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STATE TAKEOVER OF WHOLESALE WHEAT TRADE IN APRIL 1973

FOOD PRICES ARE THE KEY TO THE GENERAL PRICE SITUATION IN INDIA.

EVEN A MARGINAL SHORTFALL IN FOOD SUPPLIES OR DISRUPTION IN ITS FLOW TO THE MARKETS WILL RESULT IN A SPURT OF THE GENERAL PRICE LEVEL.



THE WHEAT TAKEOVER BY THE GOVERNMENT PROVED BEYOND THEIR ADMINISTRATIVE CAPACITY AND RESULTED IN THE DISLOCATION OF THE EXISTING FOOD MARKETS.



THE REVERSAL OF THIS POLICY WAS A WELCOME DEVELOPMENT THOUGH SOME OTHER DEVELOPMENTS HAVE COME IN THE WAY OF RESTORING NORMALCY.

THE SCARCITY WAS NOT ONLY CONFINED TO WHEAT BUT SPREAD TO COARSE FOODGRAINS.

IN DEFICIT STATES LIKE GUJERAT AND MAHARASHTRA GRAIN FROM OTHER STATES DID NOT ARRIVE IN SUFFICIENT QUANTITIES.

NOR WERE THE FREE MARKETS ALLOWED TO FUNCTION WHILE THE PUBLIC DISTRIBUTION SYSTEM HAD BROKEN DOWN.

SUMMING UP...

WHEN NATURE'S LAWS ARE VIOLATED, FEVER DEVELOPS IN THE HUMAN BODY.

SIMILARLY WHEN ECONOMIC LAWS ARE VIOLATED THE FEVER OF INFLATION IS EVIDENT IN BODY POLITICS.

IT IS MANIFESTED BY AN INORDINATE INCREASE IN MONEY SUPPLY BEYOND THE GENUINE REQUIREMENTS OF THE ECONOMY AND A LAG IN PRODUCTION OF ESSENTIAL GOODS AND SERVICES WHICH THE PEOPLE CONSTANTLY SEEK.

