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SWATANTRA PARTY

DRAFT RESOLUTION ON FOOD SCARCITY AND HIGH PRICES

1. The General Council of the Swatantra Party holds that the current rise in prices and shortage of supply of food grains are the outcome of the doctrinaire policies wrongly followed by the Congress Government over the past decade flouting the laws of economics.
2. In the name of land reform laws were passed putting a ceiling on the size of farms owned by individuals, leading to fragmentation of holdings and uncertainties in the great and basic industry of agriculture.
3. The basic fact to be borne in mind is that it is the larger farms that supply a marketable surplus and if that supply is hit by thoughtless legislation with unworkable socialistic ideas in mind, the urban markets suffer a loss of supply and distress results. These ceiling laws were struck down by the Supreme Court as unconstitutional on several grounds, but the 17th Amendment has been enacted to validate all these unconstitutional laws. These laws discourage the investment of private capital on farm production, a disincentive aggravated by the increased and unbearable taxation all round. The 17th Amendment has created the fear that the Government is bent on the double policy of fragmentation of ownership in land and artificial collectivisation both of which are vicious in effect and increase uncertainties.
4. Apart from the ill-conceived agrarian policies, the steep rise in the price of food grains is the result of the general rise in all prices due to the inflationary policies of the Congress Government. These inflationary policies have taken many forms, among them being deficit finance, heavy excise duties and sales taxes, enhanced land revenue and other levies and, above all, the false order of priorities in the II and III Five-Year Plans where quick yielding activities such as agriculture, road building and rural processing industries have been neglected in favour of low and slow yielding heavy projects.
5. Faced with the catastrophe that must inevitably result from such misguided policies and priorities, the Congress Government are now seeking to find scapegoats. The General Council finds no evidence to

justify the sweeping charges against peasants and traders.

6. The General Council warns the country against the proposals for State Trading in food grains and compulsory levies on the peasants, which are being advanced by certain elements in the Congress Party. Such measures, far from solving the problem, would aggravate it and lead to increased blackmarketing and corruption of all kinds and take the country to the brink of chaos. The failure of controls is so obvious that it would be perverse to ignore it. No solution short of decontrol of prices and movements will, therefore, suffice. The Swatantra Party should intensify its efforts to educate the people and warn them to resist such disastrous policies.

7. In the opinion of the General Council, the long term solution of the food problem in India is the rehabilitation of agriculture, which is and will continue to be the means of the livelihood of the majority of the people for many generations to come. The needs of the peasants, whether in regard to irrigation, fertilisers, seeds and roads or the necessity for a guaranteed floor price or cheap credit, must take priority over other measures of economic development. While such a reversal of the order of priorities will in itself act as a brake on further inflation, other inflationary policies of the Government, such as deficit finance and high excise duties on the necessities of life, should be abandoned.

8. In so far as the short term aspects of the problem are concerned, the General Council is convinced that immediate action on the following lines would greatly reduce the hardship of the people, both in rural and urban areas:

(1) The Centre and State Governments have been the biggest hoarders of food grains during the past few months. Although buffer stocks were available, these were held back from the people, thus contributing to panic and a rise in prices. The Government should disgorge these hoarded stocks and distribute, through fair-price shops and the trade, substantial quantities from these buffer stocks. This measure would immediately allay panic, hold prices down and lessen the people's distress.

(2) The zonal arrangements should be terminated and a common free

market in food grains restored. While some phasing may be necessary so that this adjustment may be smoothly made, the General Council is convinced that there is no need for the survival of any part of the zonal system beyond September 1, 1960. In the next three months, whether in respect of rice, wheat or other grains or pulses.

- (3) The attempt to make a scapegoat of peasants and traders should be abandoned and those with knowledge and experience of the supply and distribution of food grains should be taken into confidence. There should be consultative machinery established so that there may be exchange of information and ideas between Government, farmers and the food grain trade, both at the Central and State levels.

9. The General Council calls upon members of the Party throughout the country to spread among the people an awareness of the realities stated above and to give every assistance to the peasants, the food grain traders and consumers to see that their rights and interests are not trampled upon in an attempt at justifying and perpetuating the wrong policies of Government which have brought the country to this unfortunate pass.

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