice prices had risen, they had not reached such a high level as to cause serious concern, and that, subject to a satisfactory solution of the question of imports of rice from Burma, rice, generally speaking, was a problem for which a solution would have to be found by the provincial authorities.

21. Towards the end of November 1941, the price of wheat was more than twice the pre-war level. The Government of India, therefore, decided that intervention was necessary and, after a preliminary warning, issued an Order on the 5th December fixing the maximum wholesale price of wheat at Rs. 4/6/- a maund[1] in the markets of Lyallpur in the Punjab and Hapur in the United Provinces, and authorising the Provincial Governments to determine the maximum prices in other markets having regard to the normal parities. This was the first step taken by the Central Government towards the assumption of control over the operation of the normal trade machinery and it provoked an immediate reaction in the wheat markets. This reaction and the consequences are important and must be described in detail.

D.—Control of supply and distribution

22. Statutory control of wheat prices was notified by the Central Government on the 5th December 1941. From about the middle of January 1942, acute local scarcity was suddenly and simultaneously experienced in many important wheat consuming areas. The places specially affected were urban and particularly industrial centres of major importance, such as Bombay, Calcutta, Cawnpore, and Delhi. Shortage was acute even in Lahore and Amritsar. There can be no doubt that this was an artificial shortage and the direct result of the refusal of the trade to operate within the limits of the maximum price prescribed. Evidence of the causal connection between the imposition of control and the disappearance of supplies from the markets, is afforded by observations made by the representative of the Punjab Government at the Fourth Price Control Conference, held early in February 1942. He said: "If there had been no control there would not have arisen any difficulties. The only result of this control has been to drive all the stocks of wheat underground. You lift the control and tomorrow you will have any amount of wheat from so many corners of the Punjab and from other parts of India also. I do not think there is really such a shortage of wheat as is indicated at present, but this control has brought about many difficulties in its train".

23. The disappearance of supplies from the principal urban centres of the Punjab immediately affected the poorer classes of the population and the Punjab Government, in order to conserve supplies, placed an embargo on the export of wheat, except under permit. This further aggravated the difficulties in

consuming centres outside the province. The position, as the Punjab Government saw it at the time[1], was described by their representative in the following terms: "We have been placing an embargo on the export of wheat off and on, and each time that we have tried to impose a ban on the export of wheat we have been asked to lift it and we had to lift it.....After all, the first care of a Provincial Government is the supply of food to those who live within its jurisdiction. What we are prepared to do is, that anything that is needed for consumption in the province itself may be left with us, and the rest we are prepared to place at the disposal of the Government of India. The Government of India may take what steps they like to distribute the surplus produce of the Punjab. At present we are supplying about 1,500 tons a day to the Army alone. And there are at least three more months to go before the next harvest produce comes in.....After the Army, comes the claim of the provinces which adjoin the Punjab, for example, Delhi.....Then our neighbour, the North-West Frontier Province, depends practically entirely on such surplus as it can get from the Punjab. After having met the demands of the Army, the North-West Frontier Province, and Delhi, I think we also receive a large number of demands from the United Provinces and Bengal.....We have certainly received very insistent demands from Bengal. Therefore, it is a practical impossibility to meet all these demands and, at the same time, to feed our own population. The best exporting districts in the Punjab are Lyallpur, Montgomery, and Ferozepore; and yet within the last two or three days we have been receiving very alarming reports as to the depletion of stocks in those districts. In view of these alarming reports, I am afraid it would be necessary to impose some sort of a ban on free exports to every part of India."

24. It was thus evident that some authority had to determine the quantity of wheat which could be taken off the Punjab market from time to time and how it should be distributed between the Army and the various consuming areas. This was, however, not the only problem. There was the further question as to how the exportable surplus was to be secured if traders and cultivators refused to sell except at ever-increasing prices. The steps taken by the Government of India towards solving these problems were as follows: At the end of December 1941 a Wheat Commissioner for India was appointed, whose functions, generally speaking, were to advise the Provincial Price Control authorities, to regulate the distribution of wheat, and to acquire wheat, if necessary, for sale through provincial agencies. But before the Wheat Commissioner could prepare the ground for the introduction of central control over distribution, he was faced with the acute local shortages which we have already described, and his energies were fully occupied in securing *ad hoc* supplies to relieve the situation. It was not till the end of April 1942, that the Wheat Control Order was issued regulating the rail-borne movement of wheat from producing provinces to consuming areas. On the basis of this Order, an all-India distribution plan was prepared and put into operation through a system of permits issued by the Wheat Commissioner. At the beginning of March 1942, the stocks of wheat pledged with the banks in Northern India were requisitioned. The results of this expedient were meagre, but it helped to secure some stocks which were urgently needed. In the same month the Government of India raised the maximum wholesale price of wheat to Rs. 5 per maund. Some improvement followed, and during May and June, the price of wheat remained, for the most part, below the new maximum. By August, however, it had reached and passed it and a flourishing black market had come into existence. The distribution of supplies steadily deteriorated, and towards the end of the year 1942, shortages in the large industrial centres had again become acute. As we shall see later, the shortage of wheat in Calcutta towards the

[1] February 1942

end of this year, and the early months of the following year, was one of the links in the chain of events which ended in famine.

25. By the beginning of 1942, the war in the East had taken a dangerous turn for India. War with Japan had broken out on the 8th December 1941. The first air raids on Rangoon took place on the 23rd January 1942. On the 15th February Singapore fell. On the 7th March Rangoon was evacuated. On the 23rd of that month the Japanese occupied the Andamans, and on the 5th and 6th April the first enemy bombs fell in Ceylon and on the east coast of India. The military situation was transformed overnight with profound repercussions on civil life. Among the most important was the effect on railway transport.

26. Before the entry of Japan into the war, Indian railways had been called upon to provide engines and rolling stock for operational theatres in the Middle East and Indian Engineer Companies for operating, building and maintaining railways overseas, had been raised from amongst Indian railwaymen. The railways had also provided track and other equipment. These demands had been met out of their own resources and by the dismantling of uneconomic branch lines. By the end of 1941, the railways were working with depleted stock and personnel. In view of the shortage of shipping, a large volume of essential heavy materials such as coal, which had previously moved by sea, was being carried by rail. The Japanese war enormously increased the strain on the railways. The direction of army operations completely changed and railway traffic which had hitherto centred on India's western outlets had to be oriented to meet the new situation. Rigid control of goods traffic had to be introduced. None but essential traffic could move, and even if supply conditions had not deteriorated, the transport situation alone necessitated rigid control over the movement of foodgrains.

27. But supply conditions could not, and did not, remain unaffected. There was an imminent possibility of invasion and air raids, and a general feeling of uncertainty about supplies prevailed over large areas. In many parts of the country, cultivators were becoming cautious in parting with their produce, and the supplies arriving in the markets were dwindling. At the same time, the pressure of demand on the market supply was increasing; larger and larger numbers were being employed in industry and on constructional projects, and consumers anxious to ensure their supplies were increasing their purchases.

28. Conditions in the rice markets had remained on the whole healthier than in the wheat markets, in spite of growing difficulties of supply, as long as the possibility of imports from Burma existed. With the fall of Burma, the situation in the rice markets also deteriorated. Provincial Governments in most of the important rice producing areas were faced with problems similar to those which had developed in the Punjab earlier in the year, namely, a scramble for supplies, rising prices, competitive buying, reluctance to sell, and speculation. In the Central Provinces, which is normally a surplus province but which had had a succession of poor crops, the scramble appears to have occurred earlier than elsewhere, and in March 1942, in order to conserve the resources of the province, the Provincial Government prohibited the export by rail of foodgrains to places outside the province except under permit.

29. Madras differed from the Central Provinces in two respects. It was a deficit province but it had had two fairly normal crops in succession. Here, during the hot weather of 1942, merchants from Travancore and Ceylon bought rice for export and competitive buying led to a steep rise in prices. Merchants were bidding against one another and buying not only in surplus but also in deficit districts, thereby creating local scarcities. A series of measures were taken in order to deal with the situation. In May, the Provincial Government introduced a scheme for the distribution of rice through the

allocation of supplies from specified surplus areas to specified deficit areas, and also for export, determining the quantities to be moved and the railway routes to be followed. On the 1st June 1942, exports of paddy and rice to places outside the province were prohibited except under permit, and in September 1942 an official purchasing agency was set up to undertake all buying for export.

30. The Government of Bihar had, in the course of two years, developed an organized system of price control, assisted by a Market Intelligence Service. This control sufficed to maintain internal prices in parity with prices prevailing in the principal rice markets outside the province, particularly Calcutta, but as long as inter-provincial movements were free, it could not prevent prices within the province following upward movements of prices outside its boundaries. In the beginning of 1942, prices of rice began to rise in Calcutta and, as we shall see later, the Government of Bengal decided to fix maximum prices with effect from the 1st July 1942. The Bihar Government accepted those prices and decided to adjust their own maximum prices in parity with them. Prices, however, suddenly rose in the United Provinces and unusually large quantities of rice began to be exported from Bihar to that province. This upset the markets of North Bihar and prices rose. Bihar is normally a deficit province and these abnormal exports to the United Provinces caused alarm. Again, the high prices in the United Provinces made it impossible for the Bihar Government to maintain prices throughout Bihar in parity with those fixed in Bengal. The Bihar Government therefore decided to prohibit the exports of rice to any market outside the province by rail, road or river, except under permit. This prohibition took effect from the 1st July 1942.

31. In the same month, the Orissa Government also imposed an embargo on the movement of foodgrains to places outside the province. They were compelled to do so because of a shortage in the Orissa market, attributed mainly to an increase in the exports to Bengal, and also because of difficulties in the movement of foodgrains in the coastal areas arising out of the "Denial Policy" to which we shall refer later. At about the same time, the Government of Bengal also took similar action as regards exports from Bengal.

32. We have now described the sequence of events leading to the situation which we described in paragraph 4 of this chapter. The transition from a system of supply and distribution of foodgrains through normal trade channels to a system supervised, controlled, and in part, operated by agencies established by Government, had begun. We have described the first step taken in this transition as a critical and potentially dangerous stage in the process. The possibilities of danger were twofold. First, it was essential that, once the process had begun, the machinery of control should get into working order as quickly as possible; otherwise, with the normal machinery of trade temporarily paralysed, and with nothing to take its place, any serious or sudden deterioration in internal supply, arising out of natural causes, was liable to lead to disaster. Secondly, the provinces and states of India are not self-sufficient economic entities. It was, therefore, not enough that a system of controlled supply and distribution should be instituted within each province; it was necessary that a machinery should be created, capable of ensuring that the necessary flow of supplies, from surplus provinces and states to deficit provinces and states, was maintained.

CHAPTER V.—EVENTS IN BENGAL DURING 1942.

A.—THE THREAT OF INVASION

1. The outstanding feature of the situation in Bengal in the early months of 1942, was the rapid approach of the enemy to the borders of the province, and the universal expectation of an invasion of the province itself. One of the witnesses who appeared before us gave the following vivid account of the prevailing atmosphere:

"There was a feeling of tenseness and expectancy in Calcutta. Calcutta was largely empty. Houses were vacant. Shopkeepers had very largely moved off and a great deal of the population had gone out. The families of Government servants were ordered out of the coastal and exposed districts. . . Valuable records were removed from the southern districts of the province to safer districts in the north. In general, the impression was that nobody knew whether by the next cold weather Calcutta would be in the possession of the Japanese . . . There was little panic in the districts, but there was a great deal of confusion. Transport was unpunctual and very crowded and the districts of Chittagong, Noakhali. and Tipperah were just like an active theatre of war behind the front . . . A continuous stream of refugees was arriving from Burma. They were finding their way through Assam, after the initial influx into Chittagong, and were moving into the country. They were arriving diseased, bringing in a virulent type of malaria, and bringing hair-raising stories of atrocities and sufferings. . The natural effect of all that on the people of Bengal was to make them feel that the times were extremely uncertain and that terrible things might happen."

By about August, however, Calcutta returned to a feeling of security. The monsoon had set in, rendering Japanese movement by sea unlikely. Troops had been arriving and there was a large number visible in Calcutta.

2. The danger of a Japanese invasion compelled the military authorities to put into operation early in 1942, a "denial" policy involving two important measures. One was the removal from the coastal districts of Midnapore, Bakarganj, and Khulna of the rice and paddy estimated to be in excess of local requirements until the end of the crop year, and the other was the removal of all boats, capable of carrying 10 passengers or more, from those parts of the delta considered vulnerable to invasion.

3. **Denial of Rice.**—The preliminary arrangements for the purchase and removal of stocks of rice and paddy were completed by the middle of April 1942, and the agents appointed by Government commenced their purchases. Initially the maximum price to be paid was fixed at the market price then prevailing *plus* 10 per cent, but subsequently, early in May, the ceiling price was fixed definitely at Rs. 6 a maund for rice; later on, it was raised to Rs. 6/4/-. Market prices were, however, rising and by the end of May were above the ceiling prices, with the result that large scale purchases practically ceased by the end of that month. Purchases on a small scale continued for some time longer and finally ceased in July when directions to this effect were issued. The quantity bought was not large—it did not exceed 40,000 tons—and even allowing for errors in the estimated surplus formed a relatively small proportion of the surplus supplies available in the districts concerned.

4. It is difficult to estimate the effect of these purchases on prices, but in view of the relatively small amount bought it was probably not great. But the purchases synchronised with a sharp upward movement in the price level

to frame an estimate. Obviously, the removal of so large a number of boats—there were still 16,655 boats in the "reception" areas on the 1st April 1943—must have had a considerable restricting effect on the movements of foodgrains from the denial area.

The Bengal Government have informed us that it was not a practical proposition to maintain in repair the thousands of boats brought to the reception stations. We are, however, not convinced that it was not possible to make better arrangements. In the area to which the "denial" policy was applied boats form the chief means of communication, and if the boats taken to the reception stations in 1942 had been maintained in a serviceable condition they would have been available for the movement of foodgrains from the denial area during the difficult times of 1943. Again, the fishermen who had been deprived of their boats suffered severely during the famine. If it had been possible to provide them with boats from the reception stations they would have been less affected by the famine and the number of deaths amongst them would have been smaller.

8. Considerable areas of land were requisitioned for military purposes during 1942, and 1943. We have not complete particulars of the number of persons affected but from the information available, it appears that more than 30,000 families were required to evacuate their homes and land. Compensation was of course paid but there is little doubt that the members of many of these families became famine victims in 1943.

B. The rise of prices and price control.

9. We have seen already how, with the loss of Burma, unusual demands were made on the rice supplies in the principal rice growing provinces of India. Bengal was the most important of these provinces and nearest to the advancing enemy; and it is therefore not surprising that the rice markets in the province were also disturbed. Prices began to rise even while the crop reaped in the winter of 1941-2 was moving into the markets and reached an unprecedented level by the end of the year.

10. The rise which took place in 1943 was so much more spectacular than that in 1942, that the unprecedented rise in the former year is apt to be overlooked. The Bengal Government have furnished us with a chart[1] which shows the movement of the wholesale price of coarse rice in Calcutta at quarterly intervals from April 1931 to January 1943. The price was lowest between October 1932 and April 1933, when it reached Rs. 3 per maund, a level which it touched again in January 1934. It then rose gradually and was as high as Rs. 4/8/0 per maund during 1936, which, it will be recalled, was a year of poor harvest in Bengal. After this it fell and touched Rs. 3/4/0 per maund in April 1938. During the next two years it moved slowly upwards. A sharp rise took place after April 1941, and the price was somewhat above Rs. 7 per maund in July of that year. This, however, was not surprising, for the winter rice crop of 1940-1 was the smallest in Bengal during the 15 years preceding 1943. The peak was reached shortly before the arrival of the *aus* crop, after which the price fell.

11. The *aman* crop at the end of 1941 was an excellent one, promising adequate supplies for 1942, and there was, therefore, every reason to expect that the price would remain well below the level of the previous year. By April 1942, however, the price had reached the same level as in April 1941. A sharp rise occurred towards the end of May and in July the price was Rs. 8. Between July and September the market was very unsettled, but by the middle of

[1]Appendix IV.

and a general disturbance in market conditions which was occurring at about the same time in other parts of India. We shall refer to this rise in prices later. There is no evidence to show that the purchases led anywhere to physical scarcity. But, on the other hand, they brought home to the people, in the most emphatic manner, the danger of invasion; they increased local nervousness and probably encouraged cultivators to hold on to their grain as an insurance against invasion and isolation.

5. **Denial of Boats.**—The area to which the "Boat Denial" policy should be applied was the subject of discussions between the Bengal Government and the Military Authorities, and it was agreed that it should be limited to the area lying south of a line running from Chandpur on the east, through Barisal, Khulna, Basir Hat, and Diamond Harbour, to Kharagpur on the west. A considerably larger area had originally been proposed by the Military Authorities. Orders were accordingly issued on the 1st May 1942 for the removal from the area, of boats capable of carrying more than 10 passengers. It was always recognized that the removal of a large number of boats from the delta, in which communications are almost entirely by river and not by rail and road, would cause considerable hardship and inconvenience. Relaxations of the measure were accordingly introduced, as circumstances allowed, from time to time. In June 1942 the line was adjusted so as not to interfere with the free movement of boats from East Bengal to Calcutta by the "inner boat route". Instructions were also issued at about this time for the issue of temporary permits for boats entering the area for the specific purpose of trade or distant cultivation. Again, it was decided that it would be necessary to leave large boats permanently among the *chars* in the Bakarganj district, roughly on the scale of one boat per mile of the river bank for the purpose of cultivation. Further, in November 1942, special sanction was given for an increase in the number of boats in the area during the reaping of the rice harvest.

In January 1943, an additional relaxation was introduced. This gave practically unrestricted passage, subject to passes being obtained and renewed, to rent collectors, rice traders who agreed not to purchase rice at prices exceeding those fixed by Government for their purchasing agents, and other traders. Finally, in June 1943 all restrictions were removed.

6. The following figures show the effect of the boat denial policy at the end of November 1942:—

(*a*) Total number of boats capable of carrying 10 or more people registered within the denial area.	66,563
(*b*) Total number :—	
(*i*) requisitioned for military use	1,613
(*ii*) destroyed	3,373
(*iii*) sunk but recoverable	4,143
(*iv*) taken to "reception" stations.	17,546
(*v*) left the area to find work elsewhere	19,471
(*vi*) remaining in the area	20,417
	66,563

(NOTE.—Owners of boats were free either to take them into reception areas or to remove them to a place north of the "denial" line. Those deprived of their boats were granted compensation).

7. The measures were necessarily unpopular. From the reports of local officers it appears unlikely that the area under cultivation was reduced. As regards the extent to which the movement of rice was impeded, it is impossible

September the price had steadied itself and in October stood at Rs. 8/8/0. The middle of November was, however, marked by another violent movement which carried the price to Rs. 12/8/0 a maund early in January 1943. The level thus reached was without precedent. It had not been so high even during the boom period after the end of the last war.

12. The unusual character of the rise in price from May 1942 onwards was not a phenomenon peculiar to Bengal, but was a feature of the markets in other important rice producing areas of the country. Burma had fallen and it was to be expected that a keen and pressing demand should arise from places like Ceylon and Western India, which were dependent to a large extent on supplies from Burma. There can be no doubt that purchases were being made in order to meet these demands in a market where the progress of the war made sellers who could afford to wait reluctant to sell. An officer of the Government of India who was in close touch with the rice markets in Bengal at this time described the situation in these terms: "Cultivators on the one hand were becoming very cautious and unwilling sellers, and speculators on the other hand, were operating on a larger scale than in normal times and circumstances, with only one consequence, a steady rise in prices".

13. We give below figures of imports and exports of rice into and from Bengal during the first seven months of the years 1941 and 1942.

(in thousands of tons)

Month	1941		Net imports+ Net exports—	1942		Net imports+ Net exports—
	Imports	Exports		Imports	Exports	
January . . .	42	15	+27	29	45	—16
February . . .	62	22	+40	28	60	—32
March . . .	60	31	+29	41	61	—20
April . . .	66	22	+44	8	66	—58
May	51	20	+31	12	32	—20
June	83	15	+68	9	30	—21
July	68	11	+57	8	26	—18
	432	136	+296	135	320	—185

It will be noticed that while imports during the first seven months of 1942 were less than during the corresponding period of 1941 by nearly 300,000 tons, exports during the same period increased from 136,000 tons in 1941 to 319,000 tons in 1942. The result of this decrease in imports and increase in exports was that a net import figure of 296,000 tons in 1941 was changed into a net export figure of 185,000 tons in 1942.

During the last five months of the year 1942, exports decreased and were only 30,000 tons. It will be recalled that exports, except under permit, were prohibited by the Bengal Government in July, the exact date being the 16th July 1942. Imports during these months were also small, amounting to 27,000 tons.

The increase in the exports during the first seven months of 1942, as compared with the corresponding period of 1941, affords a clue to the increase in the price of rice which took place in Bengal in April-June, 1942. This was no doubt due to the increased demand from those areas which had suffered more severely than Bengal by the loss of the imports of rice from Burma. It is true that the imports into Bengal during the first seven months of 1941 were higher than normal owing to the poor *aman* crop reaped in December 1940. But even if allowance is made for this it seems clear that external demand had increased as compared with available supply, and it was this increase in the export demand which caused prices to rise in Bengal.

14. The markets were in this condition when, in June, the Government of Bengal decided to intervene and issued an order fixing, with effect from 1st July, maximum prices for medium and coarse rice in the Calcutta market. The wholesale price of coarse rice was fixed at Rs. 5/12/- per maund. This had been agreed upon as a suitable price in the course of discussions which had taken place several weeks earlier, but prices had risen rapidly, particularly between May and June, with the effect that the rates fixed under the order proved to be well below the market prices prevailing on the 1st July. The immediate effect of the price control order was that supplies disappeared from the Calcutta market. A similar position arose in the districts. It was reported that, in Howrah, the effect had been to drive underground all the available stocks of the controlled qualities and that food riots were apprehended. The District Magistrate had been compelled to seize stocks which were not being sold. Again, it was reported from the Burdwan Division that price control had completely broken down. The Divisional Commissioners protested against the system, and the rates, and pressed for the stoppage of uncontrolled exports from Bengal to areas outside the province. On the 16th July the Government prohibited all exports of rice and paddy from the province except under permit. As we have noticed, a similar step was taken in other provinces at about the same time. On the 21st July, the Government of Bengal revised the price control order and increased the statutory maximum prices by one rupee. It will be recalled that in March 1942 the Government of India, faced with similar difficulties, had raised the statutory maximum price of wheat. In Bengal the increase in the statutory maximum price produced no result except that the price actually prevailing in the province "advanced by almost exactly a rupee"

15. At this point the stocks of "denial" rice proved most useful. A portion of these stocks was moved into Calcutta and distributed, partly through controlled shops to the general public, partly through issues to employers of industrial labour who had organized their own purchasing schemes, and partly through the Calcutta Corporation. To some extent this eased the situation, but the result was not sufficient to make the maximum statutory price effective. The Government then considered the abrogation of price control. Opinion, however, differed and the final decision was that, although it would be inadvisable to withdraw the notification by which statutory maximum prices had been fixed, District Officers should be instructed not to enforce the control prices except in cases of gross profiteering. This decision was made known to the trade informally. The flow of supplies recommenced and prices steadied themselves. Four factors helped towards this temporary improvement: First, a large decrease in exports as a result of the embargo; secondly, the judicious use of denial stocks; thirdly, good rain in September and October which promised, deceptively as it turned out, that the *aman* crop would be good; and, fourthly, the decision not to enforce price control. Supplies and prices appeared to have again reached something like a state of equilibrium.

16. We shall describe later how this equilibrium was again upset in the last few weeks of 1942 and the stage was set for the tragedy of 1943. We now

proceed to give a brief account of certain other developments which were taking place at this time in Calcutta and which had a bearing on the course of events during 1943.

C.—Distributive organizations in Calcutta.

17. Early in the year 1942, when the war position in the Far East had deteriorated, an exodus from Calcutta took place. Among the people who left were a large number of dealers engaged in the wholesale and retail supply of foodstuffs. The disappearance of these shopkeepers and the consequent difficulty in buying supplies added to the nervousness of labour in the city and the surrounding industrial area. It was important that the morale of the labour force should be maintained and regular attendance at the factories ensured. The Provincial Government, therefore, advised large industrialists to undertake the supply of foodstuffs for their own employees. It was in this way that employers' grain shops came into existence. In July and August 1942, when rice was in short supply in Calcutta, it was apparent that something more was necessary than a chain of employers grain shops, each purchasing its own requirements in a highly competitive and speculative market. At this stage "the Bengal Chamber of Commerce Foodstuffs Scheme" was brought into being with the approval of the Government of Bengal. Though the scheme was administered by the Bengal Chamber of Commerce, its purpose was, and still is, the supply of essential items of food to the grain shops of industrial concerns which are members of or connected with the Chamber. In August 1942 the scheme catered for approximately 500,000 employees, exclusive of dependants, while by December 1942 the number had risen to 620,000, and the total number of persons served, including dependants, to approximately one million.

18. In August 1942, in a letter addressed to the Chamber, the Government of Bengal described their attitude to the scheme in the following terms:

"Government agree that the maintenance of essential food supplies to the industrial area of Calcutta must be ranked on a very high priority among their war-time obligations, and welcome the decision of the Chamber to set up its own organization for the purchase and distribution of essential supplies for the industrial labour of its constituents. Government, for its part, will do all in their power to create the conditions under which essential supplies may be obtainable in adequate quantities and at reasonable prices. Direct provision of stocks from Government sources must, however, be regarded as an abnormal procedure, and the extent to which Government may be able to make such provision must depend upon circumstances". The letter also stated that the Indian Chamber of Commerce and the Bengal National Chamber of Commerce had been informed that comparable facilities would be afforded to them.

19. Towards the end of 1942, organized industry was faced with the problem of how the steadily increasing cost of living of workers should be met—whether by increasing dearness allowances or by the subsidized provision of foodstuffs. Employers connected with the Bengal Chamber of Commerce, in consultation with the Government of Bengal, came to the conclusion that it was in the interests of their employees, and in conformity with Government's price control and anti-inflationary policy, to compensate for further increases in the cost of living by supplying at least a portion of the essential food requirements of their employees at subsidized rates, rather than to give progressively larger dearness allowances. This policy was adopted. The Chamber and the Industrial Associations recommended that employers should, as far as possible, keep cash dearness allowances at the then existing levels, that compensation for further rises in prices should be in the form of the sale of foodstuffs at the controlled retail prices of August 1942, and that employers should meet the difference

between these controlled prices and the actual cost. This policy has been continued ever since and is still in operation.

20. This was the process by which an organization came into being for the purpose of protecting a considerable proportion of the population of Greater Calcutta from the effects of high prices and the short supply of food. The price of food consumed by this section of the population of Greater Calcutta was henceforth subsidized.

21. An arrangement on somewhat similar lines to that of the Bengal Chamber of Commerce was also subsequently undertaken jointly by the Bengal National Chamber, the Marwari Chamber, the Indian Chamber, and the Muslim Chamber of Commerce. The labour force provided for was about 170,000. The Central and Provincial Governments, the Railways, the Port Trust, the Calcutta Corporation, and other employers of labour also arranged for the provision of supplies, at subsidized prices, to their employees. These numbered about 300,000.

22. The nucleus of another type of distributive organization also made its appearance during this year. We have described already how during August-September, 1942, when supplies disappeared from the market in Calcutta, stocks of "denial" rice were moved in and distributed. It was at this time that the first "controlled shops" were started. These were shops approved by Government and through which stocks held by Government were issued to the general public in limited quantities, at controlled prices. One hundred such shops were opened, but with the improvement in supply towards the end of September and the beginning of October, the demand on these shops was not heavy, and it was not found necessary at that time to increase their number. Earlier in the year a scheme had also been prepared for the distribution of food in the event of an emergency caused by air-raids. This scheme provided for the utilization of certain selected shops in the main markets, described as "approved markets", for the sale of foodgrains from Government stocks, and was put into operation early in 1943.

D.—Shortage of wheat

23. The population of Greater Calcutta and other industrial areas in Bengal is not composed entirely of persons whose staple diet is rice. A considerable proportion of the industrial population consists of people drawn from other provinces whose staple foodgrain is wheat. Bengal produces very little wheat, and during the five years ending 1941-2, imported from outside the province on an average 21,000 tons a month. Of this, about 18,000 tons were required to meet the needs of Greater Calcutta. During the closing months of 1942, the supply steadily decreased, and this continued during the early months of 1943. The following table shows the quantities of wheat imported into Bengal from other provinces and from overseas during the last five months of 1942 and the first six months of 1943:—

Month	Tons
August, 1942	13,259
September ,,	14,911
October ,,	11,814
November ,,	7,996
December ,,	9,397
January 1943	2,584
February ,,	1,620
March ,,	21,376
April ,,	20,735
May ,,	8,842
June	8,177

The Government of Bengal made repeated representations to the Government of India as regards the supplies of wheat, and in November 1942, the Wheat Commissioner was informed that, if supplies could not be secured, the Government of Bengal could not accept responsibility for any consequence to the industrial areas of Calcutta and any damage to the war effort that might ensue. As we have already seen, difficulties had arisen in the principal wheat markets of Northern India, and adequate supplies were not forthcoming. Statutory price control had failed and purchases could not be made except in violation of the law. The significance of this shortage of wheat in Greater Calcutta was that it increased the consumption of rice at a time when it was becoming clear that the *aman* crop had failed and an acute shortage of rice was imminent. It also undoubtedly increased the general feeling of uncertainty as regards food supplies.

E.—THE FAILURE OF THE AMAN CROP

24. The season of the *aman* crop of 1942, that is the crop which would provide the main supply of rice for the year 1943, did not open propitiously. In June rain was needed in most parts of the province, the monsoon having been late in establishing itself; and, although rain was more plentiful in July, still more was needed. Cultivation had been delayed and the *aman* seedlings were suffering from drought in many places. The prospects, however, improved in August, and in September rain benefited the crops throughout the province. Taking the season as a whole the weather was not favourable, particularly in West Bengal—the most important rice producing area in the province.

25. It was at this stage that West Bengal was visited by a great natural calamity, a calamity which took a heavy toll of life and brought acute distress to thousands of homes. On the morning of October 16, 1942, a cyclone of great intensity accompanied by torrential rains, and followed later in the day by three tidal waves, struck the western districts of the province. The tidal waves laid waste a strip of land about 7 miles wide along the coast in the districts of Midnapore, and the 24-Parganas, and caused similar damage to an area 3 miles wide along the banks of the Hooghly, the Rupnarayan, the Haldi, and the Rasulpur rivers. Another effect of the tidal waves, reinforced by heavy rain, was to push up the water level in the northern reaches of the rivers, thereby causing extensive floods. The effects of the cyclone itself and the torrential rains which accompanied it were felt over a very wide area though in different degrees of intensity. The severest loss of life and damage to property occurred in the southern parts of the two districts already mentioned, that is, in the areas nearest to the sea. In areas more distant from the coast, there was little or no loss of life but crops and property were damaged and communications interrupted. It is estimated that the total area affected was 3,200 square miles, of which 450 square miles were swept by the tidal waves, and 400 square miles affected by floods. Throughout this large area the standing *aman* crop, which was then flowering, was in large measure damaged. In the worst affected areas it was not only the standing crops which were destroyed; reserve stocks of the previous crop in the hands of cultivators, consumers, and dealers were also lost.

26. After the cyclone came crop disease. We have been told by several witnesses about the damage caused by fungus and "root-rot". The Government of Bengal have stated that their effects were even more serious to the outturn than the damage caused by the cyclone. The *aman* crop reaped at the end of 1942 was thus seriously short. As we have seen in an earlier chapter the crop was sufficient, on an average of the five years preceding 1943, to provide

about 38 weeks' supply for the province. During this year the crop was sufficient for only about 29 weeks.

F.—Market conditions at the end of 1942

27. Shortly after the occurrence of the cyclone became known to the public, the trade in Bengal realized that a short crop was certain. The immediate result was a resumption of the upward movement in prices which, starting in February, 1942, had gained momentum in May, and had been temporarily arrested during September and October. A report written at the time describes this rise in the following terms: "The price of rice and paddy rose abruptly throughout Central and Western Bengal (except for Contai subdivision, Midnapore) and to a lesser extent in the districts of Southern Bengal, and was between Rs. 12 and Rs. 16 per maund according to quality, with isolated transactions at higher rates. The rise appears to have been due principally to heavy buying, entirely unco-ordinated and to a large extent manifestly speculative, which began about the middle of November, and seems to have reached its peak in the first week of this month (December 1942)". A fortnight later, the following was reported: "Prices of agricultural produce appear to have declined in the Burdwan and Presidency Divisions, though they are still very high. They have reached alarming figures in Rajashahi, Dacca and Chittagong divisions. The gravity of the situation is emphasized in Commissioners' reports, and it is pointed out that, unless some improvement takes place, there is a danger of resort to violence as a result of shortage and high prices". The swiftness with which the rise of prices was taking place may be seen from the following table which shows the course of prices in one of the markets of the Burdwan district:—

Date	Market price per maund of medium rice
	Rs. A. P.
18th November 1942	7 8 0
25th " "	10 8 0
2nd December "	11 8 0
7th " "	14 0 0

28. A review of the conditions prevailing in the markets of Bengal early in December 1942 is contained in a note prepared at that time by the Civil Supplies Department of the Government of Bengal, which runs as follows:—

"*Present situation.*—High prices are running from Howrah to places across Western Bengal, with local high spots at places like Dinajpur which have easy means of transport to Calcutta and so can be quickly drawn upon.

There are high priced areas in one or two districts where high prices are probably due to poor crop.

Causes—I. *Psychological.*—(i) Depressing reports regarding crop forecast. (ii) Fears as to the result of the Midnapore cyclone and exaggerated statements as to its effects on the supply position of the province as a whole. (iii) Propaganda, sometimes perhaps interested, in certain trade circles, making out that the coming crop was going to be 'worst for the last 20 years' (iv) Exaggerated reports of exports from Bengal. (v) Fear of Foodgrains Control Order.

* * * * * *

III. *Supply position.*—(i) Restriction on export from Midnapore. (ii) Obstruction to transport in the Kulti Canal. (iii) Comparative difficulty of transport from south of Calcutta and comparative ease of transport from north of Calcutta. (iv) Late transplantation and consequent late arrival of new crop in Western

In the result, both rural population generally in surplus areas and large sections of the population in urban areas were being supplied from their existing stocks, *e.g.*, labour of industrial area, employees of commercial firms and khas holders who had bought stocks previously. The actual ruling prices were therefore chiefly affecting that portion of the population which had to buy from hand to mouth but they were suffering great hardships. This was probably the reason why despite higher prices there was by no means universal distress".

29. The evidence presented by these contemporary documents leaves no room for doubt that the upheaval in the Bengal markets towards the end of 1942, was due to the fact that in November and December of that year, that is, before the bulk of the *aman* crop had been reaped, unusual purchases were being made by persons who were convinced, quite correctly, that the yield of the *aman* crop would be so short and stocks in hand so low, that a crisis in supply was inevitable and was fast approaching. There is also evidence that such purchases were not confined to Bengal, but extended to the adjoining areas of Bihar and Orissa. Reports received at the time by the Bihar Government showed that a large number of buyers from Bengal were advancing money on standing crops at the end of November in the bordering districts of Bihar, and officers in these districts reported great uneasiness and impending trouble in consequence. In a letter addressed to the Government of India shortly after these events, the Government of Bihar reported that "there was a rush to corner supplies and withhold them from the provincial markets in order to smuggle them, in defiance of the provincial embargo, to the more attractive markets across the border." The Government of Orissa have told us that this was happening at the same time in Orissa also.

30. It was at this stage, when all the elements of the crisis which finally overwhelmed Bengal had gathered, that the enemy took a hand. The first air-raid on Calcutta took place on the 20th December and was followed by raids on the 22nd, 23rd, 24th and 28th. There were further raids in January. The military value of the raids proved to be negligible. Their effect on civilian morale was not considerable and proved to be temporary. But one of the important effects of the air-raids was the closing down of a large number of food-grain shops. On the 27th December, the Government of Bengal, in order to maintain the distribution of supplies in Calcutta, were reluctantly compelled to requisition stocks from wholesale dealers and from that moment the ordinary trade machinery could not be relied upon to feed Calcutta. The crisis had begun.

CHAPTER VI.—THE DEVELOPMENT OF THE CRISIS IN BENGAL

A.—Nature of the crisis

1. It is necessary before proceeding further with our narrative to take stock of the situation prevailing in Bengal at the beginning of 1943. The primary element in that situation was the failure of the *aman* crop. This, however, was not necessarily in itself an unmanageable problem. An even more serious failure had occurred only two years before in 1941, and had led to nothing more serious than a state of scarcity which was successfully alleviated by the usual relief measures. The necessary flow of supplies to the areas affected by the shortage was maintained, and supplies were available at prices which the bulk of the poorest classes of the population could afford to pay. This did not happen in 1943. Wherein lay the difference between 1941 and 1943? The answer is twofold: first, a serious diminution occurred in the sources from which a shortage in production was normally met; and secondly, the normal machinery for the distribution of supplies was out of order.

2. It was not only the yield of the *aman* crop which was short; the carry-over was also short. Thus, the stock of all rice in Bengal at the beginning of 1943, was considerably smaller than in 1941. This was primarily the consequence of the heavy drain on stocks during 1941, and to some extent also to a decrease of imports and an increase of exports which occurred during 1942. It was, therefore, clear that, from the supply aspect alone, 1943, promised to be a more difficult year than 1941. In an earlier chapter we came to the conclusion that the total supply of rice in Bengal during 1943, was probably sufficient for about 49 weeks, which meant an absolute deficiency of supply of about three weeks' requirements. A deficiency of this order involves a more serious difficulty in distribution than appears at first sight. Broadly speaking, there are three classes of consumers. First, the non-producers; secondly, the producers who do not grow sufficient for their own needs; and, thirdly, the producers who grow quantities which are more than sufficient for their own needs. The third class of consumers would not themselves go short because even in a year of shortage they would retain sufficient for their own needs throughout the year and probably in addition a reserve which they are accustomed to keep. In these circumstances an over-all shortage does not correctly indicate the degree of shortage in the supply available to the first two categories. A hypothetical example will illustrate this point. Suppose 50 per cent. of the population consists of producer-consumers who are self-sufficient in rice, and that the remaining 50 per cent. are non-producer-consumers. Also suppose that the weekly consumption of the entire population is Y, tons and the total supply available for the year is $49 \times Y$ tons instead of $52 \times Y$, tons. If the producer-consumers retain an amount equal to their consumption for 52 weeks the amount available for the non-producer-consumers is $49 \times Y$ tons *minus* $52 \times \frac{Y}{2}$ tons, that is $46 \times \frac{Y}{2}$ tons. The supply therefore available for non-producer-consumers is sufficient for 46 weeks and not for 52 weeks, that is, a shortage of 6 weeks' supply. Moreover, the shortage would be greater than this if the producer-consumer, who grows more rice than he needs for his own consumption, kept a reserve. Thus, it follows that even if all producers sold their entire stocks without retaining a reserve for consumption after the next harvest and even if stocks so placed on the market were evenly distributed to all consumers, the latter would not have secured their normal requirements in full.

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3. The state of supply was such that, even if market conditions were normal, prices were bound to rise and difficulties were bound to be experienced in maintaining an adequate flow of supplies to the consumer. Market conditions were, however, not normal. The most obvious symptom of the unhealthy conditions which had arisen was the movement of prices during 1942, and the level reached at the end of that year. In January 1941, the wholesale price of coarse rice at Calcutta was Rs. 5/8/- per maund, and it rose to Rs. 7/1/- by July 1941. In January 1942, the price was Rs. 5/10/- per maund, and it rose to Rs. 8 per maund by July 1942, even though there was no question at that time of the province being short of rice. In January 1943, the price was Rs. 12/8/- per maund. What would it be in July 1943?

4. This was not a problem to be solved by any simple rule of three. It was a question of the psychology of millions of producers, traders, and consumers. The life of the community depended on the producer, who had a surplus, placing on the market, more quickly than in normal times, all his produce in excess of what he required for seed and the maintenance of his family, without retaining for himself even the usual carry-over beyond the next harvest. But with conditions as they were, his natural instinct was to assure his own safety by retaining an even larger carry-over than usual. And what was safe was also likely to prove profitable, for prices were rising. He had sold his surplus at the usual time in the previous year and had found that the trader who bought from him, had made a larger profit than usual, which he could have secured for himself if he had waited. He probably argued that he would not make the same mistake again. The traders no doubt argued likewise. The petty merchant was tempted to wait for a better price from the big merchant, and the big merchant from the bigger merchant. The fact that prices had risen abnormally and were still rising was sufficient to diminish both the volume and the rate of flow of supplies through the market. In such a situation, prices must rise even more sharply than before in order to overcome these "resistances".

5. It was imperative that the flow of supplies from the producer to the consumer should be maintained; and it was equally imperative that prices should not be allowed to rise much further. Failure in either respect would entail widespread starvation. A situation had already arisen in which it seemed certain that the normal operation of the trade machinery would fail to secure one or other of these results, if not both. Hence the crisis.

B.—Controlled procurement

6. The abnormal rise in prices in the latter half of November and December caused concern and the Bengal Government decided that steps must be taken to reduce the price level. The key to the situation was the Calcutta market, because prices in that market govern prices throughout the province. They, therefore, visualized the remedy in the first instance, as one of checking speculation and restoring healthy conditions in the Calcutta market. The process was later described as "breaking the Calcutta market". The question was the method by which this was to be brought about. Statutory price control had been tried and had failed. A simple order to the trade not to buy or to sell above a prescribed price, would only make conditions in the market worse, but experience had shown that the use of the "denial" stocks had helped to check the rise in prices. The Government proceeded to build on the results of this experience. They therefore undertook their first procurement scheme.

7. The area selected for the procurement operations was the Rajshahi Division in Northern Bengal—an area which was normally surplus and which had not been affected by the cyclone. Exports of rice and paddy from the Division were prohibited except under permit, with effect from the 22nd December.

and District Officers were directed to commence buying operations through local traders. The total quantity to be purchased was fixed at 2 lakhs of maunds (about 7,400 tons) and each district was given a quota out of this amount. Ceiling prices were fixed within which purchases should be made and District Officers were informed that, if necessary, requisitioning was to be resorted to till the quota fixed for the district had been procured. The scope of the scheme was naturally limited by the purpose for which it was framed. District Officers were told that the operations were not intended to enable them to build stocks for their own districts, and they would not be permitted to immobilize stocks for local purposes, except with previous sanction. All rice and paddy acquired were to be sent to Calcutta, with the exception of a limited quantity intended for Darjeeling. This scheme was abandoned on the 9th January, because the situation following the air-raids on Calcutta demanded a more comprehensive measure. By that time District Officers had purchased about 2,800 tons against the target of 7,400 tons.

8. Air-raids on Calcutta took place on the 20th, 22nd, 23rd, 24th, and 28th December 1942. The first raid had comparatively little disturbing effect, but evacuation began on a small scale on the 22nd and increased in volume until the 24th and 25th, after which there was little further exodus. The most important effect, however, of the raids was the closing down of a considerable number of foodgrain shops and the consequent interruption to the city's food supplies. At first immediate needs were met from air-raid reserves. The opening of closed shops in the markets was also tried, but this yielded little result as the shopkeepers had either removed or sold their stocks before leaving. Finally, on the 27th December, it was decided to requisition stocks in the city and to distribute them through controlled shops and "approved" markets.

9. Having been compelled to requisition stocks in Calcutta, the Bengal Government came to the conclusion that urgent steps would have to be taken to maintain supplies; and they therefore proceeded to undertake procurement operations on a more extensive scale than had been contemplated in December. The second scheme came into operation on the 9th January, and the monthly requirements were assessed at 3 lakh maunds of rice (11,021 tons) and 4·5 lakh maunds of paddy (16,532 tons). Purchases on this scale, the Bengal Government thought, could not be made by District Officers. They therefore selected seven agents from the trade and allotted to them areas in which to make their purchases. The maximum prices at which purchases were to be made were prescribed and District Officers were directed to warn all dealers in the buying areas that their licences would be cancelled and their stocks requisitioned if they bought above the Government buying rates. This direction, it may be incidentally noted, was inconsistent with the policy already adopted, namely that a legally prescribed maximum was not to be enforced on the transactions of private trade. A dealer who could not buy above the maximum rates fixed for Government purchases, except at the risk of the cancellation of his licence and the requisitioning of his stocks, was just as effectively subject to price control as if he had been liable to prosecution for a breach of a statutory order fixing maximum prices. But this inconsistency was unavoidable. As a letter sent out to District Officers on the 9th January said, the agents appointed by Government were unlikely to obtain the quantities of grain which Government required, unless competitive buying was prevented as far as possible. It was soon found that the warning did not suffice to protect the agents against competitive buying. Embargoes were, therefore, placed round the buying areas, prohibiting export except under permit. Similar embargoes were also placed round the non-buying areas in order to protect these areas against speculative buying. All these measures proved of no avail. The agents were not successful in purchasing the quantities required and the system was abandoned on the 17th February. The quantity purchased between the 10th January and the 17th February was only about 2,200 tons.

10. Early in January the Bengal Government appointed a Foodgrains Purchasing Officer. His functions generally were to supervise and control the activities of the buying agents and regulate the issue of export permits from districts from which exports were restricted. On the abandonment of the system of buying through trade agents, the procurement system consisted solely of the Foodgrains Purchasing Officer taking offers direct from the trade. The embargoes round the buying areas were maintained so as to enable the Purchasing Officer to combat competitive buying by control over exports from these areas. The non-buying areas also continued to be protected by locally administered embargoes on exports. The pace of purchases by the Foodgrains Purchasing Officer was, however, too slow. He bought only about 3,000 tons between the 18th February and the 11th March.

C.—"De-control"

11. The failure of successive schemes of procurement was accompanied by a steady rise in the price of rice, a diminution, week by week, in visible stocks, and signs of increasing panic in Calcutta. On the 4th January 1943, the price of coarse rice had dropped to Rs. 11/4/- a maund following sales by shopkeepers who left the city after the air-raids. On the 20th January, the price had moved up to Rs. 12/8/-, on the 3rd February to Rs. 13/2/-, on the 17th February to Rs. 13/12/-, and it reached Rs. 15 per maund on the 3rd March.

12. We have made a detailed study of the relevant trade statistics and the information supplied by the Government of Bengal about the movement of supplies throughout 1943 into Bengal from outside the province as well as in and out of Calcutta. We append to this report a note showing the results of our analysis.[1] These show that the net receipts into Calcutta during January and February 1943 were approximately 7,000 tons in each of these two months. This was only a fraction of the normal monthly requirements. Wheat also was in short supply and this added to the demand for rice. There is no doubt that the stocks in Calcutta at the beginning of the year were much smaller than in previous years, and that these were being consumed far more rapidly than they were being replaced. By the beginning of March, stocks were down to such a low level that it looked as if the city must starve within a fortnight, unless large supplies arrived quickly. Thus by early March the crisis had become acute in Calcutta.

13. As we have explained, it was imperative, at the beginning of 1943, that the flow of supplies to the consumer should be maintained and that prices should not be allowed to rise still further. Up to this point the Bengal Government were attempting to achieve both these objects. But they had failed. A breakdown in the supplies for Calcutta appeared imminent. A vital decision on policy had to be reached, and reached quickly. Was it practicable to hold prices and to maintain the flow of supplies? If it were not,—and the state of Calcutta appeared to show that it was not—what was to be done? Two courses were open. One was to intensify the policy of controlled procurement, hold prices rigidly, and pass over from reliance on voluntary sales to coercion, to whatever extent was necessary, to secure supplies at a price determined by Government. This meant seeking out stocks wherever they were held whether by traders or producers, and requisitioning those stocks not sold voluntarily. The other course was to allow prices to rise and to secure stocks by purchase in the market and by imports from other provinces, in the hope that it would be possible by the use of such stocks to moderate prices as had been done by the use of the "denial" stocks in the previous year. The Bengal Government carefully considered the *pros* and *cons* of both these courses. Risks were inherent in both. The former involved widespread and highly organized coercion. Were the administrative resources of the Government equal to

[1] Appendix V.

the task? If coercion failed, it would drive stocks even deeper underground, lead to disorders in the districts, and a complete break-down in Calcutta. On the other hand, the latter, *viz.*, de-control, particularly if it were not possible to acquire stocks sufficient to enable a moderating effect to be produced on prices, might result in prices rising to a level at which widespread famine would be inevitable. The probable consequences of both courses were recognized. Before a conclusion was reached, Commissioners and District Officers were consulted on the issue of coercion. With one exception, they were of opinion that measures which would probably involve the use of force were not practicable and would not produce sufficient supplies.

14. The Government of Bengal then made their choice. The decision was taken to abrogate any vestige of price control, and it was announced publicly on the 11th March in the following terms:—

"No Price Control in Wholesale Rice and Paddy Markets"

"To clear up misapprehensions which are still impeding the flow of paddy and rice into the markets, the Bengal Government declare categorically that there is and will be no statutory maximum price for wholesale transactions in paddy and rice. Both cultivators and traders are free to bring their grain to the market without fear of having it taken from them at a price to which they do not agree. No trader who has declared his stock under the Foodgrains Control Order will be compelled to part with it below the prevailing market price.

"(ii) The Bengal Government, in full accord with the Government of India, adhere to the policy of buying as much rice and paddy as possible by free market operations in order to secure the best use of the resources of the province and their most equitable distribution.

"(iii) The clear abrogation of any vestige of price control in the primary wholesale market does not imply unrestricted profiteering. Government's own operations as buyer and seller coupled with the removal of the black market are in their opinion most likely to be successful in moderating prices at a reasonable level; but to prevent buying at reckless prices by wealthy areas the embargoes prohibiting the movement of paddy and rice from one area in the province to another will remain in force. The Government itself takes the responsibility for the movement of paddy or rice to deficit areas."

15. Earlier in the year, the Central Government made a similar decision as regards the control of wheat prices. Arrangements had been made for the shipment of substantial quantities of wheat to India and at the end of January 1943. the statutory maximum prices for wheat which had been imposed in December 1941, were withdrawn. At this time the Government of India were of the opinion that prices should not be regulated by statutory control but by other methods. The decision reached by the Government of Bengal was, therefore, in accord with the policy of the Government of India at the time, and was indeed taken with their approval.

16. Simultaneously with the announcement of de-control, District Officers were directed to explain the policy to grain dealers in their districts and inform them that Government's object was to buy considerable quantities of rice and paddy. District Officers were also told to purchase without limit of price any rice and paddy offered to them in the first three days, up to a limit of 20,000 maunds; and after that, to report all offers to the Foodgrains Purchasing Officer for his orders. They were further directed to explain the measures which Government were taking to the public at large, through influential persons throughout the districts.

17. The immediate effect of de-control was an increase in the volume of supplies purchased by Government. Between the 12th and the 31st March, the total purchases made by the Foodgrains Purchasing Officer, direct or through

District Officers, exceeded 17,000 tons. This was much more than what had been purchased between the 22nd December 1942 and the 17th February 1943 under three different systems of procurement. The effect was, however, temporary and the rate of purchase subsequently slowed down. Purchases made from 1st April to the end of August amounted to only about 18,000 tons.

18. Prices, as had been expected, rose sharply. The following table shows how the price of coarse rice rose in Calcutta from Rs. 15 on the 3rd March to Rs. 30/10/- on the 17th May:—

Date	Price per maund
3rd March 1943	15 0 0
17th „ „	19 6 0
22nd „ „	21 4 0
29th „ „	22 0 0
5th April „	21 3 0
12th „ „	20 7 0
19th „ „	19 5 0
26th „ „	21 0 0
3rd May „	21 1 0
10th „ „	25 0 0
17th „ „	30 10 0

Prices in all the markets in Bengal were rising similarly. The following table gives the minimum price per maund of rice ruling in the last week of each month in five districts:

Month	Khulna	Burdwan	Rajshahi	Faridpur	Tipperah (Brahmanbaria)
1	2	3	4	5	6
1943	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	10 6 0	11 12 0	13 4 0	12 4 0	9 8 0
February	12 8 0	13 8 0	13 8 0	13 2 0	12 0 0
March	18 12 0	20 6 0	18 0 0	25 0 0	20 0 0
April	22 8 0	23 8 0	20 0 0	24 0 0	31 0 0
May	30 0 0	29 12 0	26 5 0	31 0 0	25 0 0

19. The prices mentioned in the foregoing table are the minimum ruling prices. Actual prices were often higher and supplies were not always available for purchase even at these high prices. The effects of the high prices were felt throughout Bengal. On the 13th of May, the Commissioner of Burdwan Division reported: "Economic conditions approaching a crisis. Rice out of reach of the poor. Rice should be imported if the people are not to starve". A picture of the conditions developing in the Chittagong Division is given by the report from local officers, some of which we extract below.

11th May 1943.—Price of rice rose to Rs. 43 per maund in Noakhali but has come down again. Famine conditions prevailing among certain percentage of the population in Chittagong district. High prices keeping people on one meal.

29th May 1943.—Many people starving in Chittagong district owing to high prices. First gruel kitchen started in Chittagong.

11th June 1943.—No fall of prices in Chittagong or Noakhali. Definite cases of deaths from starvation throughout Chittagong and number of living skeletons increasing. Soup kitchens have already been started in acute starvation areas. 15 kitchens are feeding 1,500 persons daily. Scarcity should be declared. Gruel kitchens start working in Noakhali.

28th June 1943.—Number of destitutes in town increased. Eleven deaths in streets.

Thus, towards the end of the second quarter of 1943, famine had begun in parts of Bengal.

CHAPTER VII—SUPPLIES FROM OUTSIDE BENGAL

A.—Nature of the problem

1. Bengal, always a net importer of wheat, was in the course of the decade preceding 1945, also becoming a net importer of rice. During the closing months of 1942 and in January and February 1943, arrivals of wheat into Bengal were much below requirements and were causing great anxiety. The consumers of wheat are largely concentrated in Greater Calcutta where the shortage of rice became acute early in March 1943. There was therefore, urgent need for imports of both rice and wheat. They were needed not merely for making good the shortage which had arisen. What was even more important, they were urgently needed in order to increase the stocks under the control of the Bengal Government, without which they were unable to check the dangerous rise of prices occurring in Bengal.

2. Imports from outside India had, however, ceased and the movement of supplies within India across the frontiers of provinces and states had been interrupted. We have described in Chapter IV the sequence of events which led to that situation. We saw that conditions had arisen in which the movement of supplies by the trade in accordance with effective market demand had become disorganized. The need for planning these movements had arisen. The capacity of surplus areas to export and the need of deficit areas to import had to be carefully assessed. The technique and organization required for this purpose were being evolved, in so far as the movement of supplies across provincial and state frontiers was concerned, by the Central Government. But their arrangements were not complete by March, 1943, when the need for imports became acute in Bengal. We must, therefore, describe briefly the nature of the problem with which the Government of India were faced and the arrangements they were making for solving the problem.

3. The following table shows the figures of net exports of rice from, and net imports of rice into, different areas in India on an average of 5 years ending 1941-42:—

RICE

In tens of thousands of tons

Net exports		Net imports	
Orissa (and Certain Eastern States)	18	Madras (and Travancore and Cochin)	50
Central Provinces (and Certain Eastern States)	15	Bombay (and States)	44
Sind	17	Bihar	19
Assam	2	United Provinces	17
Punjab (and States)	1	Bengal	14
		Hyderabad	6
		Mysore	4
		Rajputana States	3
		Central India States	1
		North-West Frontier Province	1
		Delhi	1
	53		160

The figures in this table are not complete because they take no account of the movements by road and country-boat across provincial and state frontiers, and they also exclude imports from Nepal and by sea through certain maritime States. But they are adequate for our present purpose, which is to indicate the areas which were normally surplus and those which were normally deficit in rice, and the approximate magnitude of those surpluses and deficits.

4. The experience of the previous five years suggested that the quantity of rice available from the surplus areas was between 500,000 and 600,000 tons, while the quantities required by the deficit areas amounted to 1·6 million tons. There was thus a gap of more than one million tons, which was normally covered by net imports but could not be so covered during 1943. Purchases on behalf of the Defence Services were increasing. During 1942-3 they exceeded 100,000 tons and in 1943-4 were nearly 200,000 tons. To that extent, the pressure of the demand on supplies available for export was increasing. A system of planned movement of supplies, therefore, first of all involved a decision as to how much should be exported from each area, and how the total of the exportable supplies was to be allocated between deficit areas and the Defence Services. Decisions on these points were not a matter of mere arithmetic, because the outturn of crops varied from season to season; the carry-over was a significant factor moderating the effects of seasonal variations in production and this factor also varied; and lastly, the proportion of the supplies arriving in the markets had become uncertain owing to abnormal disturbances in marketing conditions. Under these conditions it was extremely difficult to reach agreed decisions.

5. The following table furnishes, in respect of wheat, figures corresponding to those for rice:—

WHEAT

In tens of thousands of tons

Net exports		Net imports	
Punjab and States	68	Bengal	25
Sind	15	Bombay (and States)	22
Central India States	10	Madras (and States)	8
United Provinces	8	Rajputana States	8
Central Provinces	2	Bihar	7
		Delhi	4
		North-West Frontier Province	2
		Mysore	2
		Assam	2
		Orissa	1
		Hyderabad	1
	103		82

On the basis of the experience of the five years preceding 1942-3, the surplus areas were able to provide one million tons, while the deficit areas required 820,000 tons. The demand of the Defence Services was, however, greater for wheat than for rice. This had risen to 300,000 tons during 1942-3 and nearly 400,000 tons in 1943-4.

6. Though the production and consumption of millets in India are about the same as those of wheat, they do not enter into the long distance trade of India to anything like the same extent, as will be seen from the following table:—

MILLETS

In tens of thousands of tons

Net exports		Net imports	
Central India States	6	Bombay (and States)	8
United Provinces	5	Rajputana States	3
Sind	1	Madras	1
Punjab (and States)	1	Delhi	1
Hyderabad	1	Bihar	1
Mysore	1		
	15		14

It was necessary, however, that the flow of these supplies should be maintained and, in view of the rice shortage, increased as much as possible.

7. The determination of the quantities to be exported from surplus areas and their allocation to deficit areas and to the Defence Services was only the first step towards a planned movement of supplies. Arrangements had to be made for these quantities to be purchased and distributed. The functions to be undertaken by the Central Government and by the Governments of the importing and exporting areas had to be agreed upon. The agencies to be employed and the mode of their operation had to be settled. It was not until these agencies were established and were in proper working order that the movement of supplies could proceed according to plan. We shall now describe the successive stages in the evolution of the system of planned movement of supplies and the position reached by March 1943.

B.—THE EVOLUTION OF THE BASIC PLAN

8. At the end of December 1941, a Wheat Commissioner for India was appointed, and on the 30th April 1942, the Wheat Control Order was notified. In July 1942, a Civil Supplies Commissioner for rice and other commodities was appointed. Before these officers could proceed to plan, their energies were occupied in making *ad hoc* arrangements for meeting the immediate pressing difficulties of deficit areas. The first scheme for centralized purchase of foodgrains emerged in September 1942, and was considered at the Sixth Price Control Conference which met in that month. The plan of action approved by this Conference was as follows:—

"(i) That in order to eliminate competitive buying, exports of wheat from the surplus provinces and states should be prohibited except by a Central Government organization which should purchase the requirements of the military, labour, and the deficit provinces and states up to a pre-determined figure for each surplus province or state in consultation with the Provincial or the State Government concerned and arrange for transport;

"(ii) That the Central organization should make its purchases in the surplus provinces or states through agencies selected in consultation with the Provincial or the State Governments concerned;

"(iii) That the Central organization should conduct its purchase operations in close collaboration with the price control authorities in the surplus provinces and states and that the latter authorities should give the Central organization all possible assistance in obtaining supplies at controlled rates;

"(iv) That in allocating the supplies available for civil distribution, the Central organisation, in consultation with the Provincial Governments and

States should give priority to the requirements of fair price shops, consumers' co-operative societies, industrial areas, big cities, public utilities, and places where large military works are under construction;

"(v) That the supplies allocated to a deficit province or state should be despatched only to consignees approved by the Director of Civil Supplies or the Director himself in that province or state;

"(vi) That in calculating the export quotas from the producing areas and the import quotas for the consuming areas, the principle of 'equality of sacrifice' should be borne in mind; in other words, the consumption in each area as revealed by the available data regarding normal production, receipts, and despatches, should generally be subjected to the same percentage reduction (subject to variations in the case of particular areas in view of changes in population and other special circumstances) as that which the consumption in the country as a whole is likely to suffer owing to inadequacy of supplies....."

9. The system thus described, it will be noticed, applied specifically to wheat. The Conference also recommended the adoption of a similar scheme for the "staple competitive foodgrains, namely, rice, jowar, bajra, ragi, barley, gram, and maize". But whereas in the case of wheat the whole of India was regarded as one unit, and the responsibility was laid on the Centre for purchasing supplies from surplus and allocating them to deficit areas and to the Defence Services, the Conference favoured the division of India into different regions, and the treatment of each region as a unit for the control of inter-provincial movements of staple foodgrains other than wheat. It was proposed that the "primary responsibility for distribution within each region" should be vested in the Regional Price and Supply Board, operating "either through its own machinery or through the machinery of the Provincial Governments subject to the general direction of the Central Government". It was, however, realised that it would be necessary to make purchases within one region for export to another, and the Conference recommended that such purchases should be made by the Central Government, or by the Provincial Government acting on behalf of the Central Government. These Regional Prices and Supply Boards had been constituted only shortly before; and, though they performed some useful co-ordinating functions, they did not in fact undertake the "primary responsibility" for inter-provincial movements within the region as visualized at this Conference.

10. On the 7th October 1942, the Government of India addressed a letter to the provinces outlining a scheme of co-ordinated purchases of foodgrains in surplus provinces in order to meet the requirements of the Defence Services and deficit provinces. The scheme followed, with certain modifications, the general outline of the recommendations of the Sixth Price Control Conference.

11. On the 21st November the Government of India informed the Provincial Governments that they had decided to initiate a scheme whereby wheat would be purchased by a Central organization through selected agents, and the produce assigned to importing centres. The grain would be consigned to the Provincial Director of Civil Supplies or his nominee. The Provincial Governments were told that they should keep the Wheat Commissioner informed of their requirements, and he would meet their demands to the extent that supply was available.

12. A separate Food Department was established at the Centre on the 2nd December 1942, and on the 14th of that month the first Food Conference met. The first item on its agenda was "to frame agreed estimates of the foodgrain requirements and resources of the main administrative areas of the country, and to draw up a programme for the utilization of such stocks as may be available on the lines best calculated to meet the most essential needs of the country; in other words, to frame a quota programme for supplying the deficit areas".

13. When the Conference met, the winter rice crop was being harvested in some provinces and was still on the ground in others. The wheat crop had only recently been sown, and nothing could yet be predicted about its outturn. A rough calculation of the requirements of deficit areas and the surpluses of surplus areas was made, and the result, which was as follows, caused some dismay: "The shortage in rice alone is 19 lakhs of tons, assuming that Bengal gets no rice from outside. If Bengal has to get rice, the deficit is increased by the quantity that Bengal requires. The shortage in wheat is 4 lakhs of tons. But that only covers the next five months. This is the position based on the statements that have been made this morning".

14. The reference to the possibility of Bengal requiring imports of rice, it will be noticed, was couched in terms which indicated uncertainty. From what we have said about conditions in Bengal, this might appear surprising, but it correctly reflected the assessment which those present at the Conference, including the representatives of Bengal, made of the relative urgency of the need for imports of the several deficit areas. This fact is so important that we must explain the situation at the time in provinces other than Bengal.

15. Bombay produced on the average of the five years ending 1941-2, 760,000 tons of rice and consumed 1·05 million tons. If it received no imports, it would have to manage with, less than three-fourths of its normal supply. The dependence of Travancore and Cochin on imports was even greater. Madras was no less deficit than Bengal and had had a poor rice crop at the end of 1942. Bengal had experienced poor crops before and yet had imported relatively small quantities. Could it not manage this time without any imports? . That was the general attitude.

16. The case of Bengal for imports of wheat was quite clear; not so the need for imports of rice, in a situation which was apparently so much more serious for other deficit areas. The representatives of Bengal pressed their claim for wheat, made it clear that exports of rice were out of the question, and left open the possibility of the province requiring imports of rice to a later date. The Director of Civil Supplies, Bengal, said, "We do not require rice in the next few months, but statistically we are heavily in deficit for the coming year". When a doubt was expressed about the correctness of the crop forecast, he added, "I should say at once that this is the first forecast, and the indications are that the final forecast is likely to be worse."[1]

17 The Conference also discussed the question whether purchases for export and for the Defence Services should be made in the provinces by an organization under Central control or by agencies set up by the Provincial Governments. Divergent views were expressed, and a conclusion was not reached on this important point. On the 2nd January 1943, the Provincial Governments were addressed by the Government of India on the subject. Pending a decision as to whether the buying organization should be Central or Provincial, the provinces were directed to prohibit, except under permit, the export of all major foodgrains and to limit permits to purchases made by, or on behalf of, importing Governments.

18. On the 27th January, the Government of India informed the Provincial Governments that they had decided that purchases for export should be made by Provincial Governments and not by a Central organization, and the Provinces were requested to set up procurement machinery immediately, so that

[1]In the light of subsequent events, the attitude of the representatives of the Government of Bengal at this Conference evoked considerable public interest and has been the subject of much misunderstanding. Our attention has been drawn to the following passage occurring in a publication entitled "Food Rationing and Supply, 1943-44" issued in 1944 by the Office of the league of Nations, Geneva: "Bengal alone among the principal Provincial Governments confident that it could manage to subsist on its own rice crop, declined to join in the collective scheme drawn up at the December 1942 Food Conference, when the main anxiety was about wheat." This is not a correct description of the attitude of the Government of Bengal.

purchase operations could begin in advance of the settlement of the target figures for surplus and deficits. No target figures were given in this letter. A formula for the fixation of target figures was sent to the Provincial Governments on the 16th February. The Second Food Conference met in the third week of February. Agreement was reached between the Provinces and the Centre on the operative details forming part of the general scheme of the Basic Plan arrangements, but the question of the quantities to be supplied by surplus to deficit areas was left undecided.

19. The conclusions reached at the Second Food Conference were announced by the Government of India to the provinces and the states in a letter dated the 12th March which indicated the action required on the part of local administrations and stressed the urgency of setting up purchasing organizations. This was followed about a month later by a letter giving preliminary figures under the plan. This letter also recalled that over three months had been spent in reaching the greatest common measure of agreement in respect of the plan and the methods to be adopted, and reminded the provinces and states that the figures put forward were "targets" at which all Governments must aim. Early in May, a monthly movement plan was forwarded, showing the quantities to be despatched month by month with sources and destinations.

20. The total quantity of foodgrains which it was planned to distribute was over 4 million tons, including 1·5 million tons of wheat, 1·1 million tons of rice, the same quantity of millets, and nearly 400,000 tons of gram. The figures for rice and millets represented the quantities to be moved between the 1st December 1942 and the 30th November 1943, while the corresponding period for wheat and gram was the 1st April 1943 to the 31st March 1944. The total quota allotted to Bengal was 350,000 tons of rice, 224,000 tons of wheat, 200,000 tons of millets, and 19,000 tons of gram. The sources from which these supplies were to be moved were as follows:

	Tons
RICE—	
Assam	63,000
Orissa	37,000
Eastern States	50,000
Bihar	185,000
United Provinces	15,000
	350,000
WHEAT—	
Punjab	160,000
United Provinces	20,000
Bihar	24,000
Overseas	20,000
	224,000
MILLETS—	
United Provinces	195,000
Punjab	5,000
	200,000

C. The "Rescue" Plan and Free Trade.

21. We have described at the end of Chapter VI the emergency which arose in Calcutta early in March 1943, when the Government of Bengal decided on "de-control" in order to increase the flow of supplies within Bengal. The position was serious, and the Government of India decided that an emergency mobilization of supplies should be made from the areas adjoining Bengal in the

Eastern Region, in order to assist the Bengal Government in checking the rise in prices. The subject was discussed at a meeting held in Calcutta on the 10th March 1943 and subsequent days, attended by the representatives of Bengal, Bihar, Orissa, Assam, and the Eastern States. The specific measure of assistance which it was proposed to give to Bengal, was the supply of 60,000 tons of rice within a period of from three weeks to a month. It was hoped that, if this quantity were obtained in a short period, it would be possible to "break" the Calcutta market, start supplies moving again, and cause prices to fall to more reasonable levels. It was proposed that this quantity of 60,000 tons should be obtained in equal proportions from the provinces of Orissa, Bihar, and Assam, and from the Eastern States.

22. The plan failed because, with the exception of supplies from Orissa, the quotas were not forthcoming. The Bihar Government maintained that market conditions in Bihar had rapidly deteriorated since the beginning of March, and that, until confidence had been restored in the province, it would be impossible to make purchases even for their own deficit areas, let alone for Bengal. Their final conclusion was that, provided they were able to satisfy the monthly demand of 8,000 tons for the industrial areas in their own province, they would allow the export to Bengal of two tons for every one ton they were able to supply to their own deficit areas. Eventually Bihar provided something less than 1,000 tons to the Darjeeling district in Bengal. Orissa agreed to help and supplied about 25,000 tons. The Eastern States had a large surplus but no purchasing organization was in existence and communications were difficult. A purchasing agency was appointed, but the quantity procured was small—less than 5,000 tons. Assam promised assistance but the quantity supplied at the time was only 2,350 tons of paddy.

23. We have seen that the immediate effect of de-control was an improvement in the flow of supplies within the province. This, together with arrivals from Orissa, eased the position in Calcutta but the supplies were not sufficient to achieve the primary object of "breaking" the Calcutta market. Prices kept on rising. The Provincial Government despatched some of the stocks which they had acquired, to deficit districts, and this effected a temporary improvement. The situation in Chittagong was described as easier. The arrival of larger supplies of wheat also helped, and there was a marked decline in the prices of wheat and wheat-products. But the improvement was only temporary. By the end of April, stocks of rice in Calcutta were again running low, and there was reason to fear that, by the middle of May when the supplies from Orissa would cease, Calcutta would be back again in the same state as it was in March. Meanwhile, reports from the districts clearly indicated the approach of famine. The crisis had not been overcome.

24. By the beginning of April the Bengal Government were reaching the conclusion that the Basic Plan could not help them. In a letter addressed to the Central Government early in April 1943, the Provincial Government, while expressing their great appreciation of the measures taken by the Government of India to enable them to meet the situation which had developed in Bengal, felt it their duty to inform the Central Government that "the attempt to treat the provinces of Assam, Bengal, Bihar, and Orissa as separate units for the procurement of, and movement of trade in, rice and paddy was fast leading to disaster. If not quickly abandoned, it will result not only in frustration of the Government of India's purchase plan, starvation in deficit areas, and disorder, but also in grave shortage of the future crop owing to interruption in the flow of seed supplies". The Government of Bengal did not challenge the merits of the Basic Plan in regard to wheat. The argument was that as wheat had to be moved long distances by rail to deficit provinces, a Government agency could canalize the trade as effectively as a private agency. But the case of rice in the Eastern Region, they argued, was different. "Obstructions to the movement of paddy and paddy products, in an area so

closely interlinked as the north-eastern region, are fraught with the gravest consequences. They are grave in the case of rice; they are more grave in the case of paddy since they not only interrupt the supply of paddy to the mills but also interrupt the hundreds of cross streams of paddy flowing by multifarious channels across the provincial boundaries from the producing rural areas to other rural areas where paddy can be hand milled and distributed". The Bengal Government realized that the fact that events had compelled them to impose an embargo round the province as well as round certain districts within the province was inconsistent with their contention. The answer to this apparent inconsistency, they said, was "that the Bengal Government was trying to achieve some measure of internal price and supply equilibrium before completely breaking down these barriers; but if the desired equilibrium cannot soon be obtained, the barriers will have to be broken despite the risk from the pent up forces that will thus be let loose. They are of opinion that the logic of events will compel the Central Government to adopt the same course in respect of this region".

25. Towards the end of April 1943, the Government of India were also beginning to doubt whether the Basic Plan would solve the Bengal problem. The Plan had come into operation from the middle of April and from that date surplus provinces were to begin deliveries in accordance with the programme prepared by the Government of India. But the "target" figures had caused dismay among the provinces. The Government of Bihar, which had been assessed to supply 200,000 tons of rice and 50,000 tons of wheat, lost no time in pointing out that Bihar was a deficit and not a surplus province and that they could not undertake the responsibility for the disastrous effects which would, in their considered opinion, follow from the attempt to give effect to the Central Government's proposals. Again, procurement machinery had not been established in the majority of provinces and until such machinery was in operation deliveries according to the programme could not begin. The emergency arrangements made in March had failed. Something had to be done to get more supplies into Bengal.

26. The situation was discussed during the last few days of April in Calcutta at a meeting between the representatives of the Government of India and the Bengal Government. The attitude of the Government of Bengal was that if the Government of India could not give a guarantee that the entire supply of rice provided for in the Basic Plan would be delivered within the next few months, they must press for the immediate abolition of the trade barriers between the provinces of the Eastern Region. After careful consideration the Government of India came to the conclusion that the arrangements for procurement were so far behind in the provinces of the Eastern Region, that the supplies to Bengal under the Basic Plan would not be forthcoming in time. It was also impossible to make good the deficiency by draining other areas; the urgent needs of Bombay, Travancore, and Cochin had to be met from those areas. An attempt to maintain the Basic Plan in the Eastern Region and divert to Bengal supplies of rice from outside the Eastern Region was, therefore, likely to destroy the all-India Basic Plan.

27. Two proposals were considered. One was unrestricted free trade and the other was a scheme described as "modified free trade". Both the proposals involved the withdrawal of powers from the provincial Governments, but "modified free trade" involved the retention of powers of control and their exercise by a single authority, the Regional Food Commissioner. Inter-provincial exports were to be controlled by a system of licences to private traders, issued on the recommendation of the importing Government, and it was contemplated that those recommendations would be made on the basis of each trader undertaking to bring the imports to a specific point for sale at that point. To that extent the Bengal Government would be in a position to