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RESEARCH NOTES

AGRICULTURAL DEVELOPMENT PLAN IN YUGOSLAVIA: 1957-'61

The main objectives of the agricultural development programme under the Plan of Long-Range Economic Development of Yugoslavia for the 1957-1961 period are to improve the food supply of the population, to secure the necessary amount of raw materials for the industry and, by improving the ratio between the import and export of agricultural products, to lower the deficit in the balance of payments. Furthermore, the stabilization of agricultural production is to remove, as far as that is possible, the former fluctuations in the level of the national income.

In comparison with the 1951-1955 average, total agricultural production is expected to increase by 37.1 per cent by 1961. Of this, the production of crops is to increase by 51 per cent and that of livestock by 53 per cent. In other branches, however, this increase will not be quite as steep. Thus, fishing is expected to augment its production by 30 per cent, and wine-growing by only 6 per cent. Fruit-growing will retain the level it had so far, while the processing of agricultural products (dried fruit, jam, cheese) is expected to be reduced by 17 per cent. These differences in the level of production of individual branches are the result of several factors. The bulk of investments and most of the organizational and technical resources are to be put into the two basic agricultural branches—production of crops and of livestock. With regard to fruit-growing and wine-growing, the investments made in these branches require three to five years before they can produce results, which means that their impact upon the growth of production will only be felt after that term. Another factor affecting the level of production of these two branches is the damage caused by frost and cold upon fruit trees and vines in 1956. As for the food processing industry, production in this branch will decline because new factories in which fruit and vegetables and other agricultural products will be processed in an up-to-date way, are now being built. The Plan has provided the necessary funds for this.

It is interesting to note that despite the comparatively high growth of production, the share of agriculture in the overall national income will not increase in comparison with the previous period. On the contrary, in view of the rapid development in other fields, namely of the economy as a whole, the share of agriculture in the national income will be reduced to 23.6 per cent in 1961 as compared with 25.7 per cent in 1956.

The increase of agricultural production is to be attained mainly by intensive cultivation of land, since the possibilities of reclaiming new areas are very limited. According to the Plan, the value of agricultural production per hectare of agricultural area in 1961 is to increase by almost 35 per cent as compared with the 1951-'55 average, and by 36 per cent per hectare of arable land.

The increase of agricultural market surpluses is to be even higher. A special role in this respect will be played by the development of large-scale socially-owned farms whose entire production will be for the market. The growth of production which is to be attained through co-operation between the individual producers and the co-operatives will also constitute a market surplus.

In spite of the targeted increase of yield per hectare of land, Yugoslavia in 1961 will still be lagging behind the more developed agricultural countries. According to the Plan, the yield of wheat is to increase from the average 10.8 metric quintals (quintal = 100 kilograms) per hectare in the period between 1951 and 1955, to 16.9 metric quintals per hectare in 1961. However, when compared to other countries, the increase is not very high. As for maize, Yugoslavia with the planned output of 22 metric quintals per hectare would exceed the yields per hectare attained by Hungary in the period from 1948 to 1952, but would fall below those achieved by Italy during 1954-55.

Considerable investments have been earmarked for the growth of agricultural production. Under the Plan, investments into the basic equipment required by agriculture will amount to 343 billion dinars, while investments into various agricultural services and for different measures aimed at promoting agriculture will amount to a further 40 billion dinars. This, however, does not exhaust the entire sum which in the coming period (1957-1961) is to contribute to the development of agriculture. Apart from investments to be made directly into agriculture, investments will also be made in other branches of the economy which, in an indirect way, will affect the promotion of agricultural production. Thus, of the investments to be made into industry, 134 billion dinars will go into those industries which are to help step up agricultural production, either in the course of the 1957-1961 period, or after. These funds will be used for the development of the food industry, for the construction of factories of artificial fertilizers, of agricultural machinery, factories for the production of fodder, etc. Of the overall investments allocated to commerce, 70 billion dinars will be used for the construction of refrigerator and storage plants, of plants for the processing of agricultural products and for other projects which will help promote trade in agricultural products. A part of the funds for the development of transport will be used for the construction of so-called auxiliary roads which will improve communications between agricultural areas and the market. Investments amounting to 35 billion dinars to be used for the regulation of rivers, for measures against floods and land erosion, may also be regarded as investments closely affecting agriculture. Total investments in agriculture and other fields—those which directly or indirectly are to contribute to the promotion of agriculture—make up one-fourth of the overall investments which, under the Plan, are to be made into the economy in the period between 1957 and 1961.

The investments mentioned so far refer only to those which are to be made from public funds and used by agricultural organizations directly and by individual farmers indirectly. However, to these, we should add the investments which will be made by the individual farmers out of their own funds. It is estimated that investments to be made by individual farmers in the 1957-1961 period will amount to over 200 billion dinars. Thus, total investments, *i.e.*, those to be made out of public funds and out of the funds of individual producers will amount to approximately 22.1 per cent of the income derived from agriculture, or to 12.2 per cent of gross agricultural production in the period between 1957 and 1961. In this respect, Yugoslavia will surpass the more developed countries. An investment outlay of this magnitude is essential to secure the necessary material basis for the development of Yugoslav agriculture.

The Plan also provides for the use of the available means of production by the co-operatives in association with individual producers, and by the peasant production co-operatives and socially owned farms. In fact, this concentration of available means of production and their use in accordance with the instructions of agricultural services and alongside the application of modern technological processes, will make it possible to achieve the comparatively high targets. It is for this reason that, according to the estimates of the Plan, the average annual rate of growth of agricultural production will not be the same in all areas. In the grain-growing areas it is to amount to over 10 per cent and in the southern areas even up to 14 per cent. As for the peasant work co-operatives and State-owned farms, their production in comparison with that of 1956 is to increase by about 122 per cent in 1961.

The investments for the basic and revolving funds targeted by the Plan and the sums allocated for purchases to be made out of import quotas, will make it possible to increase the number of tractors from 14,700 in 1956 to 40,000 in 1961, the number of combines from 240 to 4,000, the use of artificial fertilizers from 560,000 tons to 2,400,000 tons, plant protection chemicals from 22,000 to 36,000 tons. The basic capital investments will make it possible to effect irrigation work over an area of 600,000 hectares (of which work on 360,000 hectares is to be completed by 1961, and on the remaining area by 1963), to carry out land improvement schemes on 750,000 hectares of pasture land, to lay out new fruit orchards over at least 50,000 hectares of land and new vineyards over 25,000 hectares.

By the end of 1961, it will be possible to mechanize over 3 million hectares of land or on almost one-half of the total arable area. In 1961, there will be one tractor to 190 hectares of arable area. It is estimated that some 310 kilograms of artificial fertilizers will be used per hectare of arable land. Alongside the use of machinery on a large scale, more attention will be given to the use of various chemicals and higher quality seed. Measures have already been undertaken to secure the necessary quantities of selected seed, at least for those areas which are to be cultivated with machinery and on which artificial fertilizers are to be applied.

Deep ploughing, intensive fertilization and the use of selected seed and modern chemicals for the protection of plants and crops over increasingly large areas will, in fact, mean abandoning the hitherto used peasant mode of cultivation and introducing more up-to-date methods of production in agriculture. The increased production in agriculture, especially of maize and fodder, will also contribute to the development of livestock breeding. This latter branch of activity will be promoted by a wider application of veterinary measures, as well as by the introduction of various other technical measures, such as mechanization, artificial insemination, etc.

In order to accomplish the tasks facing agriculture, both with respect to higher production and with a view to achieving the targets set by the Plan, it is essential to make provision for adequate capital investments. The system of economic measures which will provide an incentive to the producers and producing organizations to invest more funds and put in greater efforts into production, is of no

lesser importance. These measures which are passed on the basis of current decisions or annual economic plans, refer to the prices of agricultural products and prices of means of production used in agriculture, to the credit and taxation policies, etc. All these measures, however, are to act in favour of the development of agriculture.

The prices of agricultural products have, since 1953, been rising more rapidly than the prices of industrial products. This has, on the whole, had a stimulating effect on the farmers. The index of the prices of agricultural products (100 in 1938), increased from 1,403 in 1952 to 2,191 in 1957. As against this, the index of prices of industrial products which in 1952 was 1,823 had by 1957 increased only to 1,991. The difference between the prices of agricultural products and those of industrial goods diminished from year to year in favour of agricultural products. In order to guarantee further security to the farmers with respect to the sale of their products, guaranteed minimum prices, calculated on the basis of costs of production, have been established for certain products, while decrees are now being worked out under which guaranteed protective prices will be extended to a number of products. This will eliminate the disparity of prices between different agricultural products which fettered the more rapid development of the production of certain important commodities. In this connection it should be recalled that in order to stimulate the use of certain industrial products as means of production in agriculture, the State grants subsidies to cover the difference between the costs of production and the sale prices of these goods. The amount of these subsidies follows the movement of prices and changes according to the level of productivity. Larger subsidies are granted for products that are being put into use for the first time. They are reduced after that product has been accepted by a considerable number of farmers and has shown its full effect in the level of production and income achieved. Thus, subsidies are granted for several types of farm machinery, fuel and lubricants, artificial fertilizers, plant protection chemicals, etc. The total amount paid out in subsidies in the course of 1956 alone was 17 billion dinars. This figure is estimated to have risen to 24 billion dinars in 1957 and is expected to reach 27 billion dinars in 1958, in view of the further increase of available means of production even though the percentage of subsidies will be reduced. This policy of subsidies has made it possible to increase the use of the means of production in agriculture.

It is also worthwhile mentioning the very stimulative taxation system which was introduced in the sphere of agriculture several years ago. Taxes are apportioned on the basis of the assessed value of income and not on the basis of the real income of individual producers. The entire production achieved through more intensive cultivation is, in fact, free of tax, which makes it easier for them to invest in agriculture. Various taxation facilities also provide an incentive to individual producers to make further investments. During the last few years the amount of taxes paid by individual farmers was far smaller than the amount of social investments.

Interest rates as well as the terms of repayment of loans are favourable for agriculture. The rates of interest are lower for agriculture than they are for other branches of the economy. These rates range between two and three per cent on fixed capital and amount to 2.5 per cent on revolving funds. It is also important to make note of the stability of the rates of interests.

The successful fulfilment of the tasks laid down by the Plan in the field of agriculture brings out the significance of scientific research work, of agricultural services and of personnel required by agriculture, and pre-supposes their further development and full participation in production. The lack of an organized agricultural service, equipped with the necessary means and linked with the producers' organization, was in the past one of the reasons for the difficult and slow introduction of more modern methods of production in agriculture. Although overall investments in agriculture were small in the post-war period, comparatively large funds were set aside for the establishment, construction and equipment of different projects required by agricultural services, thanks to which the network of scientific research institution, agricultural institutes and technical services is today mainly satisfactory and properly distributed over the entire country. All these institutions, however, require further equipment and must be further extended, to which purpose the Plan has allocated adequate funds.

The results achieved by agricultural production in the first year of the Plan for the long-range economic development of the country (in 1957), show that the measures which have been undertaken were correct and that they yielded the expected results in production. Agricultural production in the course of 1957, exceeded both as a whole and in individual types of crops, and products, the production level of all the post-war years.

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DISTRIBUTION AND SPECIALIZATION OF AGRICULTURE IN THE U.S.S.R.

The characteristic features of distribution of production in the U.S.S.R. are its planned and rational nature, proximity to sources of raw material and points of consumption, an effort to overcome the economic backwardness of the outlying national districts, and the essential interdependence of industry and agriculture. The old division of regions into industrial and agrarian zones has been done away with. Similarly, the one-sided specialization of agriculture of pre-revolutionary Russia has been given up. The development of industry, especially heavy industry, is the basis of the rational development of agriculture. The successful application of technological improvements to agriculture has changed the mode of organisation of agriculture in the U.S.S.R. Side by side, radical changes took place in the structure of Soviet industry.

The composition of urban and agricultural population changed during 1913 to 1956. In 1913, 17.6 per cent of the total population of Russia lived in cities; the rest, 82.4 per cent lived in rural districts. By 1956, the urban population in the U.S.S.R. had nearly tripled and was 87 million, or 43.4 per cent of the total; while rural population, on the other hand, constituted 113.2 million or 56.6 per cent of the total.

At present there are about 60 cities in the U.S.S.R. with a population of over 200,000. The growth of cities and industrial centres required the organization of major truck-farming and dairy industries around them. The organization of

agriculture in their zones is gradually being modified with a view to building up intensive dairy and truck-farming industries.

Agriculture

In Tsarist Russia, there were 367 million hectares of agricultural land in 1913; in the U.S.S.R. (within the same boundaries), there were 463 million hectares at the beginning of 1956, *i.e.*, an increase of 96 million hectares, or 26 per cent. This increase was achieved primarily by opening up new lands for cultivation and by transferring additional land from the state funds to collective farms for permanent use. Moreover, an extent of 59 million hectares of agricultural land from the state fund was turned over to collective farms for long-term use. Thus the farming area in the U.S.S.R. actually increased by 155 million hectares, or by 42 per cent.

During the three years from 1954 to 1956 an area of 36 million hectares of virgin fallow land was brought under the plough in the U.S.S.R. Of these 19.8 million hectares lie in the Kazakh SSR, which was a backward outlying district of Tsarist Russia; and 14.9 million hectares, in the RSFSR. Work, is continuing in the south eastern regions of the RSFSR, the Urals and Siberia to win over for agriculture some 12 to 15 million hectares of virgin land in the next two or three years.

The agricultural land in the U.S.S.R. is in the main being worked by the collective and state farms as indicated in Table I.

TABLE I—DISTRIBUTION OF AGRICULTURAL LAND AMONG LAND-USERS IN THE U.S.S.R.

Category of Land-Users	Millions of hectares	%
Commonly-used land of the collective farms (including land for long-term use out of the state land and forest funds)	384.1	78.2
Subsidiary plots of collective farmers	6.3	1.3
Land of state farms and other state agricultural establishments	99.9	20.3
Plots of factory, office and other workers	1.0	0.2
Plots being worked by other groups of the population.. .. .	0.1	—
	491.3	100.0

Out of 491 million hectares of agricultural land, arable land in cultivation accounted for 44.1 per cent; hay fields, 9.6 per cent; pasture land, 43.2 per cent; orchards, berry patches and vineyards, 0.5 per cent; and fallow, long unused and new land, 2.6 per cent.

There has been an increased utilization of agricultural land in Soviet Russia when compared to the pre-revolutionary period.

In 1956 the sown area had increased by 64.7% as compared with 1913, grain crops registered an expansion in sown area by 22.6%; industrial crops, 169.5%; potatoes, 118.5%; vegetables and melon crops, 158.1% and fodder crops, more than 12 fold.

The area sown under different crops has also undergone considerable change. Whereas in 1913, industrial crops, potatoes and other vegetables, and fodder crops occupied only 11.3% of the total sown area, and grain crops, 88.5%; in 1956, 34% of the total sown area was accounted by industrial crops, potatoes and other vegetables, and fodder crops. Such a change in the cropping pattern testifies to the fact that, as compared with pre-revolutionary Russia, agriculture in the U.S.S.R. covers many more branches and is on a much higher level.

Of the total area sown to industrial crops, sunflower came to occupy 34.3%; cotton, 15.7%; sugar beet, 15.3%; long-staple flax, 14.6%; hemp, 4.7%; curly flax, 3.6%; mustard, 2.3% and coriander, 1.2%. New industrial crops began to be cultivated, among them jute, kenaf, the castor-oil plant, sesame, groundnuts, perrila, safflower and others.

In sown area and gross harvest of sunflower, the U.S.S.R. leads the world (accounting for 85% of world production). It is also first in the world in yield of cotton and length of fibre and first in Europe and second in the world (after the U.S.A.) in gross harvest of the crop: At present, there is enough homegrown cotton not only to fully cover the country's requirements but also to export in considerable quantities, whereas Tsarist Russia imported a large amount of it. The Soviet Union ranks first in gross harvest of sugar beet and production of beet sugar, and also in sown area and gross harvest of long-fibre flax. Industrial crops are grown for the most part on collective farms of the country. In 1956, 94% of the total area under industrial crops was on collective farms, and 6% on state farms.

Characteristic of agriculture in the overwhelming majority of districts of pre-revolutionary Russia was the one-sided development of, and low productivity in agriculture. This is especially strikingly evident if we take the previously backward outlying districts as an example. In 1913, 70.3% of the total sown area in Uzbekistan, where there are exceptionally favourable conditions for cotton cultivation, was under grain crops; 0.3% under potatoes; 20.2% under cotton, and 7.5% under fodder crops. At present, only 34.1% of the total sown area is under grain crops, while 46.7% is under cotton, and 16.1% under fodder crops and the rest under miscellaneous crops.

There has been large-scale extension in cultivable area in eastern districts of the country, where there are exceptionally favourable conditions for the cultivation of grain crops on fresh fallow land. The changes in distribution of grain production during the past few years is also to be explained by the fact that it has proved to be most profitable in the districts of Kazakhstan, Siberia, the Ukraine, the Northern Caucasus, the Central Black Earth Regions and the Volga area, where the collective and state farms are harvesting the cheapest grain.

The area under maize has grown considerably in all parts of the U.S.S.R. It increased from 4.4 million hectares in 1954 to 18 million hectares in 1955 and further increased to 23.9 million hectares in 1956.

In the districts of the Central Asia, the area under cotton in 1956 was 2.6 times that of 1913. Some 86.9% of over-all cotton production in the country was concentrated there in 1956.

Production of sugar beet is concentrated in the Ukrainian SSR and the districts of the Central Black-Earth Zone, which in 1956 accounted for 67.2% and 16.7% respectively, of the Soviet Union's gross sugar beet harvest. During the past few years, this crop has been moving deep into several new districts, among them the Kirghiz and Kazakh Soviet Socialist republics, the Northern Caucasus, Western Siberia and the Moldavian Soviet Socialist Republic.

Production of sunflower is concentrated for the most part in the Ukraine and the Northern Caucasus, which account for 36.1% and 33.0% respectively, of the country's gross harvest; and production of long-fibre flax, in the districts of the Central Black-Earth Belt and in Belorussian Soviet Socialist Republic, where 40.9% and 20.6%, of the Soviet Union's gross production, are gathered, respectively.

While production of the most important industrial crops has been greatly increased, that of the less profitable ones (such as rubber bearing plants and kender) has been given up.

Definite programmes have been drawn up for the development and distribution of truck farming, including potato production. In all the republics and economic areas, fodder crops have come to occupy a considerably larger part of the sown area than before the revolution. The share of fodder crops is especially large in the Baltic republics: in the Latvian Soviet Socialist Republic, it is 42.9% of total sown area; in the Estonian SSR, 41.8%; and in the Lithuanian SSR, 32.7%. In the northwestern districts of the country, 38.4% of the total sown area is under fodder crops; in the North districts, 33.3%; in the Central Black-Earth Belt, 26.0%, and in the Northern Caucasus, 24.3%. If in Latvia and Estonia, 20 to 25% of the total sown area before the revolution was under fodder crops, in the remaining districts of the country only 1 to 8% of the area was under fodder. Hence, big qualitative and quantitative changes in the development and distribution of fodder crops have taken place in the country during the period of Soviet rule.

There has been a change in the distribution of sowings of perennial grasses. In the south-eastern and southern districts of the Ukraine, they have been replaced by more profitable crops.

Livestock

In the post-revolutionary period, there has been a big increase in the number and production of livestock in the U.S.S.R. The number of cattle rose from 58.4 million in 1916 to 70.4 million in 1956 (an increase of 20.6%); while during the same period, hogs increased from 23.0 million to 56.5 million (an increase of 145.2%); and sheep and goats increased from 96.3 million to 145.6 million (an increase of 51.2%).

There has been a step up in production of livestock products per 100 hectares of agricultural land. Production of milk has increased by 32%, and on the collective farms it has nearly doubled. Production of meat increased by 11%, and on the collective farms, by 14%.

Animal husbandry still does not fully satisfy the growing demands of the Soviet people for milk, meat, eggs and butter. In view of this, a number of major measures aimed at boosting production of livestock products are being implemented.

By intensive utilization of agricultural land, agricultural production in the U.S.S.R. has been stepped up. This is being achieved both by additional investment of material means and effort involving application of advanced scientific farming methods, fertilizers and machinery and by increasing the share of cultivated fields in the total agricultural land, extending acreage under industrial and inter-tilled crops.

K. P. OBOLENSKY

FOOD SITUATION IN INDIA

The White Paper on *Food Situation** which reviewed the food problem in the country in the context of the two important factors of demand and supply and their effect on prices spotlighted the vulnerability of the agricultural economy to natural hazards. The demand for food is influenced by the increase in population and the rise in the money incomes of people. From 316.79 millions in 1941 the population rose to 361.24 millions in 1951, *i.e.*, by 14 per cent over the decade or at the rate of 1.4% per annum. The annual rise in demand for foodgrains on account of increase in population is estimated at about one million tons. The per capita net availability of cereals at present is very low, being about 12 to 13 ozs. per day. The per capita consumption in India of *all food items* in terms of calories is low too when compared to other countries, as indicated below :

Year	India	Canada	U.K.	U.S.A.	Japan
1951-53	1740	3050	3090	3150	1960
1954-56	1837 (a)	3160	3260	3170	1980(b)
1956-57	1880(c)	3140	3270	3150(d)	2110 (e)

(a) for 1953-54, (b) for 1954, (c) for 1954-55, (d) for 1956, (e) for 1955.

Source : FAO Yearbook of Food and Agriculture Statistics.

With the improvement in the purchasing power and progressive urbanisation, people are changing over in increasing measure from coarser to superior foodgrains. This has the effect of further increasing the demand for wheat and rice in the country.

* Food Situation (August 1958), Ministry of Food and Agriculture, Government of India.

Production

The supply of food is influenced by internal production and imports. Tables I and II give figures of production of foodgrains from 1951-52 to 1957-58 and production indices from 1950-51 to 1957-58 respectively.

TABLE I
PRODUCTION OF FOODGRAINS IN INDIA: 1951-52—1957-58
(in million tons)

Year	Total Cereals	Total Pulses	Total Foodgrains
1951-52	42.9	8.3	51.2
1952-53	49.22	9.04	58.26
1953-54	58.26	10.45	68.71
1954-55	56.18	10.78	66.96
1955-56	54.92	10.87	65.79
1956-57	57.24	11.50	68.74
1957-58	52.81	9.21	62.02

TABLE II
INDEX NUMBERS OF PRODUCTION OF FOODGRAINS IN INDIA: 1950-51—1957-58

Year	Cereals	Grain and Pulses	Total Foodgrains
1950-51	90.3	91.7	90.5
1951-52	91.2	90.3	91.1
1952-53	101.4	98.8	101.1
1953-54	120.1	112.0	119.1
1954-55	114.5	118.5	115.0
1955-56	114.9	118.4	115.3
1956-57	119.9	124.5	120.5
1957-58	108.3	100.9	107.3

There were considerable variations in foodgrains production from year to year. Nevertheless, taken together, the trend of production has been in the upward direction. During the First Plan period, foodgrains production increased by 11 million tons, *i.e.*, by 20 per cent. In the Second Plan, a target of 10 million tons of additional production or an increase of 15 per cent from 65 million tons in

1955-56 to 75 million tons in 1960-61 is envisaged. This target, however, was revised to 15.5 million tons or an increase of 24 per cent over the five-year period or 4.8 per cent per annum. During 1956-57, foodgrains production increased by nearly 3 million tons or by 4.4 per cent over 1955-56. But in 1957-58, production of cereals and all foodgrains fell by 4.4 million tons and 6.7 million tons or 9.8 per cent respectively when compared to 1956-57 figures.

The low level of production is, in part, explained by the fact that over 80 per cent of cultivable land is unirrigated and depends on monsoon for use. In 1955, Orissa suffered from failure of rains in the beginning of the monsoon season and later from serious floods. The states of Assam, Bihar, West Bengal, Uttar Pradesh, Punjab and Delhi also suffered heavily from floods in 1955, causing heavy damage to crops. In 1957, there was a serious failure of monsoon in Northern India and both kharif and rabi crops suffered considerably. These are some of the contributory factors to the difficult food supply position in the country.

Imports

The political changes consequent on the separation of Burma in 1937 and the partition of the country in 1947 materially affected the food economy of the country. Special efforts were made to increase internal production of foodgrains, but with limited success. Due to inadequate production, recourse has to be made to imports. The following table gives imports of foodgrains since 1948.

IMPORTS OF FOODGRAINS

(in million tons)

1948	2.84	1953	2.00
1949	3.70	1954	0.80
1950	2.12	1955	0.70
1951	4.72	1956	1.42
1952	3.86	1957	3.58

Imports have been fluctuating from year to year depending on home production. In 1951, India imported 4.7 million tons of foodgrains. In 1953-54, when the production of foodgrains reached the peak level of 68.7 million tons, imports were curtailed to 8.1 lakh tons. In 1955, only 7 lakh tons of foodgrains were imported. But since then, larger imports have become necessary. During the First Plan period, a total of 8.78 million tons of foodgrains were imported.

During the Second Plan period, provision is made for the import of 6 million tons of foodgrains costing about Rs.240 crores in foreign exchange. In 1957, 3.58 million tons of foodgrains were imported. During 1958, 1.86 million tons of foodgrains made up of 337,000 tons of rice and 1.525 million tons of wheat, have already been imported. The import of an additional one million tons has been arranged. A fresh agreement with the U.S.A. under P.L. 480 has been con-

cluded in September, 1958, under which India would be supplied with 3.1 million tons of surplus wheat and other foodgrains valued at \$238.8 millions.

Prices

There have been insufficient response of food production to the pressure of demand with the result that prices of foodgrains has tended to go up. The trend of prices during the first two years of the Second Plan period may be briefly analysed. Table III gives the index numbers of wholesale prices of cereals during 1956, 1957 and upto July 1958.

TABLE III
ALL-INDIA INDEX NUMBERS OF WHOLESALE PRICES OF CEREALS

Month	(Base year: 1952-53=100)		
	1956	1957	1958
January	80	97	97
February	82	100	95
March	86	99	95.2
April	89	101	97.2
May	90	103	99.4
June	93	104	105.5
July	95	105	109.9
August	99	106	
September	99	103	
October	98	102	
November	100	102	
December	97	98	

It may be observed that the level of prices for each month in 1957 was relatively higher than those for the corresponding months in 1956. The index number of wholesale prices of cereals which was 97 in January, 1957, went up to 106 in August, 1957, despite a larger increase in cereal production in 1957. Since then, due to various measures of control taken by the Government, the prices started declining. However, since February, 1958, prices tended to increase reaching a peak of 109.9 per cent in July, 1958.

Food Administration

The Report of the Foodgrains Enquiry Committee studied various aspects of the food problem to ascertain factors contributing to price rise and made several recommendations. The Government have accepted and implemented many of the recommendations which pertain to regulatory measures. The two major recommendations of the Committee concerning the establishment of a Price Stabilisation Board which would be a policy making body and a Foodgrains Stabilisation Organisation entrusted with the specific functions of open market purchase and sale, procurement of foodgrains and maintenance of stocks, were, however, not accepted by the Government.

The main objective of the food administration, both in the Centre and the States, has been to ensure that the available supplies are distributed evenly so that distress is not caused to the vulnerable sections of the population by undue rise in prices. With this object in view, the country was divided into four food

zones on June, 1957. The creation of the Southern Rice Zone comprising Andhra Pradesh, Mysore, Madras and Kerala resulted in the stabilisation of prices of rice at a reasonable level. Similarly, the creation of the three Wheat Zones has been very useful. In 1958, owing to shortfall in production of rabi grains in the U.P. Zone and the Western Zone, the prices of wheat tended to show an upward trend. To counteract this, large stocks of foodgrains were released from the Central reserves. Two million tons of foodgrains have been released for distribution through 41,000 fair price shops during the current year. Family ration cards have been introduced in West Bengal, Kerala, Bihar, Bombay, etc., to ensure the distribution of foodgrains to genuine consumers and to minimise malpractices in the running of fair price shops. Provision has been made for the inspection of fair price shops.

Regulatory Measures

Restrictions on the movements of foodgrains on zonal basis have been enforced. Bihar has been cordoned off for all kinds of foodgrains, while the states of Orissa, Madhya Pradesh, West Bengal, Assam, areas of Tripura and Manipur, the Punjab and Himachal Pradesh have been cordoned off for rice. Export of rice from eastern and western districts of the Uttar Pradesh has been prohibited. These restrictions have had a salutary effect on the foodgrain prices in these areas.

State trading in foodgrains has also been resorted to to check the speculative activities of traders. Under the Essential Commodities Amendment Act (June, 1957), the Central Government was empowered to requisition foodgrains from any stockist at the average market price during the preceding three months. Powers have also been delegated by the Centre to the States authorising the latter to requisition stocks at average prices of the past three months. Maximum prices have been fixed for certain varieties of rice and paddy in some of the States. These measures are primarily intended to stabilise prices over a long period and restrain price rise. By another measure under the Wheat Roller Flour Mills Control Order, all the roller flour mills in the country have been licensed. The flour mills in the U.P., Madhya Pradesh, Rajasthan and Bombay districts have been prohibited from making purchases of wheat in the open market in order to relieve the pressure on the markets and have been allotted suitable quotas of imported wheat from Government stocks. Moreover, in most States, wholesalers are required to submit periodical returns to State Governments. A close watch is thus maintained by the State Governments on the purchases of wheat by the mills from the market and on the milling operations.

Anti-hoarding Measures

Among the measures introduced by the Government to regulate supply, the bank credit squeeze directed against hoarding of foodgrains is the most important. To restrain a possible rise in the prices of foodgrains in the face of apprehensions regarding lower output in 1957-58, the Reserve Bank of India continued the control on advances against foodgrains during the busy season on a slightly different basis. By the directive issued by the Reserve Bank on December 11, 1957, the banks were desired to adhere to a minimum margin of 40 per cent as before, and to restrict sanction of fresh limits to individual parties

to, or not to raise existing limits beyond, Rs. 50,000 against paddy, rice or wheat (excluding those to roller flour mills) and other foodgrains and pulses. As the wheat prices showed an uptrend, some of the provisions of the December, 1957 directive have been modified by another directive issued on 10th September, 1958, under which the banks were directed to maintain in each month from October, 1958, an average aggregate level of credit against wheat at 66 $\frac{2}{3}$ per cent and against other foodgrains (other than paddy, rice and wheat) at 80 per cent in the corresponding month of 1957. The permissible levels of advances against paddy and rice remained unaltered. The exemptions granted in respect of documentary bills purchased and discontinued in connection with movements of foodgrains, advances against foodgrains to co-operative marketing and processing societies as also advances against warehouse receipts, etc., have been continued. The quantity pledged with the banks during 1958 is much less than last year. It is hoped that the imposition of a ban on forward trading in coarse grains and pulses along with the measures already taken would curb the speculative activities of traders.

Internal procurement of foodgrains has been started by the Central and State Governments to build up stocks. So far, 3.54 million tons of rice have been procured by the Central Government from Andhra and the Punjab which are surplus in rice. The states of West Bengal, Assam, Orissa, Madhya Pradesh, Mysore and Kerala are also authorised to procure rice in their respective States. Nearly 1.7 million tons have been procured by them. Due to the shortage in production and a consequent rise in prices, internal procurement was not possible in the case of wheat.

A number of States have imposed restrictions on the entertainment of guests by passing Guest Control Orders. In view of the limited availability of rice, the State Governments have been asked to conserve the available supplies of rice and where possible to issue wheat instead of rice. All these regulatory measures did not, however, seem to have achieved a full measure of success on the control of prices, though the tendency to hoard foodgrains by the wholesale business has been checked.

Before concluding this note, mention may be made about the achievements and failures of the productivity drive. The achievement in 1956-57 in terms of production potential is assessed at 1.3 million tons and in 1957-58 at 2.3 million tons. It is expected that in 1958 the increase in production potential may be of the order of 3 million tons. Thus over the three years, 1956-59, the total increase in production potential may be less than 50 per cent of the revised target for the Plan period.* In 1957-58, foodgrains production declined by nearly 23 per cent over the revised Plan target. It is of utmost importance that agricultural production programmes should be implemented with the highest sense of urgency at every level in national life. It is against this background that the rabi production campaign that is now organised by State Governments in co-operation with the Ministry of Food and Agriculture has been drawn up.

* Appraisal and Prospects of the Second Five-Year Plan, Planning Commission, Government of India, 1958, p. 42.