

WAR TIME PRICES.

Since the outbreak of war the cost of living has risen to a considerable extent both in belligerent and in neutral countries. The rise has been most marked in enemy countries, especially Austria. The expensiveness of necessaries of efficiency and of conventional necessaries has become a frequent topic of conversation. It has been ventilated in the press in the United Kingdom and to a less extent in other parts of the British Empire. India, although far from the scene of action in Europe, did not escape the consequences of being closely linked to world markets, and she has, especially since 1917, shared in the general rise in prices. In addition to the countries of the British Empire, the rise has been very noticeable in the twenty-four countries which have declared war on Germany, in the seven which have broken off diplomatic relations, and in other neutral States. Of all countries, however, India has been in regard to food supplies one of, if not, the most fortunate. This is the broad impression that emerges from an examination of the price returns of India and other countries.

It is difficult to estimate the exact fluctuations of food prices in India, but it is essential to get over the elusiveness of the material by reducing the data to the humdrum dullness of definite statistical statements, and by the use of what is known as Index

Numbers. In an Indian bazaar, some men go in one direction, some in another, and at varying rates of speed. So it is with prices. Some go up, and some go down, and the rapidity of the rise or fall varies according to the commodities. A period is selected as the standard—in this case the period immediately preceding the war (July 1914)—and with the prices of this period comparison are made with prices in subsequent years, the prices being expressed in the different years as percentages of the prices of the commodities in the standard or basic period. These index numbers are of great value since they show the comparative rise in each country, province, or port, but it is only fair to add that such index numbers have their limitation especially in war time in showing the average rise of prices. These index numbers do not show the *relative* prices in different ports, provinces, or countries, since the articles, for example, in Calcutta which make up the index numbers are not the same as those elsewhere, and 100 in the standard period does not accordingly represent the same price in different markets. It is necessary to mention this by way of a caveat in order to prevent economic Hotspurs from leaping to hasty conclusions. The data regarding Indian prices are mainly compiled from the Prices Current, published by Chambers of Commerce, and the fortnightly returns received in the Department of Statistics from the majority of the 267 districts in British India and from Native States such as Mysore.

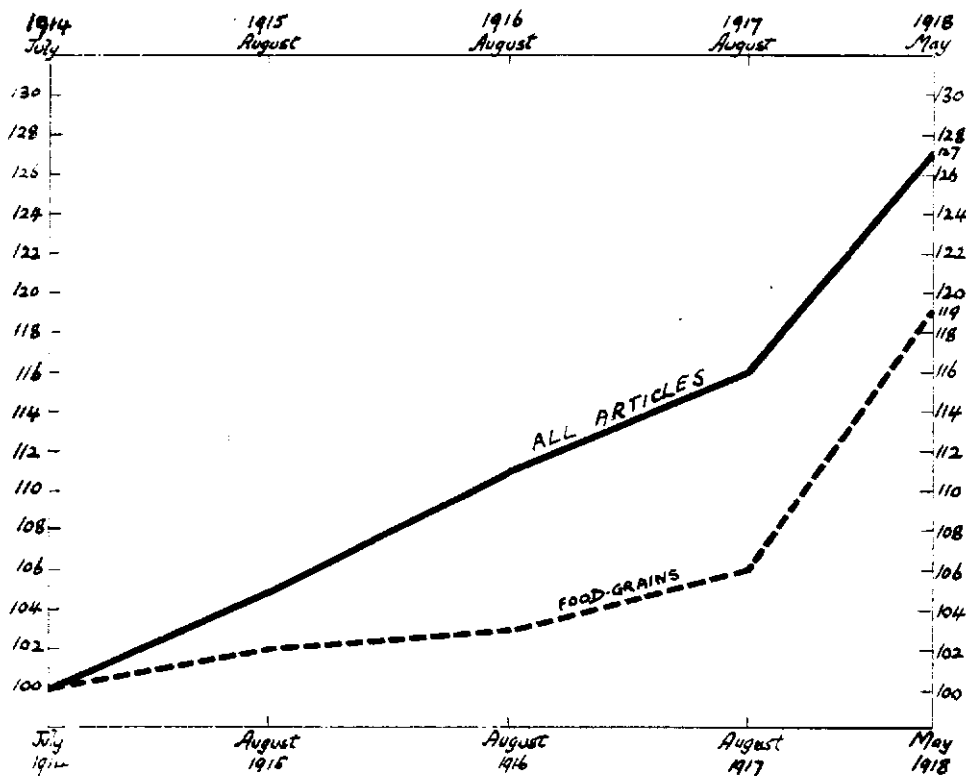
Retail prices in Indian ports at the end of May 1918 were, as compared with the prices prevailing at

the outbreak of war, 27 per cent. above the pre-war level. The rise in each of the ports was as follows:—

			July 1914	May 1918.
Calcutta	..	..	100	122
Bombay	..	..	100	140
Karachi	..	..	100	136
Madras	..	..	100	116
Rangoon	..	..	100	123
India	..	..	100	127

A diagram will make clear the upward movement which has taken place since August 1917.

RETAIL FOOD PRICES.



The rise in the items which enter into the family budget of the Indian consumer are summarised in the following table in such a way that he who runs may read and reading understand.

	MAY 1918.					
	July 1914.	Calcutta.	Bombay.	Karachi.	Madras.	Rangoon.
Foodgrains —						
Cereals	100	109	155	139	112	82
Pulses	100	101	128	120	..	115
Sugar	100	177	154	191	..	114
Salt	100	200	136	152	159	150
Ghi	100	150	129	127	..	100
All articles of food ..	100	122	140	136	116	123

The Indian, unlike the European, is in the main, if not entirely, a vegetarian, and he consumes chiefly foodgrains, salt, milk, and vegetables. It is unnecessary, therefore, to weary one by calling attention to a very well-known fact that these retail prices consist largely of these articles. The index numbers are unweighted, *i.e.*, the articles have been given an equal importance in the general average. They have, however, been indirectly weighted since more than one kind of foodgrain has been included.

Owing to good monsoons, Indian prices of food at the present time have not risen, in spite of the

insistent demands from abroad, to the extent that prices have risen in most belligerent countries. The price of rice is actually lower than it was at the outbreak of war. The wholesale price of wheat at the end of May 1918 was 24 per cent. above the pre-war level, a small rise as compared with the price of cereals in England and other countries. The average price of the lesser important foodgrains, barley, jowar, bajra, maize, and arhar dal (which are not ordinarily exported to any very great extent) rose only 16 per cent. An examination of the wholesale prices in Indian provinces, of cereals and pulses, ghi, raw sugar, and salt at the end of May 1918, as compared with the pre-war month (July 1914) shows that the all-India rise was as follows :—

	Per cent.	Per cent.	
Salt	92	Barley	11
Jowar	59	Gram	4
Ghi	31	Maize	5
Wheat	24	Rice	5
Raw sugar	14	Arhar dal	2

The price of salt rose in the first instance owing to the very large decrease in the imports from abroad ; it was inflated by " cornering " and profiteering until Government took effective steps to check these illegitimate operations. Bengal, Bihar and Orissa, and Burma depend, it will be remembered, on imported salt. Last year on account of the great scarcity in tonnage the imports into India declined to 337,000 tons, the pre-war quinquennial average being 545,000

tons. Salt in ordinary years is carried to India almost from necessity rather than from choice, standing as it does between ballast for which a ship has to pay, and the least remunerative cargo. With the great scarcity of ocean freight at the present time the decrease is easily understood, and it resulted in the prices of Indian as well as foreign salt soaring to a considerable height, the rise being in Bengal (130 per cent.), Assam (119 per cent.), Delhi (118 per cent.), the Punjab (108 per cent.), the Central Provinces (99 per cent.), the United Provinces (91 per cent.), Burma (82 per cent.), the North-West Frontier Province (66 per cent.), Madras (64 per cent.), and Bihar and Orissa (46 per cent.). This rise in prices especially in Northern India brought about abnormal demands on the salt producing areas, notably the salt lakes of Rajputana and the salt mines of the Punjab. The average price of wheat in all provinces except Bihar and Orissa was higher than the pre-war rate, Bombay, Sind, the Punjab, the Central Provinces, and the North-West Frontier Province showing a rise of from 20 to 58 per cent. The good harvest made it possible to buy for export on behalf of the Royal Commission during last season (*i.e.*, May 1917 to April 1918) over 1,578,000 tons. The Punjab supplied 814,000 tons, the United Provinces 457,000 tons, Bombay 98,000 tons, the Central Provinces 93,000 tons, Sind 58,000 tons, and Central India 42,000 tons. The price of rice in Bengal, Bihar and Orissa, and Assam at the end of May 1918, was 40 per cent. below the level at the outbreak of war. Bombay, Sind, the North-West Frontier

Province, the Punjab, the United Provinces and the Central Provinces (which are not predominantly rice-growing tracts) were the only provinces which did not show a fall in the price of this cereal. The small rise in gram is of considerable interest in view of the large exports that have taken place during the year, over 325,000 tons having been exported as against less than 38,000 tons in the previous year. The rise in sugar after the outbreak of war was a direct result of the war as imports were greatly reduced as compared with those of the pre-war period. With the exception of cotton piece goods, sugar is India's largest import. The imports for the year ending March 1918 were 458,000 tons as compared with 800,000 tons in the pre-war year, and 633,000 tons the pre-war quinquennial average. Owing to a large increase over the imports of the previous year, prices fell. The movement in the prices of the more important of the articles referred to above are shown in the following diagrams:—

5. The comparative smallness of the rise in retail food prices as compared with the rise of prices in countries abroad has already been referred to. The increase in these countries has been as follows:—

	Per cent.	
Vienna.. ..	173	(Aug. 17).
Berlin	111	(Nov. 16)*.
Norway	130	(Nov. 17).
United Kingdom	106	(End of March 18).
Portugal (Lisbon)	100	(Oct. 17).
Sweden	100	(Nov. 17).
Switzerland ..	90	(Dec. 17).
France (Paris)	84	(Oct. 17).
Denmark (Copenhagen)	73	(Feb. 18).
Italy	72	(July 17).
Canada	67	Jan. 18).
United States	53	(Dec. 17).
Holland	41	(Sep. 17).
New Zealand ..	31	(Nov. 17).
Australia (Commonwealth).	29	(Jan. 18).

The figures for Berlin and Vienna no longer afford any index to the state of supplies, and being based on artificially fixed maximum prices, are not comparable with statistics which are mainly based on prices in a free market. For all the articles enumerated for Berlin and for most of those for Vienna, consumption is very strictly controlled by a system of rationing. The increase in some of the important articles of consumption in India as compared with

* Latest available return.

the United Kingdom, the United States, Italy and Canada, are as follows:—

Index Number of food prices in foreign countries
Prices in July 1914=100.

Articles.	United Kingdom, 2nd April 1918.	Italy, July 1917 (latest available).	United States, 15th December 1917 (latest available).	Canada, January 1918 (latest available).	India, 31st March 1918.
Sugar	287	..	181	194	159
Milk	201	139	149	140	128
Butter	207	..	158	182	127
Cheese	191	..	..	157	181
Bread	154	128	151	181	123
Flour	152	127	209	197	131
Tea	179	..	..	134	122
Eggs	311	..	211	221	114
Fish	319	..	..	..	87
Bacon	240	232	178	176	..
Mutton	219	..	..	149	112
Beef	217	223	123	131	104
Potatoes ..	137	..	107	145	102

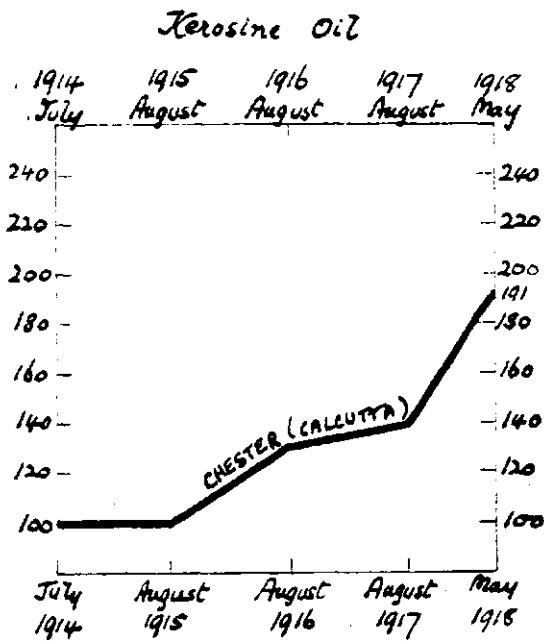
So far attention has been confined to articles of food and we have seen that food prices in Indian ports

have increased by 27 per cent. The rise of prices of food-grains in India at the end of May 1918 was 25 per cent. as compared with last year, and 14 per cent. only as compared with the price at the outbreak of war. Rice was actually lower than the pre-war level, and wheat was 24 per cent. higher. The rise in salt was, for reasons already explained, phenomenal.

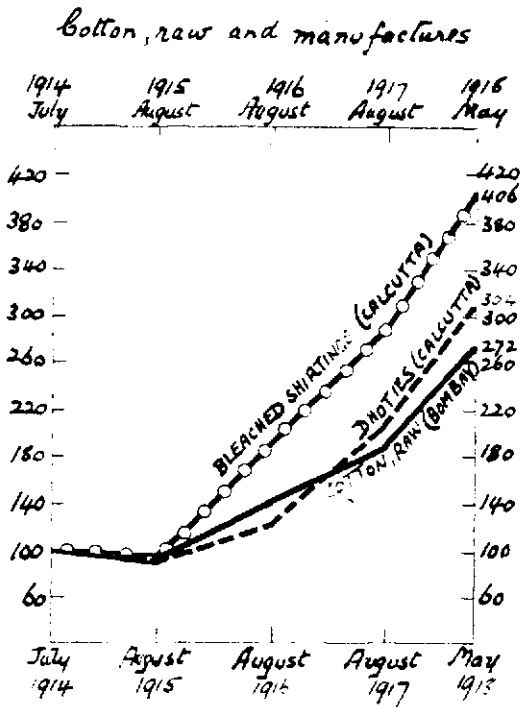
We may now turn to other articles of consumption. Piece goods have risen very considerably owing to the fall in imports, and to the inflated value of cloth produced in India owing to speculation in cotton and a short supply. Government have now taken steps to prevent speculation in cotton, and have under consideration measures to keep the price of Indian cloth within reasonable bounds. Dhotis and saris which could be bought for Rs. 2-4 per pair before the war are now Rs. 5, and prices for piece goods generally are approximately three times higher than the rates before the war. In some cases, notably in regard to bleached shirtings and coloured yarns, the rise is even more. The imports of piece goods amounted to 1,500 million yards in the year ending March 1918, as against over 3,000 million yards in the pre-war year. This large decrease of more than 50 per cent. accounts for the large increase in price. The imports into all provinces except the Punjab, the Central Provinces, and Sind, were less than in the corresponding period of last year. Owing to (1) the limitation on the import of raw cotton into Lancashire

to save shipping, (2) the demands by the Army for men and women for war purposes, and (3) the considerable orders for the armies of the Allies, production in Lancashire has been curtailed. Instead of prices in India differing from those of Lancashire from 5 to 10 per cent., Manchester prices at the present time are actually 25 per cent. above Indian prices, and it has become impossible for importers, owing to the non-responding of Indian prices to Manchester prices to obtain normal supplies. At the present time, stocks of piece goods are perhaps lower than at any period within the living memory of the trade. The position, for example, in Calcutta at the present time is approximately 90,000 bales or packages as against 120,000 this time last year and 250,000 the pre-war normal. The rise in kerosene prices is due mainly to the decrease in the imports of kerosene oil into the different provinces of India on account of the scarcity of ocean freight. The cause of the rise in dealers' prices, as distinguished from Oil Companies' official rates at sub-agencies, has been due to the falling off in supply which has resulted in a demand far exceeding the supply. Dealers (who, it should be remembered, are not controlled by Oil Companies) have increased their rates to as high a point as the consumers will pay. Steps are now being taken by Local Governments to keep dealers' prices within reasonable limits, and the consumer will thereby be enabled to purchase his supplies at a price nearer to the official rates at which

the oil companies sell to dealers. The rise in May 1918 as compared with the pre-war level is illustrated by the following diagram :—



The prices of raw cotton are about three times the price prevailing at the outbreak of war, while the price of jute manufactures but not that of raw jute has similarly increased.



40 points (100 = price 1914)

The rise of prices of articles of national importance as compared with the level at the outbreak of war are given below. This table illustrates clearly the effects of the war on prices.

Percentage fluctuations in wholesale prices at the end of March 1918, as compared with the pre-war level (100=price at the end of July 1914.)

	Calcutta.	Bombay.	Karachi.	Madras.
Foods-grains—				
Cereals	89	147	132	97
Pulses	95	105	125	110
All food-grains	92	137	131	103
Sugar	181	163	198	149
Tea	104	..	..	..
Other articles of food including				
salt	225	199	260	182
Salt	507	162	260	148
Oilseeds	90	99	106	105
Oils	80	..	..	93
Jute—				
Raw	59	..	..	..
Manufactures	301	..	288	..
Cotton—				
Raw	335	318	343	290
Manufactures	311	262	240	289
Silk, raw	150	137	..	..
Wool, raw	136	..	137	..
Hides and skins	99	96	80	101
Metals	291	537	690	610
Other raw and manufactured				
articles including coal and				
kerosine oil	180	201	167	175
Coal .. ..	..	271	172	254
Kerosene oil	160	166	164	167
Teakwood	146	..	..	..
General Average	175	228	220	241

The scarcity of tonnage and the consequent rise in freights, the restriction in exports and imports of commodities, the heavy demands for certain articles on the part of the belligerents are important causes of the rise of prices at the present time. The cardinal fact is that we are dealing mainly with a world problem. Thanks to good monsoons and an insistent demand on the part of the Allies for products of vital importance produced at the present time to a large extent in India, this country has been able to enjoy a large measure of war time prosperity, notwithstanding the great difficulties in securing adequate supplies of necessaries imported from abroad, such as piece goods, kerosene oil, and salt. To prevent profiteering, the Government of India have already taken powers under the Defence of India Act to check any unreasonable rise in prices by controlling the supply of any commodity of general use by notification in the *Gazette of India* or in the local Official Gazette and by prescribing the maximum price at which such commodity may be sold. This was necessary because although the question of high prices is a world problem, there are various local and controllable factors in the problem to be taken into account.

