

FOOD GRAINS DISTRIBUTION

AND

OTHER ECONOMIC PROBLEMS.

(With Special Reference to Rajkot State.)

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Published By,

The

Post-War Reconstruction Committee,

RAJKOT STATE.

1945.

PARMAR P. PRESS—RAJKOT.

P R E F A C E.

An attempt has been made in these pages to show how Rajkot State has tackled the economic problems which have arisen during the War by taking the co-operation of the public as far as possible. The object in publishing this brochure is to elicit constructive suggestions and criticism which will be thankfully received. The writer wishes to express appreciation of the cooperation of the Honours and post-graduate students in Economics in investigating the working of the food distribution scheme in the State.

R. Vishweshwar Rao.

Rajkot 26th March 1945.

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CHAPTER I.

Economic Development of Rajkot State.

It is a good sign of the times, we are realising the significance of our economic problem and making attempts to solve it. It is good we have realised that, we must make use of raw materials and mineral resources so that we can make people free from want.

It is well-known that the State of Rajkot is one of the most important of Western Indian States, being in the position of the nerve centre of Kathiawar. The climate is dry, bulk of the population depending upon agriculture. The State has already developed large-scale and cottage industries. The present Highness, Shri Pradumnasinhji, like his revered father Sir Lakhajiraj, is taking a keen interest in the development of the State. The public may perhaps be aware of the scheme for the establishment of Sir Lakhajiraj Industrial Town and the setting up of the Committee for Post-war Reconstruction. The said Committee will consider the question of finding employment for those who are now engaged on war duties and who are likely to return to civil employment after the war. Besides, it will also report on the extent to which agricultural production in the State

can be increased by the development of irrigation facilities, and use of agricultural methods, the problem of soil erosion, the problem of industries with particular reference to Cottage Industries, the problem of transport, how educational facilities can be extended and the machinery and organisation which will be required to give effect to the Committee's recommendations. The thoughts of His Highness naturally are centered on how he can usher in a new era of prosperity for the State.

The people of the State must have readily been dazed at the rapid pace at which the dynamic personality of its Dewan Saheb, Shri K. S. Banerji, M. A. (Cantab), has been negotiating the State's economic vehicle. What really matters is work. That is the crux of the problem. It is certainly Rajkot's good fortune that, it has now at the helm of its affairs, one who is anxious to do something in the direction of improving the economic condition of the people. It is hoped that, the State will be able to do something to ameliorate the condition of the masses

We talk of social security, raising the standard of living of the people, making the people free from want and all these figure in plans for post-war reconstruction. It is hoped that very soon an era of prosperity will dawn on the citizens. As a result of

shortage of sugar and foodgrains, steps were taken by the Government of His Highness for the formation of a popular committee composed of leading public and business-men to manage and distribute foodgrains to the people at reasonable prices. With the help of the Agency, the State could secure foodgrains which are now distributed to the public similarly it hoped to do something to ameliorate the condition of the Ryots by giving irrigation facilities and sinking tube wells, to develop industries and improve facilities for transport and finally to provide for facilities for the spread of education. One may here say that Rajkot is lucky in having a College upto M.A., Standard and one may here refer to the good services of Dr. R. K. Yagnik who contributed not a little in making the College what it is to day. The State deserves the grateful thanks of the public for maintaining this institution inspite of its limited resources. Similarly with the accomplishment of the Thorala Irrigation Scheme, it is expected to reduce the entire dependence of the Ryots on the vagaries of the monsoon.

Sir Lakhajiraj Industrial Town

It is expected to develop industries in the proposed Sir Lakhajiraj industrial Town. There is great scope for mining, woollen mills and several other enterprises. When they are developed the standard

of living of people is bound to improve. A model town will, it is expected, soon grow within the State limits on the lines of Tata Nagar with the result, as Rai Bahadur A. C. Das, the Director of Industrial Undertakings, Rajkot State, rightly says, the public mind of this side of the State will be educated to such an extent that the entire State will find that their people also have been trying to come up to the level of the industrial town. The progress of the State will then be so rapid that what could not be achieved during three decades can now be achieved in a few years. With the development of Cheap Electric Power, Cottage Industries can also be developed giving employment to the abundant labour force we have in the State.

The present writer looks forward with confidence a bright and hopeful future for Rajkot. The human element is the most important and Rajkot is fortunate not only in its merchant princes who have attained eminence in the field of commerce and industry but also in its Government which at the present moment is guided by one who has both vision and judgment. Let all wellwishers help the State and co-operate with its schemes.

Even though the present Highness assumed the responsibilities of administering his State in difficult

times, still from what he has been able to bestow on his subjects, one can easily say that great hopes are centered on him. The future will furnish the justification of those hopes and his rule will surely bring years of progress for the people. One may here recapitulate the words of His Highness Shri Pradumnasinhji at the time of his accession to the Gadi "It will be my constant and anxious endeavour to remain in touch, with all classes of my people as a Captain would with his team and to promote the happiness and the prosperity of the subjects now committed to my care. I need hardly point out that in this connection, the wise and farsighted traditions of my late lamented father of glorious memory shall always be my light and guide."



CHAPTER II.

Grow More Food Campaign.

Kathiawar, the land of small States has in recent months experienced food shortage and thanks to the recent decision of the Government to supply grains, a food crisis has been averted. The problem of growing more food crops and their equitable distribution are naturally the most important problems to be tackled

and Rajkot State, the nerve centre of Kathiawar, has given a lead in the matter as can be seen from the next chapter.

Immediately after rice imports were stopped and the State could not get sufficient supplies, the cultivators were asked to grow more paddy and a crop of 46,092 mds was produced in 1944 as compared to 15,842 mds. in the previous year. Rajkot requires about $1\frac{1}{2}$ lakhs of mds. per year and it is hoped to make the State self sufficient in a few years.

Cultivators has been discouraged from growing commercial crops like groundnut and those who brought waste lands under cultivation of food crops are exempted from irrigation charges. Facilities for credit in the form of loans are given by the Agricultural Bank of the State. The State has also agreed to purchase surplus crops from cultivators, Difficulties of marketing and the unsocial activities of the middlemen have been, thus, reduced to the minimum

It may be added that the scheme of attachment has aggravated the situation, since Rajkot City, used to receive its supplies chiefly of food grains and other articles of daily consumption from the Talukas which have since been attached to other States. It is said that because the attaching States are placing export

restrictions, a complicated situation has no doubt arisen. The remedy really lies in the revision of the attachment scheme so that we can take the advantages of regional planning.



CHAPTER III.

Distribution of Food Grains in Rajkot State.

While in Europe and other Western Countries, planned rationing systems are based on balanced diets which include in their schemes, the main energy giving constituents—carbohydrates and fats, it is unfortunate that we in India have still to do a lot in this direction and the recent publication 'Food Rationing and Supply' 1943-44 issued by the League of Nations serves as an eye opener to this country. In those countries, the importance of other items like proteins, minerals and vitamins is appreciated and attention is paid even to the percentage of vegetable and animal food in various diets. They, no doubt, form a very interesting study to us in India. We must realise that it is not enough if we grant a certain ration per head of population.

Differentiation of rations may be made qualitatively and quantitatively. For example persons employed in work requiring great physical activity receive in most countries more energy producing foods while sick persons, children, and others receive protective foods such as milk, fruit, etc. While in some countries, rationing is introduced as a result of the food shortage, in other countries like U. S. A. the need for rationing has been felt on account of fuller employment and higher earnings, coupled with the demands of armed forces and Lease and Lend etc.

The reasons for rationing are not far to seek in India. The country has been confronted with a food shortage and rationing has been mainly introduced to see that there is equitable distribution of food grains among all the classes. Rationing as Prof. Vakil rightly says, is a device to introduce planned distribution in place of the usual unplanned or automatic distribution.*

Rajkot City, the capital of the Rajkot State has a population of more than a lakh and being a small State could not be self sufficient and in view of restrictions, difficulties of transport, etc. the State was experiencing an acute shortage of commodities and the prices of commodities were soaring like anything

* Price control and Food supply P. 114

and the poorer classes, no doubt experienced great hardships. The State, therefore, represented to the Government, that quotas of food grains might be granted to the State and thanks to the prompt action taken by the Government, the State received its quota of food grains, wheat, bajra, and rice.

It was felt by the State authorities that mere getting supply is not enough unless there is equitable distribution. There were naturally three alternatives before the State. One was to allow the normal trade channels to distribute them to the public at fair prices. But experience has shown that they could not be much relied upon for this, particularly when there was an acute shortage. The second alternative was for the State to undertake the responsibilities itself. The authorities felt that that such a system however efficient it may be, could lack in one important requisite viz. co-operation from the public. That is why the State adapted the third alternative of entrusting the work of distribution to a popular Essential Commodities Managing Committee consisting of representatives public and leading business men with the Dewan Saheb of the State as the Chairman. This was, no doubt, a bold step, since no other State adapted such a method till now.

Rationing Cards are made the basis for issue of rations. As the quota received from the Government were inadequate, each person was supplied in the month of January 10 lbs. of wheat, 5 lbs. of millet and 5 lbs. khichdi. This had, no doubt, a salutary effect upon the price level of food grains in the open market. At once the prices went down and the public were thus not only ensured a minimum of subsistence but were helped to get commodities at reasonable rates.

Finance is also another vexed question. But the State and the committee have made arrangements for the necessary finance to the tune of over two lakhs. The Committee opened 87 shops and from each shop a deposit of Rs. 1,000/- was collected. Besides, the State has also agreed to give credit facilities upto 5 lakhs through the Rajkot State Bank at a nominal rate of interest and in this way all these difficulties were eliminated.

The following are some of the rules governing the grant of License to the opening of Rationing Shops ;—

- (1) The merchant who wishes to sell the goods of the Samiti, will not be permitted to sell or store any other goods except those supplied by the Samiti.

- (2) The merchant who wishes to sell the goods of the Samiti, will have to deposit Rs. 1,000/- against the license of the Samiti and an interest of 3% per annum is given on the sum deposited.
- (3) The license-holder of the Samiti will have to keep a Board at a conspicuous place showing the rates of the goods supplied by the Samiti.
- (4) In order to check whether the merchant sells the goods at the fixed price, keeps account properly etc., some persons will be appointed by the State. Over and above the members of the Samiti, some persons will also be appointed by the Samiti. These persons will be authorised to get any necessary information and check or audit the accounts whenever they think fit.
- (5) The Samiti gets the goods weighed in the presence of the merchant and will give the delivery of the goods at the shop concerned at the Samiti's expenses. The merchant will have to sell the goods at the prices fixed by the Samiti and Samiti gives the commission of Rs. 0-0-6 per rupee.
- (6) The Samiti can cancel the license or forfeit the deposit for violation of Rules.

When applications are received from merchants to open more shops, the criteria for the grant of a license is honesty, integrity, willingness to abide by the rules and charge the rates fixed by the Committee. Their accounts are audited every month and in addition, the Committee has appointed Inspectors to go on supervision, inspection and to look into the complaints of the public which are disposed off immediately. The present writer who had the opportunity of visiting all the shops in the company of the Honours and post-graduate students in Economics of the Dharmendrasinhji College, cannot but say that the whole system is working along desired lines. The over head charges are practically little, the Committee taking $1\frac{1}{2}\%$ for management and the retailers being given 2 pice in the rupee for distribution.

The public can take food grains once a month or every week so that poor people are not put to any hard-ship.

The scheme has been extended to the villages so that the whole State is getting the benefits of equitable distribution of food grains.

Conclusion.

The present writer feels that the scheme of distribution is based upon sound economic principles,

and since the State has got the final authority in the matter with the Dewan Saheb acting as the President, it can be made to work along desired channels. It may be mentioned that, the committee is representative and the members are animated with the spirit of service. The only point is that only the commodities received on the quota system are distributed to the public which are, of course, inadequate to their needs. The alternative is to control the prices of food grains in the open market. But experience has shown that far from helping the public, such a measure will only be increasing black markets. Even as it is, the distribution of food grains received on the quota system has a salutary effect on the price level of commodities in the open market, e.g. Bajra which was selling @ Rs. 12/- per md. in November 1944 is now sold in the open market @ Rs. 7/- per md.

It may not be out of place to mention that Rajkot State has given a lead to the rest of the Indian States, by taking the co-operation of the public in this difficult task which will be watched with interest elsewhere and by doing so has earned the gratitude of the public. The only suggestion the present writer would make is that a study of the problem of ensuring a balanced diet to the people should be made so that the food that we take is

ensured of the necessary elements. The successful administration of rationing is an art by itself. Account has also to be taken of the different needs of adults, children, workers, sick people etc. The differences in rations, thus, necessarily are not mere quantitative but also qualitative. We have, therefore, to adapt a wide variety of rationing systems. In some cases, the total quantity has to be fixed while in some other cases, the total value is to be laid down.

Any system of rationing, to be successful must be in a position to get adequate supplies and the second requisite is, that as far as possible the co-operation of the existing trade machinery should be taken.

The task of organising the food supply of the people and controlling it is, no doubt, difficult and unless there is a central co-ordinated plan for increasing production, distribution, transport, and public co-operation not much can be done. Such a policy may be dictated by the exigencies of the situation but it is possible that in the time to come it may proceed from a newer sense of values.



CHAPTER IV.

Textile Control and Cloth Distribution in Rajkot.

At a time when revolutionary changes in the existing system of distribution are envisaged as a result of the recent scheme of Distribution evolved by the Government, there is no doubt a great feeling of consternation among merchants, majority of whom, it is feared will be eliminated. This drive is no doubt due the desire of the Government to check black marketing. The question arises as to why the Government have not been able to smash this steel ring of profiteers. While food grains which are perishable can not be stocked for long, cloth can be preserved for years. The point to be considered is whether it is better to do away with normal trade channels. While no objection need be taken to the elimination of superfluous trade channels, it can't be so curtailed as to reduce it to a state of paralysis. This is no doubt the reaction of the commercial circles.

Rajkot State, which is the biggest trade centre of Kathiawar has been able to organise the whole distribution scheme taking the aid of the normal trade channel, and at the same time stopping the activities of black market. The Cloth and Yarn Control order

of the Govt. of India, 1943, was applied to the State in June, 1943 and due to lack of uniform action by other States, the task of eliminating black markets became rather difficult in the beginning. Due to mistakes of some maritime States, the Government of India imposed a ban on the import of cloth into Kathiawar and after good deal of agitation, the Textile Commissioner declared that 12 yds of cloth per head per annum would be available, out of which, only 5% would be fine cloth. Black market for fine cloth was at once on the increase and the State authorities put the entire stock under rigid control. Shri K. S. Banerji, M. A. (Cantab), the present Dewan Saheb of the Rajkot State, immediately after he assumed charge of the State, issued orders that not a single piece should remain without Tex-mark and priced and the State, therefore, took all steps to check the unsocial activities of the traders. This practically changed the whole atmosphere for the better.

Even as regards Distribution, it may be mentioned that without the whole hearted co-operation of the Rajkot Cloth Merchants' Association, it would have not been possible to stop the activities of the black market. In fact, they themselves passed a resolution that any body found violating the accepted principles would lose his quota, heavy deposits etc.

This had a salutary effect. It may not be out of place to mention that, control can be effective and successful only when a particular profession or trade appreciates their moral responsibility to the public. Here, tact, is no doubt, necessary.

The Rajkot State handled the affair very tactfully. Cloth is handed over to the Cloth Merchant's Association at ex-mill plus 4% which in turn distributes to its members (without charging any thing extra) with the clear understanding and guarantee that they will comply with the Control Order in all its aspects. By this arrangement, even though, there is no import of cloth from British India since 10 months, cloth is available even at the remotest village of the State. The Additional Textile Commissioner, Rai Bahadur A. C. Das, tells me that the said Association has formed an Advisory Committee and Price Committee and by setting up these and by their efficient functioning, his difficulties in attending to each and every dealer individually in the State have been reduced considerably. The scheme of distribution of cloth recently proposed by the Government of India has been much criticised and one feels that in matters like these, the Government should adopt a compromising attitude and the working of the scheme in Rajkot with the co-operation of normal trade channels

shows that we need not necessarily suspect them. The State has, indeed, started a few fair price shops so as to serve as a barometer of the fair price to be offered to various varieties of cloth. Besides, the dealers cannot say that any particular variety is out of stock.

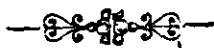
It is deplorable that on one hand there is ban on import of cloth into Kathiawar, and on the other hand, the States have to comply with the Textile Control Order. It is no use saying that States are inefficient. Some States like Rajkot at least have shown that they can do exceptionally well under such trying conditions provided they are given an opportunity, to show themselves.

It may be pointed out that we should not satisfy the big business magnates only. Further, in matters like these, Provincial Governments and states cannot cope with this work. Unsocial activities can't be checked by fiat, statements, etc. Another remedy, suggested, is the organisation of distribution of cloth on co-operative basis. The history of co-operation in this country gives an example of what can be done by this way. Consumers' co-operation has still to develop in this country. In the meanwhile, it is better we evolve a scheme on the lines of the one evolved and worked out in Rajkot State. This scheme needs no doubt improvement, which can easily be done.

The interests of the consumers are no doubt sacred. But the Government should ask the normal retail sellers to organise themselves into Registered Associations and look into Distribution work under severe restrictions. If all these fail, then by all means the Government can undertake the work themselves. But there is a limit to the Government undertaking all types of work. The trade channel which chokes up all avenues of distribution should be toned up and not eliminated.

Another important problem, peculiar to Rajkot is that there are 1000 hand dyers and printers here and owing to embargo on the import of fine cloth, they are thrown out of employment. It is still possible to supply cloth to them and take it back to be sold in British India, thus giving gainful occupation to them.

In all these matters, one feels that a certain amount of sympathy is needed, without which the post-war prospects of the Indian Textile Industry will be dark.



CHAPTER V**Conclusion:**

It may also be added that Rajkot State has launched a drive against profiteering and black-markets. A number of cases under Hoarding and Profiteering Ordinances were detected. It is said that public generally do not complain to the authorities. In order to bring to book these unsocial activities, the authorities have devised the method of sending detectives with marked currency notes and after the purchases are made, a vigorous search is made. The State is doing its best in soliciting the co-operation of the public in the matter. In other matters like control of the prices of vegetables, etc. the State is striving its best.