Colonialization of the peasant economy turned Punjab into a major food supply zone within the British Empire. It also remained the most important recruiting ground for the British Indian army. The British imperial interests during World War II dictated the use of government machinery to draw the maximum of human and material resources from the Punjab. In the process, the province went through a number of interrelated socio-economic crises such as food shortages, rationing, hoarding, black marketing, profiteering, price rise, inflation, and speculation, which were compounded by massive demobilization after the war. This situation caused discontent among the disbanded soldiers and acute deprivation among the masses, especially the wage earners and the salaried classes, in both rural and urban areas. It also had far reaching effects on the political situation in the 1940s.

In the wake of World War II, the agrarian economy of the Punjab witnessed unprecedented food crisis, rationing, price rise and inflation in the 1940s which caused large scale dispossession and deprivation among the producers and consumers, especially the middle and lower classes. The colonial state became more exacting for foodgrains which precipitated a food crisis both at the level of production and distribution. Excessive exports of foodgrains mandated rationing which led to price rises, hoarding, black marketing, speculation and inflation. It caused discontentment among the masses. Political control by the colonial state came under strain. This paper attempts to delineate the processes of economic crises at the level of production, distribution and fiscal management in the Punjab during the 1940s upto the British withdrawal from India.

Towards World War II and the War Economy

With the German invasion of Poland on September 1, 1939, World War II began in Europe. The mobilization of British forces was declared. An ultimatum was issued to Germany at 9:30 pm and the second and final one on September 3 at 9 am. Neville Chamberlain, the British Prime Minister, spoke on the radio at 11:15 am. Both Britain and France declared war on Germany on the same day. From his viceregal summer residence in Simla, Lord Linlithgow, the Viceroy, announced the war against Germany on Sunday, September 3, at 8.30 IST over the All India Radio. India was vital to the defence of British interests around the world. The ships would transport food, armaments and troops from the colonies and dominions on the periphery of the Indian Ocean.
to the United Kingdom, as well as to war theatres around the Mediterranean Sea or in Southeast Asia. Linlithgow immediately got immersed in the war problems. He was industrious, clear-headed, patient and capable, having rock-like firmness. In fact, his principal claim to fame was his organization of the Indian war effort. From the British viewpoint, he successfully handled both the challenges of supply and recruitment, and came to be called as ‘a Great War Viceroy’. A Defence of India Ordinance restricting civil liberties came into force the day war was declared. It established the power of the Central Government to promulgate such rules as appeared necessary for securing defence of British India or the efficient prosecution of the war or for maintaining essential supplies and services.

However, the elected members of the Central Legislative Assembly had not been consulted. Even though within the Indian National Congress, Mahatma Gandhi and Pandit Jawaharlal Nehru were sympathetic towards France and Britain, they felt outraged at the Viceroy dragging India into the war without consulting the representatives of the Indian people. The Congress Working Committee met at Wardha from 10 to 14 September 1939. Sharp differences cropped up. The Socialists like Acharya Narendra Dev and Jayaprakash Narayan and Subhas Chandra Bose argued that the war was an imperialist one and differed on extending any support to England. Jawaharlal Nehru made ‘a sharp distinction between democracy and Fascism’. At the same time, he underlined that Britain and France were imperialist nations. Therefore, he argued that India should neither join the war nor take advantage of Britain’s difficulties. On 22 October 1939, the Congress Working Committee met again at Wardha and resolved that any support to Great Britain would amount to an endorsement of imperialist policy. The Congress ministries in Madras, the Central Provinces, Bihar, the United Provinces, Bombay, Orissa and North West Frontier Province resigned from 27 October to 15 November 1939. Thus, the Congress rejected any responsibility for India’s war contribution. For India, World War II was ‘a conflict between old and new imperialist powers’.

It was evident that the war between the contending parties was a war for resources, war conducted with resources and war decided to a large extent, by the comparative superiority of resources. Lord Zetland, the Secretary of State for India, informed the Viceroy that the whole strength of the empire might have to be developed and deployed. The first step was ‘to increase the output of India’s munitions factories to the maximum in order to meet their own needs as also all outside demands’. Hence, India entered into the war not on its own will, but committed to it by its rulers. Ethically, the war was not of India’s seeking. It was entirely due to European rivalries and imperialist competition. The new British Government had made the subservient Government of India join in their extra-frontier imperialist operations. Winston Churchill categorically declared that it will be a long war and one full of sorrow and disappointment for the British empire. Sir Leopold S. Amery, the new Secretary of State for India, decided ‘to utilize Indian supplies to the

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‘utmost’. Even the American President F.D. Roosevelt prepared for a prolonged war.⁸

The Punjab bore the main burden of providing cannon fodder for the various theatres of the war. The Indian army numbered 1,94,373 on the eve of the war in September 1939.⁹ Throughout the war, the bureaucracy operated seamlessly with the military establishment, squeezing every village for manpower. Sikander Hayat Khan, the Punjab Premier, also called ‘the soldier Premier’, confidently assured the Punjab Governor, Henry Craik, that the province could supply half a million recruits for the Indian army within weeks. Hence, the epithet ‘the garrison state’ which was mobilized in support of Britain’s war efforts against the Axis Powers. Interestingly, by the end of September 1939, General Sir Robert Cassells, the Commander-in-Chief for India, had recruited about 34,000 men out of whom 18,000 or 19,000 were from the Punjab, and without the knowledge of its Governor.¹⁰ In the Punjab, the initial responses towards recruitment were ‘enthusiastic’. The Deputy Commissioner of the Attock district in the north-west, reported keen interest in the possibility of recruitment.¹¹ The vernacular press considered it ‘a limited war’ that would end soon.¹² In the beginning of May 1940, the green signal was given in London for expanding the Indian army in view of the possibility of hostilities with Russia and Afghanistan. By the middle of August 1941, recruitment attained a record figure of 50,000 per month. The Indian army doubled, from 166,377 in 1940 to 3,26,497 in 1941, and reached upto 6,51,655 in 1942.¹³ Significantly, however, recruitment had been opened to ‘non-martial castes’ which included the Mazhbis, Ramdasi Sikhs, Christians and Ahmdiyas. Even physical standards were relaxed.¹⁴ The Punjab continued to be the main supplier of soldiers throughout the war, accounting for about 36 per cent of all soldiers recruited from India.¹⁵

The profile of the army changed in the process. The number of Muslim recruits from the Punjab quadrupled: from 43,291 in 1940 to 165, 497 in 1942. The share of the Sikhs also increased from 24,723 in 1940 to 72,059 in 1942, and that of the Jat Sikhs from 18,465 in 1940 to 42,087 in 1942. As a whole, the Indian army expanded fast: from 1,50,000 in 1939 to 10 lakhs in 1942, increasing by 50,000 men per month. Between November 1941 and September 1942, 50.7 per cent recruitment was from the pre-war catchment areas, and 49.3 per cent from amongst the new groups. On 1 January 1944, the total strength of the army in India and overseas was 23,62,156 which included only 1,75,323 of the British army.¹⁶ Churchill felt gratified that with two and a half million Indians volunteering to serve in the forces, this was the biggest army ever raised without conscription.¹⁷ The mobilization reached 20 lakh, of which about 50 per cent were Punjabis.¹⁸ World War II was viewed in the Punjab as ‘a total war’, leading to unprecedented ‘mobilization of manpower and economic resources’.¹⁹

Along with manpower mobilization, there was a massive resource mobilization testified to by the historians of different hues. The defence expenditure grew rapidly. The total defence expenditure was Rs.46 crore in 1939, which increased to Rs.593 crore in 1943, to Rs.773 crore in 1944, to
Rs.869 crore in 1945, and to Rs.769 crore in 1946, increasing thus by 19 times. The proportion of national income spent on defence increased by 7 times, increasing from 2.4 per cent in 1939 to 14.3 per cent in 1946, reaching the maximum of 16.4 per cent in 1943. By 1945-46, the defence expenditure had risen to Rs.3,955 million per annum and over the period 1939-45, it amounted to over Rs.17,000 million or 75 per cent of the total expenditure on current account of the Centre. Taxes were substantially raised and tax revenue rose, but current revenues covered only 70 per cent of the Centre’s outlays during the war. The annual average of the total defence expenditure of India during the war was three times that of India’s annual revenue at that time. Significantly, practically the whole of the net expenditure on defence services and supplies in India was in the shape of rupee expenditure.

While Indian revenues were to be used for the defence of the colony, in a major departure of policy, the British Imperial Government agreed to foot the bill for the use of Indian forces in the defence of the empire. However, as the treasury in London was short of cash, a mechanism was devised by which India would be reimbursed at the end of the war. So, part of the total expenditure on the war would be recoverable as sterling credits for India accumulated in the Bank of England. Of the total government expenditure of Rs. 39.96 billion incurred in the course of the war, 37 per cent had been raised by taxation, 36 per cent by borrowing, and 27 per cent (Rs.10.78 billion) by increase in the money supply. The economy was structured in the service of the war.

Agrarian Production and Export of Foodgrains

On the eve of the war, the state of agrarian production in India was critical. Food production had declined at an annual rate of 0.02 per cent during 1924-44. However, with massive irrigation networks, the Punjab had emerged as ‘a new agrarian frontier’, which was said to be ‘the most export-oriented in the whole of Asia’. The Punjab had the largest irrigation system with 20 million acres under irrigation, with a canal network running over 3220 kilometers. The total irrigated area accounted for 52 per cent of the total cropped area in the Punjab. Improved varieties of wheat, cotton and sugar reached 50 per cent, 70 per cent and 64 per cent, respectively. In view of this, the German military and economic experts had assumed self-sufficiency of India in food stocks. However, it proved to be ‘illusory’, as India had actually imported rice throughout the 1930s. Taking 1893-86 as the base period, the decennial average of crop output for 1936-46 was 93 for food crops, 185 for commercial crops, and 110 for agricultural production as a whole. With the post-1921 demographic change, per capita output actually declined. Though the Punjab achieved high rate of increase in the both food and cash crop production, the
cropping pattern underwent drastic changes. The proportion of area under wheat declined in conformity with the profit-maximization principle as it was one of the ‘least profitable’ crops. By comparison, cotton enjoyed a decided advantage, achieving the highest profit in terms of unit cost of production.\textsuperscript{33}

On 26 August 1939, the Department of Supply was created to deal directly with the problems concerning supplies of all kinds required for the prosecution of the impending war. The War Supply Board was reconstituted in November 1939.\textsuperscript{34} The rural population was rallied to intensify the area under cultivation through ‘Grow More Food’ campaign in the Punjab. In April 1943, the Kisan Women’s Conference was held which passed a resolution supporting the ‘Grow More Food’ campaign.\textsuperscript{35} The total cropped area increased from about 30 million acres in 1939-40 to nearly 35 million acres in 1942-43.\textsuperscript{36} By then, the area under food crops in the Punjab reached 25.6 million acres which exceeded by nearly half a million acres over the year 1933-34. The area under four important crops – wheat, rice, maize and \textit{bajra} – was the highest ever recorded in 1942-43.\textsuperscript{37} With the average of three years ending in 1939, the area under grain crops in 1943-44 had increased by over 11 million acres, providing, thus, an additional yield of 4 million tons of foodgrains.\textsuperscript{38} At the same time, the agriculturists devoted better quality land as well as that under irrigation to the cultivation of commercial crops. In the canal colonies, the cultivation of American cotton became profitable which replaced sugarcane.\textsuperscript{39} Linlithgow considered the procurement of the necessary wheat surplus from the Punjab as far more important than any political considerations, including any interests of the ministers, and even the continuance of provincial autonomy in the Punjab.\textsuperscript{40}

On 21 July 1943, the Government of India once again asked Amery, the Secretary of State for India, for immediate imports, noting that ‘famine conditions have begun to appear’ in parts of southern India and in Bengal.\textsuperscript{41} The Punjab Government promised wheat supplies to Bengal, but sought assurance that ‘the Bengal authorities would cease to make a profit out of the sale of foodstuffs’.\textsuperscript{42} In 1943, the ‘Grow More Food’ campaign was intensified. It was decided to increase the production of rice and millets. The provincial government expected ‘to exceed the export targets’. The year 1943 had experienced ‘an excellent harvest’, and wheat reached the \textit{mandis} in large quantities. The central purchasing agents, the military agents and the North-Western Railway authorities made considerable purchases from the \textit{mandis} at rates varying from Rs.10-12-0 to Rs.11-1-0 per \textit{maund}. The Director, Food Supplies, Punjab bought rice at Rs.17-14-0 per \textit{maund}.\textsuperscript{43} The wheat from the Punjab found its way not only to Bengal but to many war fronts.\textsuperscript{44} The Punjab exported about 1,62,000 tons of foodgrains.\textsuperscript{45} An analysis of the ‘Grow More Food’ campaign of 1942-43 suggested that the additional production of food grains was obtained by diversion of a substantial area from short-staple cotton to millets. This was largely in response to concessions and financial assistance offered by the central and provincial governments and the higher prices of food grains.\textsuperscript{46}
However, procurement of wheat lagged behind. It only totalled 3,11,000 tons against the expected 5,00,000 tons during May-July 1943. In response to a directive from the centres to improve the procurement position, the Punjab Premier issued two appeals to the growers to bring their grain to the market. In November 1943, it was argued in the Central Legislative Assembly that ‘the Grow More Food’ campaign had not made ‘any improvement’ in food-grain cultivation ‘in any appreciable degree’. Due to shortage of cattle for cultivation, the price of bullock had increased seven times; the daily wages of a unit of plough rose by eight times. Hence, cultivation went beyond the means of an ordinary peasant, whereas ‘the interests of the producers were paramount concern’ in the Punjab, maintained Sir Jogindra Singh. Even though the ‘Grow More Vegetable’ was launched to control the price of seeds, and food was characterized as ‘a munitions of war’, it was one of the first commodities to feel the impact of the crisis caused by the increasing purchases for the war. Wheat purchases for export reached 1,84,860 tons (1,19,938 tons for defence and 64,872 tons for civil purposes) against the quota of 4,20,000 tons for raw wheat. The Central Food Department made arrangements for providing storage for foodgrains. New constructions were contemplated in the Punjab. Accommodation for 60,000 tons had already been hired in the Punjab which was expected to increase upto 1.5 lakh tons. During the fortnight ending 1 December 1944, 21,410 tons of foodgrains were dispatched by the Punjab Government on civil accounts; of this, wheat constituted 13,109 tons, millets 1450 tons, and rice 6,851 tons. As reported in the Tribune in the five year period ending 1942-43, the average area under wheat in the Punjab represented about 28.2 per cent of the total area under wheat in British India. In early January 1945, favourable rain proved very ‘beneficial to standing crops’. It was also reported that by the beginning of July 1945, about 7,632 tons of foodgrains were dispatched from the Punjab to the deficit provinces in India. According to F.B. Wace, Secretary, Civil Supplies, Punjab, 80,000 tons of rice were purchased for export to the deficit provinces, and by early December 1945, about 13,724 tons of foodgrains had been dispatched to the deficit areas. During 1945-46, about 4,15,886 tons of wheat, 96,813 tons of rice, and 18,055 tons of millets were exported from the Punjab. From March 1945 to February 1946, the actual exports of foodgrains from the Punjab stood around 6,80,000 tons. Food production remained critical in India, because as compared to 1900-1, it was less in 1947-48.

**Food Crisis, Rationing and Price Regulations**

As was to be expected a priori, stagnant food production and massive exports led to shortages of foodgrains in the Punjab. The south-eastern Punjab districts faced famine. In Hisar, there were cases of general debility. The Director of Public Health reported that the cases of absolute starvation were not difficult to find. It was reported in the press that the prices of food and other necessities of life were soaring; the cost of living was mounting; and the black market was thriving. In Amritsar city, one of the principal wheat markets of the province,
there had been violent fluctuations in the price of wheat. The Deputy Commissioner attributed it to wild speculation in ‘futures’. In fact, the prices rose rapidly in the 1940s and remained at very high levels throughout 1947. This situation had necessitated regulation of prices. In the month of April 1941, the local merchants in the Punjab sharply reacted to the price regulations. They openly protested against the sales tax. They called for the provincial merchants’ conference in Amritsar, which created a deadlock in different centers in the Punjab. Despite, concessions made by the provincial government to the shop keeping class, the supply of food was running desperately low in India by the end of 1941. The shortfall for dominant staple rice had exceeded 2.8 million tons which could not be met by imports. The Government of India felt obliged to introduce Statutory Price Control in December 1941. In January 1942, the Punjab Government issued an order to all farmers to declare stocks of wheat of 20 maunds and more. Meanwhile, the Department of Food was created by the Government of India in December 1942. In April 1943, the Department of Industries and Civil Supplies was established on the assumption that requirements of civil consumers were no less important than the ‘user’ demands in a war.

The price index rose from 137 in 1941-42 to 236.5 in 1943-44. The price rise induced the peasants to dispose of their reserve stocks at what seemed to them heaven-sent prices. The overall shortage had been estimated at 5 per cent but this was aggravated by faults of distribution and control. Interestingly, the price index was based on the officially specified prices which were less than the prices actually prevailing in the market. Mahatma Gandhi cautioned on 19 January 1942 that scarcities would worsen as the war prolonged. The Government of India convened two foodgrains conferences in 1941 and 1943. The Price Control Policy recommended the following: (i) the underlying principle of the United States Price Control Order that fixed the price as the average of the price of a commodity for the years 1919-29, should be adopted in the Punjab; (ii) as in England, the government should subsidise price control in India too; (iii) Punjab peasants should not be forced to supply food grains at cheap rates to the deficit areas, as there the local government was earning huge profits in foodgrains trade; (iv) special importance should be given to the perpetually famine stricken region of south-east Punjab; (v) price control should be applied to the food commodities; and, (vi) if the government felt unable to enforce these principles, it should permit the agriculturists to raise the prices of their commodities by as many times as the prices of their needs had gone up.

The District Magistrate of Lahore reportedly admitted that owing to the very heavy military demands on wheat supply there was likelihood of shortage of wheat in the Punjab. In March 1942, the Punjab Legislative Assembly criticised the export of wheat. The Khalsa commented that through its policies of food requisition, rationing, and price control, the Raj had compromised its cardinal principle of maintaining rural stability. The Punjabi peasant retaliated by withdrawing supplies from the market. The Punjab itself appeared to be on the threshold of famine. Yet, in consultation with the Wheat
Commission of India, the Punjab Government, albeit reluctantly, agreed to allow export of wheat and wheat products to the maximum permissible limit of 9 lakh tons during 1942. Between May and October 1943, about 2,65,100 tons of foodstuffs were sent from the Punjab to Bengal. The shortage of foodgrains now began to be felt acutely in the Punjab. As in the Punjab, the scarcity in Bengal too had been avoidable. It has been argued by the renowned economist Amartya Sen that ‘the Bengal famine was not the reflection of a remarkable over-all shortage of foodgrains in Bengal’. It was essentially ‘a rural phenomenon’ and the worst affected were fishermen, transport workers, paddy huskers, agricultural labourers, craftsmen, and non-agricultural labourers. The least affected were peasant cultivators and share-croppers. Urban areas were substantially insulated from the rising food prices by the subsidised schemes. It was reported in the press that the Punjab Government had decided to build up a reserve to the extent of 40,000 tons of wheat, to be stored at various centers to ward off artificially engineered shortage. Apparently, the officials could not use coercion beyond a point to extract wheat from the farmers: maintaining army morale meant pleading with, rather than threatening, the families of Punjabi soldiers. Linlithgow admitted that he did not want to antagonize the Unionist Government or to upset the cultivators whose sons were in the army. He feared that soldiers might consider that their legitimate claims out of food profits were being taken away from them.

To deal with the shortages, on 21 July 1943, the Government of India asked the Secretary of State Amery for immediate imports. Meanwhile, rationing was first introduced in July 1943 in 13 cities and areas in India. The Central Government introduced forced requisitioning and price control. It regarded total urban rationing as a fundamental part of the all India food policy. However, the provincial governments suggested a partial rationing. The long range policy of the Government of India for dealing with the food situation was based on the recommendations of the Foodgrains Policy Committee which submitted its report in September 1943. Its main features were: (i) institution of statutory price control over major foodgrains; (ii) introduction of civilian rationing in all towns with a population of over 75,000; (iii) procurement of foodgrains direct from the growers by provincial governments; and (iv) adoption of a vigorous policy for increasing the area under food crops. As the Bengal famine crisis deepened further, the forced food requisitioning was introduced in the Punjab in September 1943, and price control in November. At the same time, the Punjab Government was blamed for perpetuating famine conditions in Bengal by imposing an embargo on the export of grains. The Governor made it clear that the whole of the Punjab, in common with the rest of India, was gravely disturbed by the plight of Bengal. Viceroy Wavell toured the Punjab in the last week of November 1943 ‘to get the ministers to agree to statutory price control of food and rationing’. They did not like regulations. Moreover, the situation remained ‘unsatisfactory’ due to the failure of rains. The Unionists felt obliged to advocate the introduction of price control over the goods required by the peasants. The situation had worsened in 1944, with hail damaging the wheat ripening in the fields of the
Punjab. By November 1944, about 460 towns and municipal areas were brought under rationing, covering about 42 million people; by October 1946, 771 towns and rural areas with around 150 million people were covered by rationing. Political insecurity and good prospects in black market created a situation as a result of which maize, wheat and grain virtually disappeared from the open market by December 1945. H.A. Majid, Rationing Controller, Lahore, issued an order fixing the maximum wholesale and retail prices of wheat and wheat atta within the limits of the rationed area of Lahore. By early 1947, nearly 900 towns with a total population of 152 million received rationed foodgrains in India.

In February 1945, during the Fifth All India Food Conference, the Punjab representative argued that ‘the Punjab Government was not convinced that rationing is necessary at all in urban areas of a surplus province’. Nevertheless, the Premier Khizr Hayat Khan was unable ‘to prevent the reintroduction of price control’. To deal with wheat shortages, the Government of India enhanced wheat supplies at the rate of one lakh tons per month from July to December 1945. It was hoped that it would materially help to maintain the stability of food administration in India. The Director, Civil Supplies, Punjab welcomed the decision to import wheat. He argued that the hoarders will think thrice before hoarding their grains. Consequently, in the rationed area of Lahore, the wheat price was reduced by 12 anna a maund from 3 July 1945. Subsequently, the Punjab Government issued an order fixing the maximum price of gram in 30 markets of the Punjab. On 18 August 1945, F.B. Wace, Secretary, Food Supplies, Punjab reportedly announced that ‘as long as acute shortage of supplies existed, control would continue’. He expected rationing to continue for another two years. He further elaborated that ‘while army demands decrease as a result of the cessation of hostilities, civilian demands would increase with return to home of soldiers’. In the All India Radio broadcast, R.H. Hutchings, Secretary, Department of Food, Government of India remarked that the war had forced rationing, which people had to accept without regard to class, wealth and privilege.

Though expected to be withdrawn in certain areas by the beginning of 1946, food rationing pervaded the daily life of the people. Sugar and atta was refused for charitable purposes on the occasion of Bhadri Amawas celebration for which a mela was held outside the Masti Gate, Lahore at a shrine called the Darbar of Jhingar. The Tribune remarked that ‘price controls are man-made in India which create such conditions that no self-respecting man can live’. The export of wheat, rice, paddy, jowar, barley, bajra, maize and pulses had been exempted to provinces except Delhi city without obtaining an export permit. As reported on September 18, the Punjab Regulation of Local Purchases Order (1945) had been promulgated all over the province. No military contractor and no person buying on behalf of, or with the object of selling to a military contractor, could purchase in any district any of the articles such as bovine cattle and buffaloes, fish and beef, sheep and goats, poultry and eggs, vegetables including onions, potatoes, fruits (fresh and dry), and bhoosa (chaff). In early November 1945, the Punjab Government prohibited the export
of gur (jaggery) by any means from the districts of Ambala, Hoshiarpur, Jalandhar, Ludhiana, Gurdaspur, Sialkot, Gujranwala and Lyallpur except under permit. The Punjab simply followed the rationing policy of the Central Government, not contemplating introduction of rationing in case of other articles because it would be difficult to build stocks.\(^8\) Rationing of rice was enforced in the cities of Lahore, Amritsar and Rawalpindi which had already been brought under rationing. Loud protests were raised against the compulsory inclusion of rice in the ration as the government allowed 66 per cent in the form of wheat and 34 per cent in the form of rice with effect from 14 April 1946.\(^9\) The Punjab Government also resorted to propaganda ‘to impress upon the public the necessity of avoiding wastage of foodstuffs at the stages of buying, cooking and serving’. A film of about 1200 feet in length had been prepared to educate the masses to prevent wastage connected with storage and infestation problems. The provincial home publicity organization had been mobilized to take up this publicity through available means like the press advertisements, radio, films and loudspeaker vans, besides the posters, handbills and pamphlets.\(^9\)

The situation continued to be grim till the end of colonial rule. As reported by the Tribune food crisis in India was discussed as ‘alarming’ in the House of Commons. An All India Conference in New Delhi discussed short term and long term aspects of the food problem. The stress was laid on the existing ‘Grow More Food Campaign’. International Emergency Food Council reportedly authorized India to purchase a total of 9,50,000 tons of grains in the first six months of 1947. Sardar Swaran Singh, Food Minister, Punjab, agreed to implement the five year plan for ‘Grow More Food’ drive. He, however, assured the growers that they ‘would not suffer as a result of the fall in prices’.\(^9\)

**Black-marketing, Hoarding and Deprivation**

The war situation steadily resulted in black-marketing, hoarding and deprivation. Already, at the time of the outbreak of World War II, it was reported that the prices of food and other necessities of life were soaring, the cost of living mounting and the black market thriving.\(^9\) Initially, there was delay in putting a check on profiteering. The provincial government, however, claimed that prompt steps were taken to pre-empt looting of shops and even of food riots.\(^9\) With Statutory Price Control introduced in December 1941, the general response of the Punjab cultivators was to resort to hoarding.\(^9\) The rumours are said to have played an important role in creating scarcity.\(^9\) The substantial price differences among different provinces led to smuggling and hoarding; a case in point was the wide disparity of price of rice between the Punjab and the United Provinces across the border and large purchases of paddy and rice.\(^9\) In August 1943, it was reported that as much as one million tons of an estimated harvest of 35 million tons had not come to the market.\(^9\) Chhotu Ram, the Revenue Minister in the Unionist Government, openly called for cultivators to hoard wheat until they secured higher prices for their
produce. The Viceroy condemned such ‘ruthless political opportunism’, and asked the Punjab Governor, who tried to defend Chhotu Ram, ‘to admonish’ him ‘very severely’.

In October 1943, an Ordinance was promulgated to prevent hoarding and profiteering. In July 1944, Consumer Goods (Control of Distribution) Order was issued. By November 1945, the distribution of 34 articles of common use was controlled. The order required dealers and producers to furnish information about their imports and production periodically to the Controller General of Civil Supplies. The price control and rationing in the Punjab could be achieved with ‘much difficulty’. Wavell admitted that, in 1944, he was facing a ‘hard struggle to hold prices and to stave off shortage and actual famine’. In March 1944, the Secretary of State wanted the Viceroy to announce the import of 4 lakh tons of wheat, but conceal the export of 1.5 lakh tons of rice. Wavell, however, called it ‘dishonest and stupid’. He considered one million tons of foodgrains as the ‘minimum’ required to ward off the food crisis in India. He even thought of ‘resigning to bring the situation home’. In the north-western region, the farmers held out wheat for higher prices. They preferred to keep their savings in the form of grain because they had come to distrust the value and security of cash. The Punjab ministers were individually and collectively advised to abstain from making unwarranted or provocative statements about the grain position.

Debating the food situation in India in the Central Legislative Assembly, Sardar Mangal Singh questioned the allegation that the Punjab peasants were ‘withholding foodgrains from Bengal’. He reminded the authorities that, rather than curbing black marketing, the Punjab Government and the Military Department entered into the black market and purchased wheat at Rs.7 or 8 instead of Rs.5 as determined under the price regulations. At the same time, it was reported in the Punjab Assembly that the landlords were indulging in black marketing and the condition of the tenants had become miserable.

By now, it is clear that the real fantastic increase was not in production but in profits, particularly speculative gains through profiteering in food, share market operations, and black market in general. Black marketing in commodities remained active in the Punjab in spite of stringency and wide scope of the government measures. The Tribune reported that in Multan, an effigy of ‘black market’ was set on fire at a public meeting held under the auspices of the local workers’ assembly. The wheat shortages caused ‘great anxiety’. Addressing the Fifth All India Food Conference at New Delhi, Sir Jogindra Singh underlined that the food problem should ‘continue to need our anxious care for many years to come’. The readers of The Tribune complained that price-control-created black-market had ousted the honest traders from business. There was a scarcity of daily necessities which were selling in the black market. Fearing a further cut in the wheat ratio allowed under rationing, the average consumer began concealing stocks of foodgrains such as rice, gram and pulses. In the month of November 1945, about 59 prosecutions were launched relating to food offences, and a fine of Rs.500 was imposed. In Hoshiarpur, the defaulters were convicted to three months’ rigorous
imprisonment. In the months of January and February 1946, the black market price of wheat obtained a record level, selling at Rs. 11-18 per *maund* as against the control price of less than Rs.10-16 per *maund*. The government banned inter and intra regional movement of the commodity. All the stocks in the under rationing towns were taken possession of by the government. Under the Punjab Hoarding of Rice and Paddy Prevention Order (1945), Clause 4, the dealers who held stocks in excess of those permitted by Clause 3 were required to dispose these within 21 days. Due to serious famine in some parts of India, a cut of five *chhataks* (1/16th of a seer) per adult a day was made in the basic ration with effect from February 1946. The special ration allowance for marriage and death were stopped.

The increasing inability of the government to curb the malpractices associated with rationing and controls became progressively evident. It was pointed out in the Punjab Assembly that the situation was aggravated by corruption which was said to be in full swing in the province. Contrary to the spirit of the government orders, the price of rationed wheat was very high in the towns compared with the villages, and the people protested against it. It was mentioned in the Assembly that the poor men had to face problems at the hands of the ration depot holders. The Premier, Khizr Hayat Khan, appealed to every Punjabi, the cultivator and the trader alike, ‘to do everything they can to ensure that every grain which is surplus to their essential needs is made available for less fortunate fellows in other parts of India’. The Muslim League leaders supported the government against the black marketeers. In a press statement in *the Tribune*, Sardar Baldev Singh, minister from the Punjab in the Interim Government, insinuated that the private traders offered prices higher than statutory maximum rates for gram and wheat. However, no government would allow such malpractices when the people were faced with starvation. *The Tribune* reported that the mustard oil was being sold in black market at Rs.60-70 per *maund*. The shopkeepers had turned bold regardless of price control. In fact, control without enforcement was said to be useless. In the month of January 1947, Fazilka *tahsil* was in ‘the grip of wheat famine’. However, P.N. Thapar, Secretary, Civil Supplies, Punjab considered it only a temporary shortage, and hence, a local problem. Similarly, wheat and *atta* became scarce in Jhang. The Deputy Commissioner exhorted the people to release the stocks of wheat if any such they had hoarded. The *muhalla* committees were formed, and the Governor paid a visit to the city. It was alleged that the big *zamindars* hoarded wheat amidst scarcity in the city of Jhang. Unlicensed dealers also made huge profits to the detriment of the consumers and the licensed dealers. As argued by Devi Dass Seth, Managing Director, Grain Syndicate Ltd., Lyallpur, the price controls had ‘hopelessly failed’ and allowed unscrupulous people to build up fabulous profits at the expense of the poor. *The Tribune* extensively reported that vital articles of food were disappearing from the market, but they could be obtained at black market prices.

The provincial government admitted that wheat shortage had been causing considerable anxiety especially in the Rawalpindi division. The *zamindars*
blamed the merchants, and the townspeople alleged that the zamindars were hoarding wheat and selling it at black market prices. With reports of scarcity conditions mounting, the province began to run out of grain. Even Lyallpur, the granary of the Punjab, faced acute shortage of wheat. With the introduction of Wheat Monopoly Procurement Scheme, wheat failed to reach the market. Fazilka and Kasur too reported to be facing acute shortage of wheat. The shortage of wheat persisted, and from 2 February 1947, every ration card holder in Ludhiana, Simla, Gujranwala, Sialkot and Rawalpindi was allowed to draw only one-third of the permissible quantity of wheat or wheat atta on his or her card. The remaining one-third of the ration would be in the form of rice only. Acute wheat and rice shortages were reported from the hill station of Dalhousie as well. With effect from February 16, 1947, consumers in the towns of Hoshiarpur, Hissar and Jhelum could draw two-thirds of the ration in wheat and one-third in rice. Likewise, the ration card holders in the towns of Batala, Gujrat and Campbellpur were permitted to draw only one-third of the ration in wheat or atta and the remaining two-thirds in rice. The wheat position was summed up as ‘living from ship to mouth’, as each shipload was consumed immediately on landing. In short, food situation caused general ‘anxiety’ in India in 1947. However, despite the precarious food position in the province, the Punjab Government lent to the Centre 30,000 tons of wheat.

It has been suggested recently that the controls of the late 1940s were necessary to cope with the serious imperfections of the market networks of the Indian domestic economy. It would probably be more realistic to say that food crisis was ‘greatly aggravated by gross mismanagement and deliberate profiteering’, leading to the interrelated problems of famine, inflation, scarcity, hoarding and black marketing.

Inflation and Price Rise

The war economy brought in ‘galloping inflation’. The inflationary pressure emanated largely from the massive expansion in the public expenditure. Between 1939 and 1945 nearly Rs.3.5 billion were spent on defence purposes in India. The Government of India financed the war by making the mints work harder. While the monthly circulation of money increased by less than Rs.5 crore during 1939-41, in April 1943, the rise was by Rs.37 crore, that is by more than seven times. The wholesale prices had climbed from 100 points in August 1939 to 293 points in April 1943, which was an increase of about three times. Between 1939 and March 1946, the wholesale price index rose from 100 to 246; the money supply increased from Rs.340 crore to Rs.2,120 crore; and sterling securities with the Reserve Bank of India increased from Rs.74 crore to Rs.1,724 crore. Money supply with the public increased by Rs.1,776 crore between 1936-46, which was a rise of about seven times over the pre-war level. From Rs.182 lakhs on 1 September 1939, the note circulation increased to Rs.1,137 lakh on 8 June 1945. The total money supply (notes in circulation, bank deposits, cash holdings, and deposits with the RBI) rose from Rs.3.17 billion in August 1939 to Rs.21.9 billion in September 1945.
notes in circulation shot up from Rs. 2300 million in 1939 to Rs.12,100 million in 1945. The note issue increased by practically 600 per cent during the war years. The corresponding increase in money supply was from Rs.327 crore to Rs.2120 crore, and the price index rose by 2.5 times during the war. The sterling debt too arose. The indiscriminate printing of paper money enabled the Government of India to acquire supplies for the war effort, both within the country and without. On account of her sterling balances, India became the largest creditor of Britain. However, Britain’s indebtedness replaced India’s dwindling economic power. After 1945, India ceased to be vital to Britain’s pressing needs, being neither a source of essential supplies nor a net contributor to the Dollar Pool. Given the Indian monetary system, sterling balances were treated as assets against which the Reserve Bank of India was ‘entitled to print notes worth about two and a half times their total value’ so that the recoverable war expenditure tended to have a stronger inflationary impact than expenditure on India’s own account. However, the sterling balances could not be used for purchasing goods abroad or for importing them for the use of the people. On the contrary, the sterling balances represented the deprivations of goods and services caused to the Indian consumers and producers in order to meet the requirements of the war. Moreover, the most powerful factor promoting inflation was the freezing of the sterling balances in London, which India had accumulated by her war contributions. In theory, the cost of the war was to be met by taxation in India and reimbursement from Britain. In practice, however, the war could only be financed by inflationary currency issue. In fact, between 1939-1946, the Government of India spent Rs.17.4 billion on behalf of, and recoverable, from Britain. The total amount of sterling balances due to India, lying with the Bank of England, came to Rs.21 billion until the end of June 1946. This entire sum was kept out of the reach of the Indian people during the war. Thus people were forced to sacrifice consumption by diversion of goods and productive power to the war use. Moreover, the war-time stagflation weakened the colonial economy which quickened the process of decolonization.

It is evident that the war gave hardly any growth impulses to the Indian economy but subjected it to ever greater amount of inflation. Prices of essential commodities, especially clothing and wheat, went up about 300 per cent by the end of 1941. Due to dislocations of war, imports dropped drastically. As government purchases of war-related material diverted some goods from Indian consumption, there developed serious shortages also of the other essential commodities like kerosene oil. The central problem admittedly was severe inflation caused by the financing of military expenditure, which wiped out the profits resulting from the increase in the prices of wheat, maize, gram and bajra. There were complaints of high prices in urban areas where the poor people on more or less fixed incomes were finding it increasingly difficult to subsist. In its Report ending June 1943, the Reserve Bank of India for the ‘first time clearly admitted ‘the existence of serious inflation’. The war time inflation robbed the landless, the small farmer, the factory worker, the salaried man, and the old pensioners,
with the brunt falling on the poorer elements in India. Capitalists and war contractors made enormous profits and the gap between the rich and the poor widened appreciably.\footnote{150} Interestingly, food prices in wartime Britain rose about 18 per cent whereas in India this increase was about 300 per cent for rationed foods alone!\footnote{151} As one case study of the upper Sind Sagar Doab shows, the defence expenditure galvanized the economies and flattened the societies on which it was concentrated.\footnote{152} The inflationary regime advantaged those whose income fluctuated over time, and proved to be of disadvantage to those whose incomes were fixed. In the former category were traders and investors in joint stock companies; the latter category consisted of wage earners, rent receivers, salaried people, interest receivers, pensioners, and the liberal professionals like teachers, professors, lawyers, doctors and journalists. The vast majority had felt obliged to take tea instead of milk and buttermilk (lassi), and use vegetable oils instead of pure ghee and butter. Many had to dispense with domestic servants and the dhobi (washerman). They had little to save.\footnote{153} The index numbers of prices received and prices paid by the farmers show that the average Punjab peasant stood to gain in the earlier two years of World War II on account of the rising prices. He was adversely affected by price controls, rationing and inflation during the subsequent years till the partition in 1947, after which the costs and returns showed a tendency to equalize.\footnote{154}

**Demobilization, Discontentment and Political Mobilization**

In mid-1945, large number of demobilized soldiers began to return only to face massive unemployment. By the end of 1946, less than 20 per cent of the ex-servicemen registered with the employment exchanges had found work.\footnote{155} The Punjab Government offered the returning soldiers a meager bonus of Rs.4 per head and 50,000 acres of land for half a million soldiers from the province. The Unionists, in fact, had no rehabilitation scheme.\footnote{156} The post-war reconstruction schemes had done nothing for the military men even when a very large number of them were expected to be demobilized in the Punjab. The number of demobilized soldiers reached 4,86,000 by March 1946, and 5,29,000 by the end of September 1946.\footnote{157} On 1 July 1947, the Indian army was reduced to 507,422 men.\footnote{158} The Premier, Khizr Hayat Khan, announced that 78,000 acres of land were set aside for the ex-soldiers, but the government’s failure to provide employment to them caused resentment.\footnote{159} In the elections of 1946, several Indian leaders highlighted the problems of the ex-army men.\footnote{160} The Muslim League recruited them in its organization and made major inroads in the recruiting areas of Rawalpindi and Jhelum.\footnote{161}

Discontent was mounting because of the general feeling that the actions taken to prevent inflation, hoarding and profiteering had not been adequate. The earlier expressions of discontent apparently had not worried the government excessively, when, for instance, the Ahrrars, Socialists and ‘left wingers’ had held meetings in the bigger towns against the price rise.\footnote{162} As a result of food shortage and high prices, a widespread dissatisfaction of the
people and unrest were observed in August 1942 in the Punjab. Now the administration began to fear that a prolonged scarcity of supplies in a particular area could well lead to looting and riots. In April 1943, the Conference of Kisan Women expressed deep concern over the serious situation arising out of the scarcity of cloth and other necessities of life and the high rise in prices. It was emphasized that the privation and hardships in obtaining essential commodities had made the life of an average Kisan woman unendurable. There were demonstrations in Amritsar and considerable restlessness was evident in other places in the Punjab. The Axis Radio propaganda during the month of September 1943 was concentrated almost exclusively on exploiting India’s food difficulties which were attributed to British rule.

The Government of India decided to purchase grain from ‘surplus’ provinces such as the Punjab and to send it to ‘short’ provinces such as Bengal, but failed to procure enough. The problem was that cultivators of the Punjab had been enjoying a double windfall: their soldier sons were remitting pay checks and their wheat was more in demand than ever before. Instead of selling, farmers began hoarding for higher prices. They preferred to keep their savings in the form of grain because they had come to distrust the value and security of cash. There was widespread fear that the United Kingdom would revise the exchange rate between the rupee and the pound sterling, thereby slashing the wartime earnings of Indians as had happened after World War I. Moreover, Punjab had been asking for parity of rice prices with the United Provinces and priority of movement for their own surplus grain. In this context, as noticed earlier, Chhotu Ram had been censured by the Viceroy for the suggestion that the zamindars should keep their wheat at home or bring the minimum quantities to the mandis. In fact, Linlithgow had feared ‘an agrarian revolution’ in the Punjab and ‘reaction among the Punjab soldiers serving overseas, if they came to know that their houses were being invaded and their families insulted under the pretext of requisitioning, and their legitimate food profits being taken from them.’ In early November 1943, the Punjab Legislative Assembly adopted without division an unofficial resolution to the effect that any attempt to control the price of wheat would ‘result in very keen resentment and discontentment among agricultural classes.’

As the colonial state became more interventionist with a wide range of regulations, a British officer became ‘a hated figure’ in the villages. It signalled the end of the policy of putting the Punjabi zamindar’s loyalty above all other political consideration. The British thus destroyed the political system they had so carefully nurtured. Opposition to rationing manifested in various ways. A memorandum was sent to the Department of Food, signed by 6000 residents of Karnal against rationing. The bureaucracy alleged that ‘a curious agitation was engineered by hoarders and black-marketeers’. In this ‘mischievous propaganda’ every effort was made to organize hartals (ceasing work), and processions in which ignorant people were made to shout anti-rationing slogans. Even the pro-government press could not ignore the feelings of the people of Karnal:
This is scarcely surprising in view of the fact that Karnal is situated in a surplus area; it is impossible to allay with words, real or imaginary fears of food shortages from which large exports of foodgrains are a daily and a public occurrence. Many too may have found rationing a curse instead of a blessing.\(^{176}\)

Under pressure from the Centre, the Unionist Ministry resorted to force to requisition grain from the villages, and disturbances broke out in Ludhiana, Hoshiarpur and Ferozepur in the middle of the elections of 1946, which also revealed the polarization that the war years had fostered.\(^{177}\) On 21 February 1946, news reached that in Kaiserganj mandi 400 bags of wheat were lying waiting to be exported from the city. Immediately, a procession of 3000 workers and women reached the spot. They demanded the distribution of the grain. The officials refused and instead called in the lathi police. The people were determined to secure the grain. Soon the Congress and Communist leaders reached the spot, met the Deputy Commissioner and made him distribute ten bags of grain there and then. Similarly, in Hoshiarpur, on 27 February 1946, a stirring procession of 1500 hungry people led by the Communist Party marched around the city and demonstrated in front of the grain depots, all of which had been “reserved” for government servants. It was reported further that the procession marched to a hoarder’s shop where 500 bags of wheat were surrounded by a crowd of women. With the police and the Additional District Magistrate looking on and not daring to stop them, the crowd peacefully sold a large portion of wheat at controlled rates.\(^{178}\) An extraordinary Punjab Government Gazette issued in March 1946 brings out the growing helplessness of the government. It was ordered that no person shall manufacture for sale or sell cakes and pastry in which the flour of any cereal or other food grain is an ingredient.\(^{179}\)

Rationing rapidly became a communal as well as rural vs. urban issue. The Muslims of Lahore and other large urban centres asserted that the predominantly Hindu and Sikh Civil Supply Officers openly decided against them in the distribution of the rationed commodities. In the Ambala division, villagers complained that they received smaller quotas than the urban population. Supplies of kerosene at any rate did not reach the villages. Moreover, the food crisis drove a wedge into the system of patronage that the British had built in the Punjab.\(^{180}\) The strains of the war economy alienated important sections of the Raj’s political supporters among the Muslims in the Punjab and thus sent them over to the Muslim League.\(^{181}\) The year 1945-46 proved to be even more expensive in Punjab in terms of cost of living than the war years. The prices of all commodities of daily use ‘appreciably advanced’.\(^{182}\) As reported by The Tribune, a demonstration of 500 men and women was held in Kasur due to scarcity of wheat. It was officially admitted that food stocks in India were very low.\(^{183}\) It may not be far wrong to say that the colonial state starved the Indian lower classes.\(^{184}\) In one sense, the
agriculturists gained because of the prevalence of high prices of agricultural produce, but the money earned by the farmers could purchase little of the commodities and services which they required. Interestingly, as noticed by The Tribune, the small peasant proprietors and tenants who had no supplies to sell (and not much to buy), and who subsisted on the produce raised on the farm, perhaps were not too badly off in the face of the prevailing high prices. It is said that what weakened the will and ability of the government to maintain an effective control regime was the political uncertainty and the battles over economic performance plaguing the Interim Government, which in itself was an uneasy exercise in power sharing between the Congress and the Muslim League.

Conclusion

The agrarian economy of the Punjab experienced unprecedented strain and stress in the 1940s. Fighting for a colonial power proved to be exceptionally exacting in terms both of human and material sources. Even when the foodgrain production had remained almost stagnant in the Punjab during the last decade of colonial rule, it had to meet the demands of the war and scarcities in other parts of India. Simultaneously, price rises engendered a shift towards non-food crops, adding to the shortage of foodgrains, especially in urban areas. Requisitioning of food mandated rationing which entailed controls and concomitant corruption. Appreciation of food prices also encouraged hoarding and black-marketing. Though high prices and war remittances enriched the big zamindar, trader and the moneylender, their possible benefits to the peasant and the tenant were neutralized by increase in the prices of industrial products. After the war was over, demobilization caused unemployment and disappointment over the treatment of the disbanded soldiers. War time inflation substantially eroded the purchasing power of the urban dwellers, salaried classes, wage-earners and the poor, thus causing widespread deprivation, discontentment and unrest. Above all, it weakened the political hold of the Unionist Party and facilitated the rise of the Muslim League. Cumulatively, the war situation and its aftermath in the Punjab exposed the essentially exploitative nature of colonial rule, undermined its authority, and hastened the process of British withdrawal from India.

Notes


27. This was admitted on 13 March 1945 by the Government of India Mission, led by Sir Akbar Hydari, Secretary, Department of Industries. Bisheshwar Prasad, *Official History of the Indian Armed Forces (1939-45)*, pp. 58-59.


41. Mukerjee, *Churchill’s Secret War*, p. 132.


49. *Indian Information*, 1 April 1944, pp. 357, 405.


52. *The Tribune*, Lahore, 22 May 1945; 8 July 1945; 9 December 1945.


57. For example, *Akali*, 14 September 1939.


60. *Akali*, Lahore, 9 April 1941.


75. Indian Information, 15 March 1944.


81. Knight, Food Administration in India, pp. 189-90.


83. The Tribune, Lahore, 7 January and 10 May 1945.


85. Knight, Food Administration in India, p. 191.


87. The Tribune, Lahore, 8 July 1945; 15 July 1945.


89. The Tribune, Lahore, 26 August 1945; 18 September 1945; 26 September 1945; 9 December 1945; 17 February 1946.


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93. *Akali*, Lahore, 14 September 1939.


100. Linlithgow to Glancy, 17 August 1943, in ibid., Document 86, pp. 178-80.


112. *The Tribune*, Lahore, 10 January 1946.


114. *The Tribune*, Lahore, 10 January 1946.


116. *Home/Political* File No.18/10/46 (Poll I).


133. Palme Dutt, *India To-Day*, p. 182.


143. Datta, *Indian Economic Thought*, p. 120.

144. Ruthermund, *An Economic History of India*, p. 119.


163. *Home/Political/18/8/42* (Poll I), NAI.


173. Ibid., p. 148.


175. *The Hindustan Times*, New Delhi, 25 September 1946.


179. The Tribune, Lahore, 9 March 1946.


