

out to be an effort to redirect the attention of the Labour movement to the evils of Communism. It is significant that the only place where applause is recorded is at his mention of the efforts being made to restore peace in the Far East. Otherwise, the speech was confined to a reiteration of the arguments of Soviet guilt and Anglo-American in-

nocence, with a reference, in general terms, to the sacrifices that will have to be made by the British people. Now we must contain ourselves in patience until Parliament meets again on Monday, though the future is indeed so obscure that it is doubtful if even the Government has anything more than a hazy notion of what the future holds!

### From South India

## Rural De-rationing in Madras

C. V. H. Rao

**M**ADRAS has the unique distinction of being the first deficit state in the country to resort to rural de-rationing in respect of foodgrains. This is a very serious step to take, considering that, except for half a dozen districts in the north and Tanjore district in the south, the remaining districts in Madras are deficit in food production and are dependent upon supplies from the surplus districts and on allocations by the Central Government for their requirements. De-rationing in the rural areas, with its concomitant of a free market for foodgrains in those areas, leaves the people to shift for themselves. In other words, they will have to depend on the tender mercies of the few big producers of foodgrains, who should be prepared to release their surplus stocks in the free market at reasonable prices, or in the alternative rely on the Government to meet their demands.

So far as the Government are concerned, de-rationing enables them to curtail their statutory commitment to feed the people of these areas, so that they can concentrate on the urban and industrial areas, though it does not relieve them of their responsibility to prevent starvation.

De-rationing may prove a dangerous experiment. Supposing food-grain stocks in the deficit districts run short and the Centre's allotments do not reach in time to replenish them, the fear of starvation, which is always around the corner, will then become a dreaded reality. De-rationing may in such circumstances turn out to be fatal.

The success of de-rationing depends on procurement of foodgrains in the surplus districts; the obligation rests on the Government of India to make good local deficit by proportionate allocations from imported foodgrains. The failure of the monsoon for the third year in succession

and the consequent decline in food-grain production in the southern districts only increase the apprehensions regarding the probable outcome of de-rationing in the absence of an assurance about the regularity and adequacy of Central allocations. Since de-rationing will be introduced in the rural areas in the surplus districts also, and statutory rationing is proposed to be introduced in the municipal areas throughout the state, it is difficult to estimate the net reduction in the Government's responsibilities. And yet, this is advanced as the main justification for this experiment. Naturally, procurement in the state hereafter may not be on the same level as in previous years, as producers in the surplus districts would demand exemptions in respect of quotas of stocks to be surrendered on the score of personal needs and payments to labour and so on.

There are thus too many "its" and "huts" to be taken into account in considering the probable effects of de-rationing. If full co-operation from the producers in the matter of procurement in the surplus districts and continuous release of surplus stocks held by them in the deficit districts, and adequate food allocations by the Centre (the state's requirements of such allocations are estimated at nearly 8½ lakh tons) and their uninterrupted flow into the state's food reserves are fulfilled, the scheme may work smoothly. But if any hitch occurs anywhere, it may result in grave disaster. That is why the Madras Government, while deciding to de-ration foodgrains in the rural areas, have been anxious to wring an assurance from the Centre of continued assistance and allotment of imported food to the tune of 8½ lakh tons to this state. Only if these assurances are implemented, as Mr. Munshi is reported

to have agreed to at the last conference of Food Ministers held in Bombay, can the Madras Government carry out their scheme to successful fruition and thus alone can they establish and run fair price shops in the villages, to induce an outflow of surplus stocks and put a brake on food prices.

In assessing the success or failure of de-rationing, the significance of food prices cannot be minimised. The issue is whether food prices in the de-rationed areas will adjust themselves by the inter-play of demand and supply or will blackmarkets and profiteering flourish, rendering the lives of the poor people miserable?

In the beginning of 1948, when a similar experiment was tried for a few months, I had occasion to visit some of the villages in South India, in the company of Mr. Jai-randas Doulatram, then Food Minister in the Government of India who was on a tour of inspection to find out how the scheme was functioning. The general complaint of the people then was that they were not getting adequate stocks of grains in the fair price shops, that the quality of millets or maize available in the shops was incredibly bad, and that the price charged for the foodgrains was beyond the means of the many agricultural labourers and peasants. These complaints will be heard again, unless precautionary measures are taken and continued vigilance is exercised.

On the other hand, what is called "informal rationing" in rural areas in the surplus districts, which had been in existence so far, had been a fane, because rice and other grains used to flow in large quantities from the villages to the towns in these districts and little effort was made to check this outflow, while rural areas suffered from scarcity and high prices. Under the present de-rationing scheme, which is coupled with the introduction of statutory rationing in the municipal areas and continuance of procurement, this state of affairs may stop and thereby a larger quantity of rice may be available for procurement.

### Multi-purpose Projects

The Madras Government embarked on a number of major irrigation and electricity projects, of which the more outstanding are the Tungabhadra multi-purpose project, the Lower Bhavani project, the Moyar and the Machkund hydro-electric

projects and extensions to the Fyara, Papanasam and Madras electricity systems. The total estimated cost of these projects is about Rs. 65 crores. Execution is proceeding vigorously on all these schemes and up to the end of March 1950, over Rs. 45 crores had been invested on them. The whole programme is expected to be completed by 1952, bringing under irrigation half a million acres of dry land and doubling up the power generation in the state.

The question of financing the further stages of these projects has, however, been proving a difficult one for the state Government under the existing conditions of financial stringency. When the programme was launched in 1946-48, the Government had reasonable assurance of being able to raise the required capital, because the Government of India were inducing the state Governments by substantial subsidies and loans to embark on such activities. In fact, up to the end of 1948-49, the capital programme of the state did receive material assistance from the Government of India.

During the financial year 1949-50, the Madras Government incurred a capital expenditure of Rs. 12 crores of which Rs. 10 crores was on the irrigation and electricity programmes referred to above. Though the Government of India promised a loan of Rs. 6 crores towards that expenditure, later in the year they withdrew the loan because of their own difficult Mays and means position, and this naturally put the state Government in an embarrassing position, since heavy commitments had already been made by them. The state Government, however, managed to sustain the programme without material curtailment, meeting the deficit through various expedients like cutting down revenue expenditure and drawing on their reserve funds.

The current year's budget provided for a capital expenditure of Rs. 15½ crores, of which about Rs. 12 crores will be spent on the irrigation and electricity programmes already under way. The Government have found part of this money by raising an open market loan of Rs. 4 crores, but the rest of it will have to be secured either by selling a portion of the securities now held in the reserve funds or by obtaining a loan from the Government of India. It is very essential to do one or the other of these things in view of the fact that most of the projects

are in an advanced stage of construction." The organisation and machinery, painfully built up, will remain idle if adequate funds are not allotted as programmed. For a state badly handicapped on account of food shortage and inadequate motive power, the need for the speedy execution of these projects cannot be over-emphasised and delay involves wastage of effort and needless enhancement of the capital cost of the programmes by the addition of interest to the vast sums so far invested and lying unproductive.

It is in pursuance of this imperative and paramount need that the Madras Government have struck upon the somewhat novel procedure of calling upon the local population, who will benefit by the various projects, to contribute funds towards their execution. One such project, the loan for the execution of which thus subscribed by the beneficiaries themselves, is the Manimuthar project in Tirunelveli district, and it is likely that similar loans would be raised for carrying out some of the irrigation projects in the Northern Circars.

The Tungabhadra project is the most important of the irrigation projects now under execution in the south, and it is more than half way through to completion. Being a joint Madras-Hyderabad undertaking, its progress has to some extent been impeded by the slowness of work on the Hyderabad side. The main canal on the Madras side will be 225 miles long and will bring under cultivation three lakhs of acres. Other irrigation projects on hand are the Krishna-Pennar project, which has reached an advanced stage of investigation and work on

its construction is expected to commence shortly.

Side by side with the increase in the facilities for irrigation, expansion of electricity facilities has also been proceeding. The Mysore Jog electricity scheme supplies electric power in bulk to Bellary and Anantapur districts. The policy of extending the supply of power from the Mettur and Pykara works is being steadily pursued by the Madras Government, despite the difficulty in the procurement of materials and equipment, priority being accorded to such extensions as would directly benefit the agriculturists by enabling them to use power to work agricultural machinery and pumps. Mention may be made in this context of TWO other factors: first, that the Government of Madras have sanctioned the hydro-electric schemes connected with the Tungabhadra project, and secondly, that under the provisions of the Madras Electricity Supply Undertakings Act of 1949, a programme has been formulated for the acquisition of all local body and private electric supply undertakings in the state. A number of municipal electricity concerns have already been acquired by the state under those provisions.

The Madras Government have also been gradually extending the operation of the thermal scheme, the latest improvement in that connection being the inauguration of the Nellore thermal scheme. This will in due course be linked with the Machkund hydro-electric system in the north, the Madras thermal system in the south and the Ceded Districts scheme in the west. The ultimate aim is to integrate all these into a State electricity grid scheme.

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