

POLITICAL LEADERSHIP OF THE INDIAN CONGRESS  
PARTY GOVERNMENT IN TERMS OF THE TAKEOVER  
OF THE WHOLESALE TRADE IN FOODGRAINS:  
OCTOBER 4, 1972-SEPTEMBER 16, 1973

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I. INTRODUCTION

A. *Political Leadership—Definition*

**A**MONG MANY OTHER definitions of political leadership, I will use the term, in this paper, to imply the political leader's ability to mobilize the masses (people), the resources, and the existing domestic and/or relevant international institutions for attaining a certain national goal by way of either compulsion and/or persuasion with or without manipulation of symbols.

The most important national goal which political leaders must attain in this welfare age is to provide the people with a "civil minimum,"<sup>1</sup> viz., food, shelter, clothes, and mental security above the minimum standard for a human being to maintain his or her dignity and health.

Political leadership implies, at the same time, the ability of leaders to defend, maintain, and/or strengthen their own organizational unity in the process of achieving a certain goal<sup>2</sup> in defiance of resistance against it from within and outside of the organization. The goal-achieving process can strengthen the organization if the goal is commonly shared with members of the organization and not harmful to any of the interests of its members. If a goal-achieving process also entails inflicting great losses on some portion of the members, the organization itself will have to face a great crisis of internal conflict and/or a split, and the goal-achieving process will be retarded until and unless some compulsion is exercised and/or some compromise is sought or compensatory measures are taken against it. Whether coercive or not, political leaders employ some measures

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<sup>1</sup> Keiichi Matsushita [15]. See also William Henry Beveridge [2] in which "national minimum" was discussed.

<sup>2</sup> Jyūji Misumi et al. distinguished two dimensions of group functions, i.e., goal-achievement or problem-solving-oriented function (dimension) and process-maintenance-oriented function, and called the former "P dimension" and the latter "M dimensions" for short [16, p8].

by which they try to achieve a goal and at the same time maintain organizational unity. Organizational unity considerations sometimes stand in the way of achieving a certain goal. At times, organizational unity considerations are superseded by goal-achievement considerations (e.g., nationalization of fourteen commercial banks and the Congress split late in 1969).

Political leadership can also be defined as a functional expression of political power as reflected in the dynamic interactions of various interest groups,<sup>3</sup> including both national and international actors.

### B. *Uniqueness of Political Leadership in India*

If one considers the national goal of India in terms of the necessity of establishing a civil minimum, immediately one realizes the great problems that political leaders are and have been facing since the Independence of India in 1947.

India has a huge area and a vast population, severe climatic conditions, a multi-strata society with different languages, belief systems, castes and an unbalanced economic structure inherited from the colonial ruler with pre-modern modes of production existing side by side with highly modernized industrial sectors, and a traditional value system, all of which directly or indirectly have affected the economic growth, political integration of the country, and characteristics of political leadership for years. One argument goes that "the religious, caste and linguistic differences besieged the minds of the voters. The result was that those who did not genuinely represent the real interests of the vast mass of people, nor capable of offering any effective leadership, were placed in high position of authority" [1, p.vi].

Grave and difficult tasks and responsibilities arise here for India's political leadership, particularly with regard to providing the masses with employment opportunities and with the "civil minimum."

### C. *Relevance of Food Problem to Political Leadership*

In this paper, I will attempt to analyze India's Congress Party Government leadership in terms of the adoption and implementation processes of its foodgrains policy. The importance of studying the foodgrains policy and the process of its implementation in a political leadership context lies in the following assumptions.<sup>4</sup>

(1) In a country like India which has been suffering from chronic food shortages, hence comparatively high price of foodgrains, the food problem poses one of the most crucial problems both for the people and for the political leadership. Food as well as other essential commodities is so closely connected with the daily needs of the people, half of whom are living under the poverty line, that any shortage or increase in the price of foodgrains will immediately affect the low income groups and tend to bring about a serious political crisis. If a food

<sup>3</sup> Leadership is essentially a set of functions performed by one or many members of a group under various conditions [18, p.59].

<sup>4</sup> The author, of course, recognizes that there are other dimensions that are relevant to the analysis of this problem.

shortage continues, the consumer masses will start questioning the ability of political leadership.

This tendency may remain potential at an initial stage, but consumer discontent tends to grow rapidly into an open demand for the immediate supply of food at a reasonable price. Unless the government readily responds to this challenge, the situation is likely to worsen and the food problem, logically or illogically, may escalate and become connected with other political, social, and economic issues, leading to anti-government movements including massive demonstrations and riots. The protesting masses may even go to the extent of demanding a replacement of government or overthrowing it by radical actions [9].

Food shortages and price increases are two different things but they are closely interrelated. Combined together they are likely to present a critical challenge to the political leadership.

From the people's (consumers, producers, and voters) point of view, state intervention becomes necessary when essential commodities like foodgrains are difficult to obtain and, even when they are obtainable in the free market, the prices of such items rise to a level beyond the tolerable reach of the low and middle income people. We must also take it into account that, after Independence, India adopted a universal suffrage system and, thus, consumers above twenty-one years of age are at the same time the electorate.

The interest of the consumers, especially that of the low income group of the society, has necessarily to be safeguarded if the government and the ruling party intend to maintain, if not to expand, their present political position and popularity among the majority of the people.<sup>5</sup>

The people ordinarily are entitled to expect the government and the ruling party to safeguard their life by at least providing them with daily food, shelter, and clothing at a reasonable price. The ultimate measure of any achievement under developmental planning is the amount of welfare assured to the people in terms of the standard of living; and therefore, in the wake of continuous scarcity of foodgrains, the emphasis of price policy naturally ought to be on curbing price increases.

(2) By taking up the foodgrain policy, we can analyze the Congress Party Government's will and ability to reform the socioeconomic structure of the country in terms of food production, procurement, and public distribution. At the same time, we will be able to clarify some fundamental features of the policies adopted by the government and the government's way of mobilizing existing organizations and public opinion to achieve its declared goals. In this analysis, we will see the inherent difficulties in achieving a declared goal of the Congress Party Government. The difficulties come mainly from two sources.

One source is the feasibility problem of the "goal-set," including the soundness of the target, the timing of the mobilization of state and party organizations, and the problem of generating people's participation. The other source is related to the socioeconomic character of the political leadership. Drafting a radical

<sup>5</sup> A leader (or a party) will be voted out of power if (s)he (or it) fails to cope successfully with any serious domestic or international crisis [9, p.6].

scheme will sometimes serve vote-getting purposes. Drafting is one thing, but implementation is quite another thing. If the implementation of the policy should necessarily involve actions detrimental to the "vested interests" of the organization's members and/or those who support the party, then automatically a feedback mechanism within the regime functions. Then, we will be able to describe the socioeconomic character of the Congress Party Government by means of an analysis of the "goal-set" and the process of its implementation.

(3) The food problem today has become not only an internal political issue but also an issue with international political overtones. We may also be able to analyze the socioeconomic character of the political leadership by looking at the degree of its dependence upon foreign aid and/or imports of foodgrains in contrast to its own endeavor to undergo a fundamental reform in the socioeconomic structure of the society in an attempt to be self-sufficient.

Over-dependence upon foreign aid and/or imports can be described as an externalization of an internal contradiction, and vice versa. An externalization of an internal contradiction has two aspects. One aspect is related to the leadership's intention to make use of external power in order to go through an internal crisis and maintain its own power. The other aspect is related to possible encouragement of foreign interference in internal politics. Some aid-giving countries try to avail themselves of this opportunity to keep the food-aid-receiving country (or food-importing country in time of food scarcity) in line with its own world political strategy.

The above three elements justify taking up the foodgrains policy and the process of its implementation in the context of a study of political leadership. And I will limit the present case study to the Indian Congress Party Government's decision-making process with regard to the takeover of the wholesale trade in foodgrains and its implementation during the period from October 4, 1972 to September 16, 1973.

## II. DECISION-MAKING

### A. *Establishment of New Political Leadership at the Centre and Background of Decision to Take Over the Wholesale Trade in Foodgrains*

The years from 1962 to 1967 were difficult years both for the people of India, particularly those under the "poverty line" [17], viz., "vulnerable sections of the society," and for the political leaders of India. Two wars with neighboring countries, the subsequent large budgetary allocations for defense causing the reduction of expenditures for social welfare, and two successive years (1965-67) of drought, created enormous strains on India's economy.

The policy of relying heavily on foreign aid and PL 480 foodgrain supplies for economic development was a mainstay of her policy. The growing burden of loan-repayment and interest, the deterioration in the balance-of-payments position, the over-reliance on deficit finance, the low rate of industrial operation, and the ever-mounting inflation, had resulted in a situation where economic

development had almost come to a standstill. India had to devalue her rupee<sup>6</sup> in 1966.

Prices, in general, and foodgrain prices, in particular, continued rising, deteriorating the living standard of "vulnerable sections of the society." The low income group of the population such as daily wage earners in urban areas, petty officials, low strata tenants, sharecroppers, and agricultural workers were among the most severely hit, because of the government's failure to provide essential commodities like foodgrains at controlled rates.

All this had a major impact on the political climate in the country. Political opposition, from the Right and the Left, held the ruling Congress Party responsible for the predicament of the country. Anti-Congress feeling became the order of the day.

People's reaction to this political climate was reflected in the results of the fourth general election in 1967, where the Congress Party, for the first time, suffered an unprecedented setback after enjoying an unbroken spell of power for twenty years over most of the country. Its majority in the Parliament was eroded<sup>7</sup> and, in a number of states, non-Congress ministers came to power: Communist-led coalitions in Kerala and West Bengal, the DMK (Dravida Munnetra Kazhagam) in Madras (Tamil Nadu), the Swatantra-led coalition in Orissa, and various groups of the Right and Left joining hands to form governments in Bihar and Uttar Pradesh (U.P.). In 1967, the party's new leader Indira Gandhi had to face the challenge of the fourth general election.<sup>8</sup> In mid-February 1966, when she faced the party organization as Prime Minister for the first time, in spite of Kamaraj's support and her own personal appeal, the All India Congress Committee (AICC) adopted a resolution against the government's policy of zonal restrictions on food. In other words, she could not exercise her political leadership without the support of K. Kamaraj and the "Syndicate" group.

However, after the fourth general election setback, Indira Gandhi was able to gradually but significantly strengthen her leadership within the party and as Prime Minister of India.

Soon after the fourth general election, the Congress Working Committee

<sup>6</sup> This term is almost equivalent to the term pertaining to the people below the "poverty line." Before the devaluation, official exchange rate of Indian rupees with U.S. dollar was \$0.2100. By the two rounds of devaluation since 1966, the present (as of January 1975) strength of Indian rupee is equivalent of 0.1260 U.S. dollar.

<sup>7</sup> Its majority in the Lok Sabha (the House of Representatives) was considerably reduced from 361 in 1962 to 282. In the elections to State Assemblies, the Congress Party retained its absolute majority only in seven states.

<sup>8</sup> The Congress Party had lost the charismatic leadership of Jawaharlal Nehru in 1964 and collective leadership of Bahadur Shastri and "Syndicate" (composed of K. Kamaraj, S. K. Patil, Atulya Ghosh, Sanjiva Reddy, and S. Nijalingappa in an attempt to blockade Morarji Desai from assuming the Prime Ministership) in 1966. This election was the second political trial for Indira Gandhi as Prime Minister, the first one being her decision to devalue the Indian rupee in 1966 without prior consent of the then Congress Party President K. Kamaraj, who expressed great displeasure. At this time, she had not been able to establish a strong position both within and outside of the party.

(CWC) met in New Delhi to examine the causes of the electoral defeat and also to decide upon a broad new relationship between the organizational and governmental wings of the party. Eventually, the CWC adopted two resolutions—one on their “organizational and government relationship,” and the other on a “policy of democratic socialism.”

The first resolution made it clear that it was the responsibility of the AICC to enunciate Congress policies, and it was the obligation of the Congress Government to implement them. This resolution directed the CWC to set up a committee to review from time to time how far the task of implementation had been achieved.

The second resolution, drafted by Y. B. Chavan and C. Subramaniam, consisted of a ten-point program<sup>9</sup> to be implemented by the government.

The ten-point program indicated the priorities for implementation of the party program. Point 4 dealt with “state trading in foodgrains.” This somehow showed the weight the problem of state takeover of trade of foodgrains occupied in the total urgent programs of the Congress Party’s economic policy.

At the same time, the CWC decided that the Prime Minister and the Congress President should meet frequently to discuss broad policy matters and ensure “greater unity of thought and action.”

Aside from the first resolution, the problem of seriously implementing the second resolution in the direction indicated in the ten-point program was not taken up by the high command of the Congress Party for at least two years.

The Congress leadership, as it was then constituted, had virtually ignored the decision taken at the AICC of June 1967. There was no mention of state trading of foodgrains, land reforms, etc. in the resolutions adopted at the AICC meeting held in October 1967 at Jabalpur or at the Working Committee meeting held in Delhi in October 1968.

At the Congress annual convention at Faridabad (Haryana) held in April 1969, the ideological rift with regard to choice of strategy for the party between the Prime Minister and the Congress President became open. The then Congress President Nijalingappa openly pleaded for private enterprise thereby trying to reverse the entire process of socialization. The Prime Minister, representing the views of the Left and the Left of Centre sections within the party, opposed most of what Nijalingappa supported with regard to economic issues.

The “Young Turks”<sup>10</sup> expressed their grave “disappointment” at the progress made “during the last two years” in the implementation of the ten-point program.

After the Faridabad session, the Congress Party became divided into three groups: one group insisting on speedy and radical reforms, the other trying to

<sup>9</sup> The ten-point program includes: (1) social control of banking institution, (2) nationalization of general insurance, (3) commodity-wise progress in state trading in imports and exports, (4) state trading in foodgrains, (5) expansion of cooperatives, (6) provision of minimum needs to the community, (7) regulated removal of monopolies, (8) regulation of unearned increments in urban land values, (9) rural works program, land reforms, etc., and (10) removal of privileges and privy purses of ex-rulers.

<sup>10</sup> A “radical” group within the Congress Party headed by Chandra Sekhal and others. The total size is not well known but one estimate is about thirty odd members of Parliament.

conserve the existing socioeconomic structure, and a third centrist group without much of an ideological orientation.

The Bangalore AICC session held in July 1969, marked a turning point in the Congress. Indira Gandhi submitted a note called "Stray Thoughts," which dealt with economic priorities regarding the implementation of Congress programs. This note showed that Indira Gandhi envisaged wide-ranging reforms in the fields of banking, industry, agriculture, and trade; but this note did not clearly mention any concrete measures regarding a takeover of the wholesale trade in foodgrains. The "Syndicate" deliberately avoided any frontal confrontation with Indira Gandhi and the Left group concentrated instead on securing a favorable position at the coming election of the President of India. But in their own states, they continued with their old policies in collusion with "vested interests" and local bosses. Soon after the Bangalore AICC, the Congress Party moved quickly in the direction of a split.

Indira Gandhi divested Morarji Desai of the finance portfolio in the Central Cabinet and simultaneously nationalized fourteen major commercial banks. She acted against the Congress Party's decision to support Sanjiva Reddy as candidate for the President of India. She called upon Congress Party Members to vote according to "conscience" and helped bring about the victory of V. V. Giri in the Presidential election. These actions "not only heightened Indira Gandhi's image among the masses, and, to that extent, discredited the Right reactionaries, but it also led to a phenomenal increase in expectations from Smt. [Mrs.] Indira Gandhi" [22, p.9].

After the party split, Indira Gandhi's Congress held an AICC session at Bombay in December 1969. Its Resolution on Economic Policy pointed to the fact that "certain sections of the community have amassed enormous wealth, but taken as a whole, tens of millions still live in conditions of poverty" [13, Jan. 1970].

The Bombay AICC set five tasks for early implementation as part of the implementation of the 1967 ten-point program. One of the five tasks was the task of the public sector taking the responsibility for the "wholesale trade procurement of major agricultural commodities" to ensure economic and remunerative prices to the producer, even in the context of greater production, and to avoid exploitation of producer and consumer by middlemen. Though it did not specifically use such terms as "takeover" or "nationalization" of "wholesale trade in foodgrain," it implied such a scheme.

In spite of its pledge for early implementation, nothing special was done to eliminate the middlemen from the foodgrain trade although the Food Corporation of India (FCI) had expanded its operation. Implementation did not proceed for over three years after this point. During these three years, Indira Gandhi's party won an overwhelming victory (352 seats out of 518) at the fifth general election for the Lok Sabha early in March 1971 under the new slogan of "garibi hatao [eradicate poverty]," successfully fought a war with Pakistan and built up an image of Indira Gandhi as the best leader available in India, and finally got a triumphant victory in the general election for the Assemblies of sixteen states

and two Union Territories in March 1972 under the new slogan—"annyya hatao [remove injustice]." The victory in the successive general elections was partly helped by good crop harvests in 1970/71 (108.4 million tons in terms of foodgrains) and in 1971/72 (105.2 million tons).

During the election campaign, Indira Gandhi's Party used such slogans as "garibi hatao" and "annyya hatao" to successfully appeal to the electorate. The image of Indira Gandhi's Party, that it stood for "socialism" and radical programs and that it alone was capable of improving the present situation, convinced the poorer classes, the Scheduled Castes, and the younger voters.

The failure of the coalition governments established in several states after the fourth general election also reflected a general desire of the people for a strong and stable government at the Centre.

These events all pointed to the fact that people's expectations regarding Indira Gandhi and her party and government had risen. After the victories in the 1971 and 1972 general elections, Indira Gandhi was successful in selecting "her favored people" for the posts of Chief Ministers.<sup>11</sup> In this way, for some time it appeared that Indira Gandhi had successfully taken hold of the state politics under her control. But those Chief Ministers who had to resign, but remained powerful with their followers in their states, were now trying to redeem their honor, hence continuous factional politics in the states. This has hampered to a great extent implementing any welfare-oriented policies directed from the Centre. Indira Gandhi and the Central leaders had regained the Congress Party's erstwhile power at the Centre but not to the same degree in the states. The Central leadership's decision to take over the wholesale trade in foodgrains and to ensure public distribution of foodgrains at reasonable price must be looked at in this setting.

#### B. *The Congress Working Committee's Decision (October 4, 1972)*

We will deal in this section with the Congress Party's decision to adopt a "takeover policy" and inter-party communication.

##### 1. *Decision-making and direction*

Despite opposition by some Chief Ministers, the Congress Working Committee (CWC) at New Delhi on October 4, 1972 directed state governments to take over the wholesale trade in wheat and rice before the next *rabi* ("spring") crop in March 1973.

Following the CWC resolution, the All India Congress Committee (AICC) annual meeting, held on October 9, endorsed the CWC resolution. However, several delegates, in their speeches, expressed serious misgivings about the ade-

<sup>11</sup> They were P. V. N. Rao (Andhra Pradesh, later in December 1973 to J. V. Rao), S. C. Shinha (Assam), K. Pande (Bihar, later to A. Gafoor), G. Oza (Gujarat, later to C. Patel), S. S. Ray (West Bengal), D. Urs (Mysore), N. Satpathy (Orissa), B. Khan (Rajasthan), and P. C. Sethi (Madhya Pradesh). Some of the old strong men such as M. Sukhadia who had ruled Rajasthan politics for over seventeen years and B. Reddy of Andhra Pradesh were forced to leave the posts of Chief Ministership due to internal conflicts within the Congress Party and at the instance of the Central leadership.

quacy of the measures being taken by the government to control rising prices, though they did not venture directly to attack the proposed takeover policy.<sup>12</sup>

Responding to this call, on October 2, the State Government of Haryana quickly decided to take over the grains trade.

On October 27, the Congress President directed Congress Chief Ministers and State Congress Presidents to implement party resolutions.

Following this directive on October 31, the Rajasthan State Cabinet decided to take over the wholesale trade in wheat. According to Barkatullah Khan, Chief Minister of Rajasthan State, famine conditions in Rajasthan was very acute then, and food riots and lawlessness prevailed throughout the state. In this context, the State Government of Rajasthan had no choice but to make this decision although state machinery for its implementation and other arrangements were not as yet in existence.

### 2. *Opposition parties' criticism on the takeover decision*

The Opposition Congress attacked the ruling Congress Party's decision to take over the wholesale trade in foodgrains. The Opposition Congress AICC called upon the party workers to arouse public opinion in favor of the party's program and expose the ruling Congress Party's "ideological brinkmanship" that has brought about economic crisis [13, Nov. 1972, p.10].

Criticism of the Congress Party's takeover policy came not only from the Right but also from the Left.

The Communist Party of India (CPIM) Politburo on October 11 said the AICC resolutions at Ahmedabad, though couched in attractive phrases, indicated that the ruling party was trying "to pursue the same old policies." The "domination of wholesalers will continue in the entire trade, though in a new form" [19].

### 3. *Organizational adjustment*

Organizationally, the Prime Minister had to adjust somehow in order to have the rank and file know the government's intention and seek their cooperation for the successful implementation of the policy.

On February 2, 1973 she spoke to the District Congress Committee Conference and was successful in having them adopt a program to set up committees all over the country to fight hoarding and black marketeering. Later, she encountered strong opposition from some members at a meeting of the Congress Parliamentary Party on March 21, 1973 [13, Apr. 1973].

### C. *The Chief Ministers' Conference (February 1973)*

#### 1. *The takeover plan prepared by an expert committee*

In August 1972, a step towards the nationalization of the wholesale trade in foodgrains was taken.

The elimination of intermediaries between the producers and consumers meant a ban on private wholesale and retail trade, however, the government did not

<sup>12</sup> When the AICC session concluded, Indira Gandhi denied there were differences on economic policy.

go that extent. As the first step, the Union Government decided that in order to curb hoarding and speculation, it would immediately stop the sale of foodgrains from the central pool to private trade. Henceforth, all releases were supposed to be made directly to the state governments for distribution through fair price retail shops.

But the Agriculture Ministry virtually did not go further, nor did it attempt to implement this policy between August 1972 and mid-January 1973,<sup>13</sup> when a group of experts were asked to produce a scheme within fifteen days.

The expert officers' committee was entrusted with the job of framing concrete proposals in view of the financial and administrative difficulties brought to light at the state food ministers' meeting. It ensured the feasibility of the takeover scheme and also assured the least possible dislocation during the transitional period.

While no state was questioning the principle of takeover, the financial and administrative difficulties in implementing it were highlighted. Every participant stated with considerable force that it was beyond the states' resources to handle such a vast operation without financial help from the Centre or assistance in arranging funds.

The committee evolved a uniform pattern of takeover. It was felt that Maharashtra experience with the monopoly purchase of rice and *jowar* ("Indian millet") could possibly be satisfactorily adapted with minor modification.

Details of the plan were announced later in Parliament by the then Agriculture Minister, Fakhruddin Ali Ahmed.

Salient features of the plan may be summarized as follows:

(i) The plan envisaged effective public control over the marketed (but not marketable) surplus so as to eliminate speculation and the resulting distortions in price and availability. The government was now held responsible for assuring availability of wheat to consumers, particularly the vulnerable sections of the population, at reasonable prices and for assuring the elimination of unnecessary intermediaries.

(ii) The plan imposed a nation-wide ban on the private wholesale trade in only wheat, not in other foodgrains, but not on private wheat dealers.

(iii) Every state constituted a separate wheat zone. In addition, both the surplus zones in the producing states, the major consuming centers, and the heavily deficit zones were to be cordoned off.

(iv) Inter-state movement of wheat and wheat products was to be under-

<sup>13</sup> According to *Link*, "There are reasons to believe that some elements in Krishi Bhawan [the Agriculture Ministry] in collusion with the vested interests in the States, were interested in creating a situation in which the takeover decision might be blamed for the difficulties and hardships faced in distribution" [14, Mar. 14, 1973, p.6]. Aside from the issue of collusion, the takeover of the wholesale trade in foodgrains meant an enormous new burden upon officials of the Agriculture Ministry including such tasks as procuring foodgrains directly from the nearly 7.2 million farmers or from their agents and also keeping the foodgrains in good condition prior to public distribution. Naturally, the Agriculture Ministry was not happy over going ahead with the nationalization of the wholesale trade in foodgrains.

taken only by the Food Corporation of India and/or other public agencies in accordance with the orders of the Central Government.

(v) The scheme ruled out any purchases on public account by private agencies.<sup>14</sup>

(vi) The procured stocks were to be taken into the central pool and the releases were to be made to states to meet reasonable requirements, according to the scheme.

Some points that need to be clarified are:

(i) What will be procured is "marketed" and not "marketable" surplus of wheat.<sup>15</sup> This verbal distinction becomes real, when one realizes that this allows room for hoarding by the big farmers.

(ii) What will be taken over is the wholesale trade of "wheat" and not of "other foodgrains." The rice trade was put aside for final decision till the next *kharif* ("autumn") crop. The government seemed to try to avoid forthright opposition by wholesale traders of foodgrains altogether, by limiting its scope of nationalization to wheat wholesale traders only. This weak-kneed measure was adopted in view of the political base of the Congress Party.

(iii) Licensed private retailers have also been allowed to operate along with the fair price shops and consumers' cooperatives (provided they pledge that they sell wheat at prices fixed by the government) because of the manpower and organizational limitations of public agencies and in order to alleviate consumer difficulties. But the licensed retailers are in many cases the erstwhile wholesalers. Vigilance over their malpractices is technically very difficult.

## 2. *Financial aspect of wholesale trade takeover*

In the meanwhile, the Minister of State for Agriculture revealed in the Rajya Sabha (the House of Councilors) on February 21, 1973 that the wheat wholesale trade takeover would cost 5 to 6 billion rupees.

According to an estimate by the Agriculture Ministry, the takeover of wholesale trade in wheat and rice necessitated funds totalling 21 billion rupees a year [24, Jan. 10, 1973].

The ministry was confident that it would be possible to arrange finances of this order. The state governments had to depend largely on commercial banks which were already financing the wholesale trade in the private sector to the extent of about 16 billion rupees. The financial cost of the takeover was discussed at its meeting by the Committee of State Food Ministers headed by the Union Agriculture Minister, Fakhruddin Ali Ahmed, which had been set up to

<sup>14</sup> Purchases for the government were to be undertaken by the Food Corporation of India (FCI), the State Cooperative Marketing Federations, the State Departments of Food and Civil Supplies, and any other public agencies designated by the state government. The plan emphasized the need to utilize the consumers cooperatives in the urban areas, and the marketing and service cooperatives in the rural areas for the purposes of retail distribution to the maximum extent.

<sup>15</sup> The difference between the two is that what arrives in the market (the regular markets or the purchasing centers fixed by the government) and is purchased is called "marketed," while what is potentially saleable is "marketable."

work out arrangements for the takeover of trade in wheat starting from the coming *rabi* season.<sup>16</sup>

### 3. *The chief ministers' conference endorsed the takeover*

Prime Minister Indira Gandhi convened a Chief Ministers' Conference in New Delhi on February 24, 1973.

Based on the scheme prepared by the experts committee, the Chief Ministers' Conference gave serious consideration to various issues arising out of the takeover, but no Chief Minister was reported to have dared to resist the takeover policy openly in the face of the Prime Minister. Some of the Chief Ministers, however, insisted that the growers should get remunerative prices as an incentive to expand production and sell it to public agencies. Remunerative prices implied the then prevailing prices in the open market, which were much higher than any prices recommended by Agricultural Prices Commission (APC) thus far. This demand could not get sufficient support at the conference, but in the course of time it became clear that this demand had increased the momentum to overthrow one of the most important objectives of the takeover of the wholesale trade—to provide the consumers with foodgrains at reasonable prices.

Finally, the Chief Ministers' Conference unanimously agreed to take over the wholesale trade in wheat starting from the coming *rabi* season.

They decided to cordon off wheat growing areas so that surpluses could be easily located and procured.

To facilitate this, it was agreed to introduce single state food zones. Some Chief Ministers said they intended to ban wheat movement even from one district to another so as to ensure that private traders did not corner stocks.

The consensus was that each state should have the necessary freedom to work out the modalities of the takeover. Farmers will not necessarily have to sell their produce to public sector organizations. They will be allowed to sell directly to private retailers and consumers.<sup>17</sup> This shows a slight shift from the originally proposed policy of a state's monopoly purchase as suggested by "the experts committee" to a policy more acceptable to private retailers and rich farmers.

### 4. *The prime minister's brilliant leadership in the decision-making process leading to the takeover*

The Prime Minister warned the Chief Ministers that if implementation of this decision was done in a half-hearted manner, it could lead to chaos. She urged them to make "superhuman" efforts to reach the procurement target.

<sup>16</sup> The Food Ministers of three of the surplus states, Punjab, Uttar Pradesh, and Tamil Nadu, and two deficit states, West Bengal and Gujarat, which were represented on the committee, attended the meeting along with representatives of the Planning Commission, the Finance Ministry, and the Minister of State for Agriculture, A. P. Shinde.

<sup>17</sup> However, the operations of retailers were limited to a range extending from ten to fifty quintals per day. No consumer were allowed to purchase more than one quintal of wheat at a time. Maximum retail prices for wheat were fixed in the states of Bihar, Haryana, Jammu and Kashmir, Madhya Pradesh, Uttar Pradesh, and Delhi by June 1973 [11, July 1973].

Planning Minister D. P. Dhar, who was considered the main initiator of the takeover policy-making, also mentioned that "the takeover of wholesale trade in foodgrains was a major structural reform in the marketing mechanism of an essential commodity. If it was not done, it would mean the country surrendering to the play of free market forces. If imports of foodgrains were sought as an alternative, it would mean mortgaging India's future development" [14, Mar. 4, 1973, p. 7].

One may sense the passion behind their remarks on the takeover of wholesale trade in foodgrains, but it is doubtful how many of those who attended the Chief Ministers' Conference genuinely and seriously shared the same views expressed by the Prime Minister and D. P. Dhar. Later development amply supports this interpretation.

Some Chief Ministers, well aware of who were their most important financial backers in their home states, preferred keeping silent. Instead, they seem to have determined to sabotage the implementation of the plan and to scuttle the program as much as possible in collusion with foodgrains wholesalers, merchants, mill owners, landlords, and rich farmers.

Some other Chief Ministers did not mind the takeover of the foodgrains wholesale trade but simply were afraid of losing the cooperation of rich farmers unless they could secure sufficient remunerative prices for the farmers. Thus they championed the cause of raising procurement prices.

### III. OPPOSITION

#### A. *From the Traders and Other Organizations*

In protest against the government's decision to take over the wholesale trade in wheat, the call for the strike was issued by the national convention of foodgrain traders held in Delhi on March 11. The grain dealers and other merchant associations observed a day's sympathy strike all over India on March 21, 1973. The general secretary of the Federation of All India Foodgrain Dealers Association said that foodgrain *mandis* ("secondary markets") all over the country remained closed. The managing committee of the Federation of All India Foodgrain Dealers Association met in New Delhi on March 30 to plan a program of future action. More than three hundred representatives of foodgrain dealers had been asked to attend as special invitees. The meeting considered ways to "save the trade from takeover" [5, Apr. 1, 1973].

Not only traders but also big business organizations tried to pressure the government to change its takeover policy. For example, the Federation of Indian Chamber of Commerce and Industry (FICCI) President Mangaldas suggested in his address that even at that time (March 31, 1973) the government could consider "an alternative scheme" which would make use of the expertise of businessmen in the foodgrain trade. Indira Gandhi turned down the appeal for reconsideration of the decision to take over the wholesale trade in foodgrains.

Viren J. Shah, President of the Indian Merchant's Chamber, speaking on a resolution which asked the government to consider alternatives to the takeover

of wholesale trade in wheat and rice, declared that the business community should organize strike after strike to put pressure on the government with regard to the takeover of the trade in foodgrains. He spoke of the success of the *hartal* ("general strike") in March by grain dealers and said, "We have the strength to paralyze the entire economy of the country."

It is ironical that farmers, who were supposed to benefit from the state's takeover of wholesale trade in wheat, waged a noncooperation campaign against government. According to the *Times of India* (April 3, 1973), the Farmers Federation of India, on April 3, launched a movement against the government's wheat takeover scheme. It has begun distribution of one lakh (100,000) leaflets calling upon farmers not to sell wheat to the government at less than Rs.105 per quintal (=100 kilograms).

Bhanu Pratap Singh, President of the Federation and former Chairman of the Uttar Pradesh state unit of the Swatantra Party, said that farmers, belonging to the political parties which were opposed to the monopoly wheat purchase scheme of the government, would go from village to village and persuade farmers not to sell their produce to the government till the price was raised. According to him, the Federation's movement would concentrate on western Uttar Pradesh, Haryana, and Punjab, the most important wheat producing areas.

His main emphasis, however, was placed upon the higher procurement price rather than the takeover of the wholesale trade in wheat and rice—the monopoly wheat purchase scheme by the government. This emphasis is interesting because the farmers belonging to this federation were not necessarily in close cooperation with wholesale traders but they were themselves trying to make the most of a troubled situation between the government and wholesale traders in order to increase their gains. Bhanu Pratap Singh said twenty *kisans* ("farmers") organizations were affiliated with the Federation. The Federation was a "trade union of farmers." Most of them are big farmers. They can do without the help of middlemen in storing grains and selling them in the market in bulk at the most favorable price.

But the situation quite differs with regard to small and medium farmers, and even big farmers of other states. Small and medium farmers are usually under the strong control of moneylenders, traders, and landlords. In many cases those moneylenders, traders, and landlords are closely related to one another or sometimes they are in the same family. In such a situation, even a big farmer cannot be free from the clutches of the moneylender cum wholesaler. To them, nationalization of the wholesale trade in foodgrains is, at least in theory, to be welcomed. But the practice is that those wholesale traders know how to adjust themselves to the new situation. They have tried to and, to some extent, have been successful in influencing farmers to sell grains not to the public food procurement agencies at a comparatively cheap fixed rate, but to traders who were willing to buy at much higher rate.

This is the reason why some farmers' federations and their lobbies in the state governments, as can be seen in the cases of Punjab, Haryana, and Uttar Pradesh, championed the cause of higher procurement prices of foodgrains in

general and of wheat and rice in particular. The link effect is that as the procurement prices rise, market prices also automatically rise. Big farmers never loose. Hoarders and speculators, either big farmers or traders, definitely gain much from the failure of the government's procurement policy.

This is the real point of state's takeover of the wholesale trade in foodgrains. Political power tends to compromise with opposition power at the point of political equilibrium—the balance point between the goal-achieving vector and organizational unity maintenance vector—leaving the original target half-achieved.

#### B. *From the Opposition Parties*

Opposition to the takeover of the wholesale trade in grain by the government came not only from the wholesalers themselves but also from within and outside of the Congress Party, which reflected the collusion between political parties with special interests.

Outside of the Congress Party, for instance, the BKD (India Revolutionary Party) President, Charan Singh, criticized the takeover, "It is an unfortunate step which will create difficulties both for the Government and the people," he said. The Opposition Congress and the Swatantra Party also opposed the takeover of the wholesale trade in grain [13, Mar. 1973, p.12].

The protests and demonstrations by the Right Wing opposition parties such as those of the BKD, the Congress (O), and the Swatantra Party, were rather sporadic and ineffective.

The open protests by the Foodgrain Dealers Association, the Federation of Indian Chamber of Commerce and Industry, and the Farmers Federation were brushed aside by Central leaders, such as Indira Gandhi and D. P. Dhar, who were championing the cause of the takeover of the wholesale trade in wheat and rice. But here politics was functioning under the surface.

The foodgrain wholesale traders, big farmers, moneylenders, warehouse owners, commission agents, some politicians belonging both to Congress and non-Congress Parties, and some bureaucrats all in collusion tacitly had begun to scuttle the very purpose of the nationalization of the wholesale trade in foodgrains—a greater obligation assumed by the government to provide foodgrains to the consumer through the public distribution system at a reasonably cheap rate.

The government can hardly discharge this obligation unless it is able to procure enough foodgrains to build up public supplies. The "vested interests" focused their attack on this point.

#### C. *From within the Congress Party*

The government's decision to take over the wholesale trade in wheat and rice evoked strong opposition from some members at the meeting of the Congress Parliamentary Party itself on March 21, 1973.

The main argument against the decision was that the states did not have adequate administrative machinery to take over the wholesale trade. The *Times of India* reported that P. K. Ghosh, a member from Bihar, pleaded for deferring the move for the present on the grounds that the administrative machinery was

not fit to undertake this job and that the proposed takeover would create serious administrative and other difficulties. Similar misgivings were expressed by Sri Ram Gopal Reddy and Mool Chand Daga. They were "evidently in agreement with a number of party Chief Ministers who had cautioned the Centre long before a final decision was taken not to hustle the states into implementing this policy without adequate preparations" [24, Mar. 22, 1973].

Other members who participated in the discussion lent their support to the policy. In order to counter the threatened protest actions by foodgrain dealers and other opposition powers within and outside of the Congress Party, thirty Congress members of Parliament (M.P.'s), on April 3, urged the government to forestall them by taking over the wholesale trade in coarse grains, in addition to wheat and rice.

#### IV. IMPLEMENTATION

We will now examine the implementation of the decision taken by the CWC and later by the Chief Ministers' Conference, dividing the relevant period into three phases.

##### A. *The Beginning—Period from October 4, 1972 to February 23, 1973*

Immediately after the CWC's direction to state governments on October 4, 1972, the State Governments of Haryana (on October 11, 1972), Uttar Pradesh (October 25), Rajasthan (October 31), and Punjab (January 15, 1973) decided to implement the takeover decision beginning at the start of *rabi* crop season. The State Food Ministers' Conference held at New Delhi on December 16, also decided that public agencies should take over the wholesale trade in wheat from the coming *rabi* season and rice from the next *kharif* season.

However, some state governments were reluctant to take action on the takeover issue.<sup>18</sup> Technical difficulties were mentioned also in the meeting of Governors of the states on December 1, 1972.<sup>19</sup>

In an obvious bid to prevent some Chief Ministers from scuttling the move for the takeover of the wholesale trade in foodgrains, the leaders of both the Central government and the CWC repeatedly tried to warn against the sabotage move and tried to project to the masses an optimistic image of the coming *rabi* crop.

With regard to the first tactic, the Prime Minister Indira Gandhi, on October 14, spoke out against disruptive forces for their "senseless agitation." On December 6, the Congress President, S. D. Sharma, declared that there could be no

<sup>18</sup> The State Government of Mysore on November 23 decided not to take over the wholesale trade in rice. The State Government of Gujarat warned against the grain takeover, arguing that it would be technically difficult and bring about confusion in the existing distribution system.

<sup>19</sup> The Governors' meeting cautioned the Centre about the consequences of the takeover of the wholesale trade in foodgrains. It stated that a statutory rationing system was inevitable as a result of the takeover, but administratively and financially most state were not ready to launch the scheme yet.

going back on the takeover of the grain trade. On the same day, the Union Minister of State for Agriculture A. P. Shinde, stated that the Central government stood firm on ending free foodgrain trade. At the 74th Annual Session of Congress Party held at Bidhan Nagar (West Bengal),<sup>20</sup> the Central leaders reaffirmed that the takeover decision "must be implemented fully during the current *rabi* season" and that the governments must formulate concrete plans within the next six months to establish a viable public distribution system regarding the other essential commodities of mass consumption.

Indira Gandhi, upon being censured by the party radicals for stalling in the implementation of the party decisions and for irresolute leadership, replied that there was no question of the party diluting its programs and that these programs would be implemented regardless of opposition from powerful forces within and outside the party. She referred to the time-bound programs drawn up by the party and said these programs cast a heavy responsibility on the party organization as well as on the government.

With regard to an attempt to project an optimistic image to the masses, the Union Agriculture Minister also assured members of Parliament, on December 8, that food prospects were bright. But in the meanwhile, gloomy news were flowing in. On October 10, 1972, Rajasthan Chief Minister Khan stated that famine conditions in Rajasthan were acute. On November 1, 1972, Madhya Pradesh crop prospects were reported to be grave. Early in 1973 approximately 10 million people were hit by drought in Madhya Pradesh. Prices of foodgrains were skyrocketing.<sup>21</sup>

In this situation, on January 31, state Chief Ministers belonging to the Congress Party were called to a meeting by the Centre and urged to initiate rigorous campaigns for foodgrains procurement in their respective states. They gave their consent. The State Government of Haryana started to step up procurement drive and the State Government of Uttar Pradesh enforced a new system of food distribution.

#### B. *An Advance—Period from February 24, 1973 to May 1973*

Now, the formal decision to take over the wholesale trade in wheat having been endorsed by the Chief Ministers' Conference on February 24, 1973, both the Central and the state governments were obliged to make some concrete arrangements for the takeover of the wholesale trade in wheat, amidst opposition within and outside of the Congress Party and administration.

The Maharashtra, Madhya Pradesh, and Bihar state governments acted first. The Maharashtra state government announced the takeover of the wholesale trade in wheat on March 6, 1973, and Madhya Pradesh and Bihar state governments followed on March 15.

<sup>20</sup> At Bidhan Nagar Congress session (December 26–29, 1972), Central as well as state leaders were censured by the party radicals for their lukewarm attitude towards the administration which indulged in obstruction in implementing the Congress Party's proclaimed policies and programs.

<sup>21</sup> During 1972, the price index of essential commodities rose at a rate of over 20 per cent per year [13, Jan. 1973].

Madhya Pradesh, predominantly a wheat-producing state, was virtually the first state to take over the wholesale trade in wheat and ban its free inter-district movement.<sup>22</sup>

Now, April 1, 1973 came and all wheat-growing states were supposed to start taking over the wholesale trade in wheat.

The Federation of All India Foodgrain Dealers Association took action in opposition to the wheat trade takeover. It asked all its members to discontinue trading in wheat, rice, and coarse grains starting from May 7, 1973.

In order to achieve the wheat procurement target, Punjab state became a single wheat zone and other states also followed this example. On April 5, 1973, the state governments of Haryana and Gujarat took over the wholesale trade in wheat, and the next day Orissa government followed suit. On April 29, 1973, Kerala state government decided to take over the rice trade.

During April, as a whole, arrival of a new *rabi* crop in the market and procurement of wheat by the governments' agencies were rather steady. Prices of both Mexican and local varieties of wheat temporarily recorded a decline, particularly in such states as Gujarat, Uttar Pradesh, Rajasthan, and Haryana.<sup>23</sup>

This fall in prices of wheat somehow put the Central political leaders at ease, at least for a while, because they were being grilled by Opposition members in the Parliament on the continuous price rise [7]. But, towards the end of April, the quantity of wheat and other grains arriving at the market registered a decline and their prices also showed an upward trend.

With necessary political, financial, and administrative arrangements lacking,<sup>24</sup> both the Central and state governments had no other alternative but resort to warnings only. The warning measures were exercised in two ways. One was to declare that hoarders and profiteers were to be severely dealt with. The other was to forestall big producers and traders, who played the role of hoarders and speculators and expected a rise in grain procurement and market prices, by declaring that there would not be upward movement in procurement prices and that the governments were prepared to resort to importing in times of scarcity.

The State Government of Gujarat, for instance, issued an order, termed the "wheat dealers licence order," which came into effect on the very day of the takeover of the wholesale trade. By that time, the Gujarat government had not been able to finalize necessary arrangements for the takeover yet. But the order had been issued as a preliminary step on March 21, 1973.<sup>25</sup> After taking over

<sup>22</sup> Maharashtra had experienced state monopoly procurement for quite some time before the takeover decision.

<sup>23</sup> The fall in prices were largely seasonal but it was also "due to unloading of stocks withheld by the producers/traders to have the advantage of prevailing high prices, to make room for storing the new Rabi crop" and to avoid seizures of stocks by the government [11, Apr. 1973, p.31].

<sup>24</sup> The *Economic Times* surveyed the state of affairs with the cooperation of its correspondents scattered all over the country [5, Apr. 2, 1973].

<sup>25</sup> The order detailed various conditions and directions in regard to the wheat takeover [5, Mar. 22, 1973].

the wholesale trade in foodgrains, with a view to checking hoarding and profiteering, the Gujarat government soon initiated legal actions against some foodgrain dealers for violation of the wheat dealers licensing order of 1972. Similarly, the Punjab government decided to squeeze out men who hampered the wheat trade takeover.

As a second measure, on April 5, the Minister for Food and Civil Supplies of Uttar Pradesh government, in an attempt at clarification, stated that the government would not allow a price increase in wheat. And, on April 15, the Union Minister for Food and Agriculture ruled out any rise in wheat procurement price. Contrasting to this, "the issue prices" by the government to consumers were raised.

In spite of the fact that India statistically had no need to import foodgrains, it still was necessary for her to import because of its lax foodgrain procurement measures. Again during this period, the Union Government resorted to imports.<sup>26</sup>

This fact, in a sense, demonstrates the lack of political leadership on the part of Indira Gandhi government and party in terms of foodgrain procurement at the very initial stage.

Accordingly, imports of cereals into India increased compared with the previous year.

This was clearly the case of an easy countervailing measure adopted by the government in the years of poor internal procurement. This year, 1973, slightly differed from ordinary years, because the government had decided to initiate the takeover of the wholesale trade in an attempt to have much smoother procurement of wheat for public distribution. And the result was far from satisfactory in spite of its high sounding slogan.

#### C. *A Staggering—Period from May 1973 to June 23, 1973*

In spite of good procurement of *rabi* crops at the initial stage in other states during March and April, Maharashtra suffered from severe drought and the low income group of people started protesting against the government's failures in food supply. In some parts of the state, food riots took place and threatened to spread to other areas.

The Central government soon dispatched wheat specialists to Bombay, while, at the request of the Central government, the Uttar Pradesh government supplied grains to Maharashtra. Grain shortages had come to pose a "law and order" problem in Maharashtra.

Gujarat, adjacent to Maharashtra, also was suffering from a severe drought. The Gujarat government, on May 5, raised the foodgrains distribution quota in order to ease social tension, which had been silently mounting due to price increases and the shortage of available foodgrains at ration shops and fair price shops. Foodgrains dealers and wholesalers as well as big farmers, both in Maharashtra and Gujarat, were so powerful that they could substantially control wheat and other coarse grains (mainly *bajra*) and use them for speculative pur-

<sup>26</sup> Imports of cereals into India from January to March 1973, amounted to 597 thousand tons.

poses during the lean season. Some of them were Congress Party members and/or influentials in local politics. They were shrewd and powerful enough to ignore Central directives concerning the state government's action against their hoarded grains. This led to the spread, at a later stage, of food riots by students and poor people.

Not only the western states, but also the eastern states of the Indian sub-continent alternatively suffered from drought and flood. Bihar and West Bengal requested the Union Government for help in foodgrain supply early in June and about the middle of July, respectively.

In a meantime, the Andhra Pradesh government took over the wholesale trade in wheat on May 2, and the Assam government did the same on June 2.

Regarding the wheat procurement front, only Punjab, Uttar Pradesh, and Haryana showed an initial steady tendency, but other states were lagging far behind the target.

Because of sabotage and hoarding, the market arrival of *rabi* crops was very slow and this resulted in a rising tendency in the prices of both cereals and pulses (beans, peas, lentils, etc.).

With the takeover of the wholesale trade in wheat, the bulk of the transactions with regard to the marketed wheat concerned were taking place between the producers and government agencies at announced procurement prices. Maximum retail prices were fixed in the major wheat growing states.<sup>27</sup>

In this setting of food shortages and price increases, in general, and of wheat, in particular, four political trends prevailed.

(i) One was the offer of compromising terms by the pressure group representing the wholesalers of grain trade. The grain trade wholesalers on May 23 triumphantly offered to help the governments in wheat distribution. But the governments did not respond readily to that offer.

(ii) The second trend was the government's open resumption of importing foodgrains to countervail the poor procurement record. Y. B. Chavan, the then Union Minister of Finance, stated at the Lok Sabha, on May 15, that more foodgrains might be imported if some farmers continued to withhold stocks. And the government did decide to import about 2.5 million tons of foodgrains in total for the year 1973-74. The Union Minister of Planning, D. P. Dhar, had to express grave concern over expenditure incurred in the import of foodgrains. It was very likely that there were differences among the top leaders of the Union Cabinet with regard to its decision to rely upon the import of food from outside. Therefore, A. P. Shinde had to take pains to state that there was no ideological bias with regard to wheat imports.

(iii) The third trend was that wheat producers and their agents started maneuvering for the rise of the wheat procurement price, particularly after June when the speed of procurement became exceedingly slow and the Central leadership became upset. On June 5, the Punjab government revealed that Punjab

<sup>27</sup> Bihar, Haryana, Jammu and Kashmir, Madhya Pradesh, Rajasthan, Uttar Pradesh, and Delhi. The prices ranged (per quintal) from Rs. 83 in Delhi to Rs. 100 in Madhya Pradesh.

farmers were angered by unremunerative wheat procurement prices, and on June 12, the Chief Minister openly appealed for a stay of the takeover of wholesale trade in wheat. Around this time, another main wheat-producing state, Uttar Pradesh allowed the retail price of wheat to increase. The Congress (O) Party in Haryana, a friend of big farmers and traders in the state, urged all farmers to stop selling grains to the government. Faced with this situation, the Union Government had to concede to this pressure. The Economic Policy Committee of the Union Cabinet on June 13 endorsed an increase in the procurement prices of wheat.

(iv) The fourth trend was that the Central leadership with Indira Gandhi at its head attempted a roll-back campaign. Indira Gandhi appointed a "Task Force," a high-powered group, which was assigned two tasks.<sup>28</sup> The two tasks were: first, to boost the *kharif* production to an all-time high and, secondly, to garner the *rabi* wheat crop. The earlier optimism about record a *rabi* wheat production faded and the production figure was reduced from 30 million tons to 26–28 million tons and the procurement target was set at between 5–6 million tons by the end of June, a reduction of 2 million tons from the original target. In an attempt to step up the process of procurement of wheat, the Union Government had offered a bonus scheme [14, June 3, 1973, p.13]. Although the *Times of India* (June 15, 1973) reported that states were bagging more wheat to get a bonus, the response appeared rather poor. Therefore, the Union Home Minister, Uma Shankar Dikshit, urged that drastic action be taken against hoarders, black marketeers, and profiteers. And it was a sad state of affairs that the Union Agriculture Ministry itself on June 18 criticized the states for their poor wheat procurement records. The Communist Party of India (Pro-Moscow faction) which had been a staunch ally of the Congress Party for the past several years, strongly criticized the government's food policy. The CPI criticized the factional in-fighting within Congress state governments which had developed to such an extent that Bihar's Chief Minister was ousted from his post. In addition, the CPI took the Congress Party to task for negotiating servilely with the United States for food imports [13, July 1973].

It was with all these four trends in the background that after the *rabi* crop procurement failure, the government vacillated with regard to its policy of the takeover of wholesale trade in rice starting from the coming *kharif* crop season.

The Central leadership seemed to have lost full confidence in its own ability to mobilize the state administrative machinery and party machinery with regard to foodgrain procurement and public distribution in the face of overwhelming opposition from the grain-dealers and opposition parties and the consequent poor procurement achievement record.

This circumstance foreshadowed the government's retreat from the original policy of the takeover of wholesale trade in rice.

<sup>28</sup> The Task Force was composed of the then Heavy Industries Minister T. A. Pai as its head, Minister of State A. P. Shinde, and FCI Chairman R. N. Chopra, assisted by top aides belonging to the Ministries of Agriculture, Petroleum, and Finance.

## V. RETREAT: JUNE 23–SEPTEMBER 16

This period can roughly be divided into four sub-periods, viz., (i) June 23–July 7, (ii) July 7–July 28, (iii) July 28–August 30, and (iv) August 27–September 16.

A. *June 23–July 7*

The first sub-period began with the vacillation in the government's will to go ahead with taking over the wholesale trade in rice.

Because of the poor progress of procurement of wheat, a sense of irritation and despair could not be concealed from the faces of the Central leadership. On June 14 when the Chief Ministers met in New Delhi, they could not decide when and even whether states would go ahead with the takeover of wholesale trade in rice. It was left open to be discussed before the coming *khariif* harvest. The support price for paddy was fixed at sixty-three rupees per quintal (seven rupees more than the preceding year's procurement price), much enhanced over the procurement price recommended by the Agricultural Prices Commission.

On June 23, however, the Minister for Planning, D. P. Dhar, complained that the government had second thoughts on the rice takeover decision, although this was denied later by the Congress Working Committee on June 28, and by the Minister of Agriculture, on July 7.

There was no denying, however, that the Central leadership had started negatively rethinking its policy of assuming the responsibility for providing the people with wheat and rice.

B. *July 7–July 28*

The second sub-period was characterized by the Central recognition of its failure in the takeover of the wholesale trade in wheat, and its leaning towards increasing food imports.

On the very day that the Minister of Agriculture dared to say that the government was going ahead with rice trade takeover, the Minister of Communication, in the same Cabinet, H. N. Bahugna, confessed that the takeover of the wheat trade was a failure due to lack of support from certain sections of the Congress Party. This meant that by further stepping up the foodgrain trade nationalization, the Congress Party would have to face an organizational crisis. Therefore, instead of going squarely into open and serious discussion on the rice trade takeover before the latter part of August, the Central as well as state leadership under the Congress Party Government left the country floating in confusion for some time.

With the general hyper-inflationary trend, food prices soared up hurting the vulnerable sections of society still further.<sup>29</sup> Taking advantage of this difficult situation, some farmers and traders, in collusion with their "agents" within the state governments and in the political parties, tried and succeeded in getting their

<sup>29</sup> The food situation in West Bengal became critical. In Kerala, schools had to be closed down due to the grave food situation. Central food aid to these states was not sufficient nor prompt due to administrative redtape.

demands acted upon.<sup>30</sup> On July 15, the Tripura government decided to go slow on the grain trade takeover. On the following day, the Uttar Pradesh government relaxed its wheat policy, and the wheat procurement levy was suspended in thirty-seven of its districts.

In this context, the Minister for Planning, D. P. Dhar, expressed concern about the "attack on the planning process by organized vested interests" [24, July 21, 1973].

The government announced on July 13 that it was going to import 2 million tons of wheat soon [13, Aug. 1973].

On July 25, the Political Affairs Committee and the Economic Policy Committee of the Union Cabinet were called upon to discuss the impact and implication of the import of a substantial amount of foodgrains in terms of the sharp rise in import prices [13, Aug. 1973]. And India started sounding out the USSR on supplying wheat to India on a replacement basis.

During this sub-period, rifts and factional conflicts within the Congress Party were omnipresent. Earlier, toward the end of June, two Congress Chief Ministers of Bihar and Gujarat had had to resign mainly due to internal conflicts within the party. Indira Gandhi could manage to place "her men" in the posts of Chief Ministers, but they had no political grip over the states, hence her position in the states was precarious. This tactic was established as one of the important patterns in her leadership attempts aimed at controlling state politics, but it was not very successful. The leadership of Indira Gandhi as a leader of the national government could not penetrate into and control state politics. This point is relevant to the present problem of the Centre's leadership grasping the big farmers and foodgrain traders at the state level under its control.

The news of the rift in Himachal and Madhya Pradesh Congress Party, on July 13, worried the Central leadership. On July 14, the Uttar Pradesh Congress Party's rebel members started demanding changes in the state leadership. Violence erupted in succession in Ahmedabad (Gujarat), Rajasthan, Kerala, and Uttar Pradesh especially in the famine-stricken areas.

In the light of the increasing factional activities in the Congress Party in several states leading to either changes of government or imposition of the "President's Rule," the wheat procurement drive and implementation of the takeover of wholesale trade in rice were rather removed from the main concerns of the Congress Party leaders. However, on July 21, Indira Gandhi made a fervent appeal to her Party members to stop quarrelling among themselves and warned them that the economic situation would become worse in the next two months and its challenge could be met only by a united party [13, Aug. 1973, pp. 10-11].

### C. *July 28-August 30*

The third sub-period was characterized by a witch-hunting.

<sup>30</sup> Early in July, the General Council of the Socialist Party decided to launch a movement to secure the "legitimate demands of the farmers" including a rise in the wheat procurement price to Rs. 100 a quintal. The Jana Sangh Party Working Committee also demanded a higher wheat procurement price.

Deadlocked on the wheat trade takeover and the failure of *rabi* crop procurement effort and with the consequent difficulties on the part of poor and middle class population, a sense of frustration prevailed among Congress Party members from the Central leaders to the rank and file at local level.

Some called for a "limited dictatorship" to deal sternly with black marketeers, hoarders, and others such anti-social elements in the country;<sup>31</sup> others suggested severe action against hoarders and the use of the Defence of India Rules (DIR) to get at hoarded grain.

At the Congress Parliamentary Party (CPP) meeting held on July 28, Purabi Mukerjee proposed "severe action" be taken against Congress Party members who did not contribute their surplus wheat to the government pool during the grain procurement drive. Similarly, A. G. Kulkarni said the procurement drive had not been carried out with firmness in many areas. Hoarders should be given exemplary punishment and "at least some of them should be arrested," he suggested [13, Aug. 1973, p.11].

The same tone was echoed over and over again at the meeting of the CPP. They held the "vested interests" both inside and outside of the Party responsible for the failure on the procurement front. Some Chief Ministers were criticized for their mental reservations about the wheat trade takeover which blunted the procurement drive in their states. Some members went to the extent of demanding action against district officials who failed to fulfil procurement targets. (This is perhaps sound logic, in a sense!) Other members suggested the use of the Defence of India Rules (DIR),<sup>32</sup> if necessary, to make the procurement and distribution program a success. A directive was issued on behalf of the CPP calling upon the Party members of Parliament to give details of the area on which they sowed wheat during the last *rabi* season, the quantity they harvested and the stock they sold to procurement agencies [13, Sept. 1973, p.12]. The results of this directive are not known yet.

State governments also decided to take strong measures against grain hoarders.

The state government of Uttar Pradesh first decided to use the DIR to seize hoarded grain early in August and it soon got hold of some wheat stock in towns in Uttar Pradesh. On August 12, the Governor of Uttar Pradesh issued a statement warning hoarders of strict measures.<sup>33</sup>

The Delhi administration took up the decision to invoke the DIR against hoarders on August 13. The next day, the Chief Minister of West Bengal hinted

<sup>31</sup> Shashi Bhushan, Congress M.P., advocated a "limited dictatorship" and the establishment of "people's courts" to try black marketeers, hoarders, and corrupt people and send them to jails, and if necessary execute them. According to him, the Congress was "a multi-class party and was dominated by black marketeers, hoarders, and rich peasants. Many ministers at the center and in the states possessed land over the prescribed ceiling in their respective states" [13, Aug. 1973, p.10].

<sup>32</sup> The DIR authorizes the government to arrest and keep in custody any person suspected as being potentially dangerous for the defense of India without trial when the government declare "emergency."

<sup>33</sup> As of August 20, the state government of Uttar Pradesh seized 51,000 quintal of wheat. The state government of Bihar also invoked DIR against hoarders.

that life imprisonment terms would be given to hoarders. State governments also tried to invoke the DIR in an attempt to curb price increases.

Campaigns against hoarders and price increases were initiated not only by the government and the ruling party, but also by the opposition parties and civilian organizations. On July 31, the anti-price-rise protest organized by the Shiv Sena volunteers in Bombay turned violent and some grain and grocery shops were looted. Police resorted to firing twice. Communist Party of India (CPI) members, on August 3, seized wheat and fertilizer while campaigning against high prices and black marketing. On August 6, mobs raided a super bazaar at Vijayawada and following this a complete *bandh* ("strike") was observed in the city in protest against spiralling prices. In the Parliament, opposition members blamed the government for the black market in rice (August 22), and the Union Minister for Home Affairs had to assure the opposition members that influential people would not be able to escape the DIR to check hoardings and profit earning (August 29).

Threatened by the growing agitation, Delhi wholesale traders declared they would try on their own to keep prices down. But warehouses were raided by CPI men in Delhi (August 24) and fifteen representatives of a women's organization in Delhi campaigned against hoarding.

The campaign waged by the opposition parties and civil organizations aimed at ending hoarding and bringing prices down, brought them sometimes into direct confrontation with government authority.

During all this period, the Central leadership was quite passive. The Central leadership only let its state organs act on their own initiative and let opposition (mainly left) parties and other organizations campaign in their own way against hoarders and price increases. Meanwhile, on August 11, the Minister of Planning requested the government to go ahead with the rice trade takeover. But nothing specific or concrete was done towards the equitable distribution of foodgrains or the successful implementation of the takeover policy.

#### D. August 27–September 16

The last sub-period was highlighted by the Central leaders' open retreat from the policy of the takeover of wholesale trade in rice.

On August 27, A. P. Shinde, the State Minister for Agriculture, stated at the Lok Sabha session that the government had not made a final decision yet with regard to the takeover of wholesale trade in rice.

On August 29, the Legislative Assembly of West Bengal, in which the Congress held a majority, rejected a motion calling for the state's takeover of rice trade. At the Lok Sabha session, on September 3, the CPI members staged a walk-out protest against the absence of commitment by the government to proceed with the takeover of rice trade. In Tamil Nadu, the state government controlled by the DMK Party opposed the takeover of rice trade on September 10. The Central leadership under the Congress Party could not do anything to counteract such a move. Furthermore, the mood and attitude within the Congress Working

Committee itself had greatly changed since October 4, 1972, particularly after the failures in the nationalization of wheat wholesale trade. The CWC now stated that it was not in favor of an early takeover of rice trade.

The climax came when the Central leaders headed by Indira Gandhi openly decided to postpone the takeover of rice trade. The AICC session held on September 15-16 adopted a resolution on the economic situation, in which it became clear that the AICC was taking a cautious position on the takeover of the rice trade. The resolution called for the Centre to finalize the method of rice procurement for each state, taking into consideration the conditions existing there. Towards the close of the AICC session, the Prime Minister made it clear that the decision to postpone the takeover of rice trade did not imply any rethinking of the economic program adopted by the Party in 1969 immediately after the split. She said that the objectives remain valid but the "phasing" of new initiatives had to be "adjusted" in the light of changing circumstances. Despite her explanation, there was no denying that the whole tone sounded apologetic. The Congress government was fleeing from responsibility which it had pledged to uphold on behalf of the poor sections of the population.

And the states were now given the option with regard to whether or not to take over the wholesale trade in rice. The state government of Assam decided to take over rice trade starting from November. The Madhya Pradesh government tentatively decided to maintain the status quo regarding its rice policy.

As the Central leadership conceded to the formidable power of the big farmers and traders in the states, the Chief Ministers now started to articulate the demand for higher procurement prices for wheat and rice. At their urging, the Union Government set the support prices of wheat to be harvested next year at eighty-five rupees a quintal for Mexican white and eighty rupees for indigenous red.

During this lean session, in about the middle of September, food riots were spreading in Mysore. The army was alerted and one person was killed by the army in firing on September 18. The Union Deputy Home Minister blamed Jana Sangh and Congress (O) for food riots in Mysore.

During this time of difficulties, the two big powers of the world were being sounded out for some rescue aid by India. On September 10, Henry Kissinger said that ties with India were improving. This actually meant that India was trying to change its diplomatic course from excessive dependence on Moscow to resumption of closer relations with Washington, in exchange for the liquidation of part of India's debt to the United States accumulated as counterpart of PL 480 aid. This negotiation continued until March 1974 when a final settlement was reached. The USSR also tried to maintain its already established friendly relations with India. While the Soviet Communist Party Chairman Brezhnev lauded India's role in world politics, the USSR government offered India 2 million tons of foodgrains, including some rice, on a loan basis on September 28. This was a great contribution at this time of difficulty to the Central leadership. The CPI did not lose this chance to hail the Soviet offer of foodgrains.

## VI. CONCLUSION

It is not an easy task to draw even a tentative conclusion regarding the evaluation of the political leadership on the basis of the limited information available to scholars at this point.

However, an attempt will be made to do so under the following headings: (1) characteristics of the political leadership, (2) why did the foodgrains take-over policy fail? (3) paramountcy of structural and socioeconomic factors over the role of the political leadership of the Congress Party Government.

### A. *Characteristics of the Political Leadership*

The party split late in 1969, the successive victories in the general elections in 1971 and 1972 and the triumphant victories in the war with Pakistan which led to the birth of Bangla Desh, all helped to increase broadly based popular support for Indira Gandhi personally and also for her party and government.

As people's expectation towards government had risen, the Central leadership had to do something good for the people, and the takeover of the wholesale trade in wheat was decided upon by the Congress Central leadership.

There were two communication channels for the Central directives to the states. One was through AICC circular letters asking Congressmen to follow the Central directive. The other was through the total administrative machinery—from Union Government to state governments. This route became indispensable particularly after the 1967 electoral setback of the Congress Party. Naturally, non-Congress state governments are not in a position to follow what the CWC directs. The Union Government, however, can exercise a certain amount of leadership by calling up Chief Ministers to a conference in New Delhi.

Indira Gandhi has so far been successful in establishing herself as leader not only of the Union Government but also of the Congress Party since the time of the split, particularly after 1971. The leader of the Congress Parliamentary Party is the Prime Minister, but the President of the Party is a different figure. According to the Congress Party rules, the CWC and through it, the AICC can direct the Congress Governments to implement what the party decides. The President of the Party presides over the CWC and the AICC and the Prime Minister is a member of the both, and in most cases the Congress Chief Ministers also are invited to or are themselves members of the CWC and the AICC. So inter-communication between the Party and the Congress Governments could theoretically be maintained smoothly. The Prime Minister and the Congress Chief Ministers are supposed to be under the control of the Congress Party. However, during the period when Jawaharlal Nehru was Prime Minister, he substantially controlled the party. The Party Presidents during Nehru's reign were not able to control the Union Government, except in two cases (e.g., Tandon vs. Nehru). After Nehru's death, the Party regained its original authority under Kamaraj as the President of the Party, but later Indira Gandhi's "coup d'état" was successful and she established her supremacy over the party.

By early in 1971, she was firmly in control of both the Congress Government

and Party. The Congress Party's decision to take over the wholesale trade in foodgrains had previously been personally and publicly endorsed by Indira Gandhi. This endorsement meant that the failure to implement this decision by the Congress Party was, at the same time, a failure on the part of Indira Gandhi to effectively exercise her own leadership abilities. As far as the decision on the takeover of the wholesale trade in wheat and rice is concerned it is also possible that she was not whole-heartedly committed to this policy; however her lieutenants, for example, D. P. Dhar, proposed it and pushed it under her name. Thus one might argue that the failure in leadership was not hers but that of D. P. Dhar. So she could now say that it was not her own intention to go ahead with the takeover plan, and might probably fire D. P. Dhar from his post as Minister of Planning. All the blame may go to D. P. Dhar, and her leadership will be free from any opprobrium. If we accept this view, the failure of the takeover policy is not tantamount to the failure of Indira Gandhi's leadership at all. But political leadership today in India is not "personal" but "collective" [8, p.vi]. The collective leadership of the Congress Party and the Governments as a whole is being questioned by the people. The people's verdict does not go only to D. P. Dhar alone but to the Congress Party and its Government as a total entity with Indira Gandhi as their head.

#### B. *Why Did Foodgrain Takeover Policy Fail?*

##### 1. *Government leadership vis-à-vis public opinion on the wheat takeover*

The Indian Institute of Public Opinion conducted an interesting survey regarding public opinion on the wheat takeover in July 1973 when efforts to procure wheat were stalemated [12]. It covered only 1,250 interviewees (literate) in five urban areas—Bombay, Calcutta, Madras, Delhi, and Lucknow.

The questions posed were: (1) Do you think government's takeover of wholesale trade in wheat was a wise step? (2) If "No," why do you think so? (3) Whom would you hold responsible for the failure of the wheat procurement? (4) Do you agree or disagree with the following views: The government would have succeeded in foodgrain takeover: (a) If it had not been rigid in its stand in raising the procurement price. (b) If it had imposed a compulsory levy on the farmers. (c) If it had declared beforehand that fertilizers and other inputs would be supplied to only those farmers who would sell their produce to the government. (5) Would you favor the government's takeover of rice?

Responses to the above questions were as follows: To the first question, 45 per cent answered in the affirmative, and 48 per cent in the negative with 7 per cent indecisive. Taking into account a sampling error of about 4 percentage points on 1,250 interviews, the differential between the ayes and noes is not significant. Overall opinion is almost equally balanced for age, education, and income difference. However, women with 51 per cent were significantly "against" and in Bombay and Madras, 60 per cent were against.

To the second question, 31 per cent think the task unmanageable with the present administrative machinery as was warned by P. K. Ghosh, R. G. Reddy, and M. C. Daga et al. (see Section III); 10 per cent feel the resistance of the

wholesale traders will persist; only 8 per cent feel the wholesalers perform a useful service to consumers and farmers. Much of the disapproval seems to be based on a pragmatic stand rather than ideological one. This reflects the then prevailing state and affairs with procurement—many states except Punjab and Haryana were not whole-heartedly procuring foodgrains in their own states.

With regard to the third question, responsibility for the failure, 56 per cent of the respondents place the responsibility on "inefficient and corrupt" government machinery and 34 per cent place the blame on "wholesale dealers," 13 per cent blamed opposition parties which instigated the farmers to withhold the stock, only 9 per cent blamed large farmers, and 7 per cent the farmers' lobby inside the Congress Party. On the whole, it is clear that the public has major reservations concerning the effectiveness of government and Congress Party leadership with regard to foodgrain procurement. People's distrust in government machinery is significantly strong.

On the fourth question, alternative measures for improvement of procurement, opinions diverged almost equally with regard to a flexible stand in procurement price decision, but 53 per cent disagreed with introduction of compulsory levy on the farmer while 35 per cent supported it. This may seem somewhat queer to the majority of the Japanese who witnessed fairly well success of compulsory levy system on the farmer with rigid uniform procurement price for rice during and quite sometime after World War II. There arises the problem of effective political leadership in terms of compulsion and people's trust in government, but we cannot make fair comparison unless we take into consideration the different socioeconomic, cultural, and political frameworks of the two countries.

Although Japan and some other Asian countries (e.g., Formosa) experienced with success the system of linking input supplies with rice procurement, Indian public opinion showed 53 per cent in favor of it and 36 per cent in the negative.

This could be understood to show the public's realistic and pragmatic attitude distinguishing between what the government declares and what the government can do. So whatever ideal proposal put forward by the government, particularly after 1967, people seem now doomed to doubt first, and, to that extent, political leadership has to have a much tougher time without the people's voluntary and enthusiastic cooperation.

The IIPO analyst was correct to conclude that people thought that the wholesale trade could not be left alone, and that public procurement must be continued but largely by incentives to farmers linking purchases with the supply of incentives.

To the fifth question, whether people liked or not the proposed takeover of rice trade by the government, 40 per cent clearly said "no," 15 per cent "yes," and 43 per cent "yes with reservations." Out of 43 per cent, 23 per cent favored the government's takeover of rice "only after it has streamlined its procurement and distribution machinery by purging it of inefficient and corrupt elements," 11 per cent "only after providing sufficient incentives to farmers," and 9 per cent "only after devising effective measures to curb hoarding."

These 43 per cent of respondents could also be interpreted not to disagree with the government's takeover of rice in principle but seem to hold serious

doubt about the capability of government's leadership in procurement drive and in searching out hoarders with due consideration for the producers.

Therefore, they think the rice takeover measure is still premature based on the lesson of failure with regard to the wheat wholesale trade.

2. *Lack of a well-designed plan and failure to mobilize the state machinery and the masses*

Although the state administrative machinery and the party organs have been mobilized under the Central leadership to implement the takeover decision, ultimate success of the scheme, which seeks to replace centuries old patterns of trade by a new middleman-free trade, depends on political will, well-designed planning, and, most important of all, the political support leaders get from the people. But the Central leadership failed to mobilize the masses in order to successfully implement the scheme. And the masses in Indian society are not monolithic, but full of divisive elements among themselves. As was clear in the public opinion survey, some sections of the people have strong distrust in the Congress Party Government regarding the nationalization of foodgrains. The Central leadership no doubt had a strong desire to implement the takeover scheme at the initial stage in defiance of overwhelming opposition from the "vested interests" and their political agents, but later succumbed to the pressure exercised by the collusion among the wholesalers, bureaucrats, and rural influentials, among whom are many Congress Party members. In this period of organizational crises for the Congress Party, the vector indicating dimension of organizational maintenance increases in strength and the vector indicating dimension of goal achievement is correspondingly diminished in strength.

Inadequate planning and lack of administrative preparedness are the other cause of failure. The Central leadership had not taken any adequate steps towards the systematic planning of the takeover scheme. Both the Union Government and the Congress Working Committee simply issued a directive to gear up to intensify the procurement drive. Sometimes, the Central leadership called up states Chief Ministers to reaffirm their pledge of the takeover scheme and procurement targets. Some Chief Ministers cooperated with the Centre but the other refused to do so. This lack of cooperation demonstrated the limitations and inadequacy of the Central leadership in terms of the takeover of the wholesale trade in foodgrains. Impatience drove the Centre, and through the Centre the state governments, to invoke such coercive measures as compulsory search and seizure of excess foodgrains at warehouses under ECA (the Essential Commodities Act), DIR, or MISA (the Maintenance of Internal Security Act 1971, e.g., the Madhya Pradesh government invoked this).

Administrative preparedness was also lacking, particularly at the state level. There are nearly 7.2 million farmers who may have some surplus to spare. Very large administrative machinery is necessary to buy grains from them. The state government machinery in charge of policy and operational matters regarding the procurement of and takeover of the wholesale trade in foodgrains and the statutory rationing of foodgrain was not well equipped with an efficient staff and proper

finance. The Central leaders, especially the Prime Minister, seem to have had unlimited faith in fair price shops. The number of fair price shops have increased from 122,000 in 1970 to 166,000 in 1973, but their concentration among the various states was very uneven. And who is to supply foodgrains at fair prices to these shops? "A large number of them are operated by private traders who can at will divert the stocks from public to private account" [23, p. A-1]. The government, as a matter of fact, largely relied upon private traders to meet the foodgrain requirements of the people, and refrained from committing themselves wholeheartedly to the fair and equitable distribution of wheat and rice to the vulnerable sections of the society.

Therefore, the so-called takeover of the wholesale trade did not mean the equal and compulsory procurement of marketable surpluses and all statutory rationing. It meant, after all, partially "monopoly procurement of marketed surplus and delicensing of wholesale traders; but it permitted sales by licensed retailers and growers, allowing an open market with prices stipulated at around 'fair prices.'"

### 3. *Rivalry among the decision-makers*

In addition to the above explanation, we must also not discount the role of another factor in accounting for the failure, viz., personal, ideological, and jurisdictional rivalry among the top decision-makers in the Central government.

D. P. Dhar, the Minister for Planning, was not getting on well with the staff of the Agricultural Prices Commission (APC), partly because D. P. Dhar, who is known for pushing the plan for wholesale wheat trade takeover through the Cabinet, presumably did not trust much in the role of the APC, which could be said to be producer (rich farmers)-oriented rather than consumer-oriented. D. P. Dhar allegedly had not consulted with the staff of the APC before making the Planning Commission's decision to propose the takeover scheme to the government, nor had D. P. Dhar allocated an appropriate role for the APC to play in the total implementation mechanism of the takeover scheme.

Reprisals of a sort, against the Planning Commission were made by the APC when, with full knowledge of D. P. Dhar's intention to include essential consumption goods other than foodgrains in the list of nationalization in the Fifth Five-Year Plan, it recommended to the government, in its report on *rabi* crop prices for the year 1974, that government should not further expand the area of public distribution. This time, the Planning Commission was not consulted by the APC.

D. P. Dhar, a Kashmir pandit with the full trust of the Prime Minister, had his way in the Cabinet and "the leadership now admits in so many words that it [the plan for wholesale wheat trade takeover] is a wholesale failure."<sup>34</sup>

<sup>34</sup> As of June 16, 1973, by a political correspondent of *Frontier* [6, p. 4]. Also see [20]. In this article, the correspondent says, "Shrimati Indira Gandhi is extremely angry with the Planning Minister, Shri D. P. Dhar, for not only giving her wrong advice on the nationalization of foodgrain trade, but almost forcing the Government to take over wholesale trade in wheat during the last Rabi season—which by now has turned out to be a total flop."

D. P. Dhar, the main initiator of the scheme, was not getting on well with another powerful technocrat, C. Subramaniam, who had established a reputation as a pragmatist. It is reported that in October 1972, at the Congress Working Committee meeting, "he chastised Shri C. Subramaniam for opposing the nationalization of foodgrain trade, and himself took over the draft resolution prepared by Shri C. Subramaniam and made wholesale changes in it." (As a sequel to the resolution, the wholesale trade in wheat was taken over by the Government [20].)<sup>35</sup>

There may be some irrelevancy and even exaggeration in some of these reports, but it would also be misleading totally to ignore the personal interrelationship among the top leaders when trying to explain the failure of the "takeover policy" [6].

### *C. Paramountcy of the Structural and Socioeconomic Factor over the Role of the Political Leadership of the Congress Party Government*

As earlier has been mentioned, the political leadership of the Congress Party Government as a total entity is being questioned. In the course of the previous analysis of the takeover policy decision-making and its implementation, we have witnessed many cases of sabotage against and opposition to the takeover of wholesale trade in wheat and rice by the traders, big farmers, even industrialists and their political "spokesmen." They felt their long established interests were being threatened by "left dogmatism." Their open and tacit sabotage and resistance were very powerful and effective. Even within the Congress Party, there were many members who directly and indirectly were interested parties and cooperated in the scuttling of the takeover scheme. This was evidenced during August 1973, by the intra-party stricture within CPP. State administrative machinery also did not function as was expected because some top officials of the state governments and local political bosses were the parties to be affected if the scheme was to be fully implemented.

Within the party and bureaucracy, particularly at state level, the direct and indirect influence of the propertied class is exceedingly strong. Partymen and even government officials tend to work in the interests of the propertied class and its closely connected people rather than to work for the abstract goal of social justice. Landlords, rich farmers, and traders have long tried to maintain sources of benefits in collusion with the high officials of a government and politicians by means of getting loans, subsidies, licences, tax-exemptions, and higher procurement price for the levy, etc. in exchange for various kinds of bribes and/or vote-collection campaigns for the Congress Party.

The Congress Party and Government naturally represent different classes and

<sup>35</sup> Another incident relevant to the present subject was that "the imposition of T. A. Pai as the super-Minister for Food irked Anna Saheb Shinde. Fakhruddin Ahmed was a virtual non-starter as the Minister for Food and Agriculture. All the spokesmanship was left to Shinde who was now just a member of the task force T. A. Pai was heading." According to the reading of the correspondent of the magazine, "Shinde's Ministry is out to scuttle whatever Pai wants to achieve."

interests and its policy could never be so simple—but generally it exhibits a rather progressive orientation since the greatest majority of its voters belong to middle and low classes of the society.

A progressive symbol is a “must.” Through this symbol manipulation, the Congress Party and Government have enjoyed support from the greatest number of the people at every election, except the debacle in Kerala in 1956 and at the fourth general election in 1967 and some mid-term polls.

This broad framework of “progressiveness,” however, has allowed much room for many different interpretations of what the Congress Party Government did, does, and is going to do.

In practice, however, at the stage of implementation of a “progressive” scheme, the Congress Government must opt for some specific measures.

“State trading in foodgrains” as announced in the ten-points program attracted the masses, particularly the vulnerable sections of the society. But, at the stage of final decision, the coverage of “foodgrains” was limited to “wheat and rice,” and at the stage of implementation it was further limited to “wheat” only. The scheme of the takeover of wholesale trade in wheat itself was finally abandoned in April 1974 [3] [10]. In the total processes of adoption, implementation, and retreat of the “takeover policy,” we have witnessed the constant pressure exercised by the “vested interests” both within and outside of the Congress Party. The foodgrain traders, rich farmers, some bureaucrats, and politicians were in close collusion in an attempt to scuttle the “takeover” scheme. Some of them have been very influential supporters of the Congress Party at various levels—very important people at election time. Faced with this dilemma, the Central leadership opted for a much easier and “safer” way; hence compromise without fully achieving the original goal but saving the party from further organizational crisis. The Central leaders also chose an easier way by obtaining necessary foodgrains for public distribution not by strengthening India’s internal procurement machinery but by heavily relying upon foreign aid and imports from outside [4] [21, p. 24]. This policy direction is a reflection of socioeconomic character of the Congress Party leadership. As I myself mentioned earlier, the organizational malfunction of the Congress Party is often ascribed to attempts by “vested interests” within the Party and outside to take advantage of the difficult economic situation.

This may be partly true. But, bureaucratic machinery tends to function inertly because of confusion and a sense of weakness in political leadership and lack of a sense of mission on the part of the bureaucrats.

The youth and the poorer and weaker sections who had rallied round the Congress in 1971 and 1972 have suffered disillusionment and unless effective steps are taken to bridge the credibility gap, the situation may worsen for the Congress. Already their anger and frustration has found expression in Gujarat and Bihar mass protest movements which lasted quite a long time. This kind of protest will spread to other parts of India unless the Congress Party and Government now realize the danger they are facing, and according, strengthen and streamline its party organization and firmly grasp the bureaucrats under their

control. Severe punishments as well as beautifully systematized incentives which can generate people's voluntary participation for national goals must be adopted immediately. Otherwise, the people, particularly the low strata of the society who also are voters, will further lose confidence in the Congress Party Government regardless of any colorful slogans it may raise in the future, hence resulting in further eclipse of political leadership.

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