

A Plea for a Protective Duty on Rice.

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Introduction. Rice is a crop of an all-India importance. Its cultivation is wide and important in the Provinces of Bengal, Madras, Bihar, and Assam. With its 72 million acres, India has the largest area under rice among the countries of the world. Her outturn of rice is a little over half of what is produced in the world and four-seventh of the production of Asia, the most important rice producing continent in the world. Out of the world production of 830,000 quintals of rice in 1935-6, Asia alone produced 772,000 quintals of which 442,880 quintals formed the share of India and Burma together. Burma alone produced only a sixth of this amount. These figures clearly show the importance of India in the production of rice as well as the relatively minor contribution of Burma to the world output.

An anomaly. In spite of the fact that India tops the list in the matter of both output and acreage under rice, it is pathetic but true that she has no voice in the determination of the world price-level of rice. This is due to Burma's proportionately vast export surplus of rice. Notwithstanding India's pre-eminent position as a rice-producer, she is suffering from a deficit supply which meets only about 92 % of her national demands. This shortage is made up by imports from abroad, mainly from Burma. In recent years, after the commencement of the era of subsidised rice production in some European countries and the expansion of rice cultivation in both the American continents, the over-sea markets of Burma have dwindled considerably. Consequently Burma has come to look upon India as the main market for her export surplus. It is true that Burma helps India by making up her shortage. But in doing so, she depresses the price-level in this country to such an extent that the rice producers are hard hit and as a consequence the rural economy of the rice-growing provinces is disturbed to an alarming extent. Statistics are not wanting to prove that the competition of Burma in Indian markets with the home producers has sagged the rice to a level that is unremunerative to the majority of rice-growers in this country. It may be argued that if rice-cultivation is unremunerative, there could be a change over and more economic, if not lucrative crops would be substituted. This has not happened owing to two reasons. Firstly most of the lands under rice cannot be utilized for any other cultivation. Secondly custom, the curse of peasant economy, keeps the peasants in the uneconomic groove of cultivating what their forefathers had done for several generations before them. Our rice growers have persisted in raising rice crops against mere odds. They have to contend against the low cost of production of rice in the fertile Irravady delta and against the inelastic production of an export surplus in Burma. While being thankful to Burma for eliminating scarcity in India, it is incumbent upon us to study the attitude of Burma

towards Indian markets. Burma would fain sell her rice in foreign markets but owing to the closure of European markets, she naturally turns toward India as the last resort. She has come to count on India as a permanent market for her superfluous rice. Her present position is that she should sell her rice in India or have it rot in her fields. Although she does not sell at a price in India below the home price and thus avoid the indictment of dumping in the technical sense, her act has got all the unsavoury features of dumping in excelsis because the price of rice in India drops immediately a Rangoon steamer is sighted from the Indian coast. This is but as it should be: as every tyro in Economics knows that the price is governed by the marginal supply; the very low marginal cost of production of Burmese rice drags down the price-level in India. In discussing it in an academic manner it sounds right; but from the standpoint of the poor cultivator in India, this inexorable law whisks away the little profit he would have been dreaming about all the months since he planted the seedlings. Worse still in many cases, this lands him in severe loss. The rice grower in India is thus frustrated in his attempt to make an honest living by agriculture. The nature of his land and his social conditions positively rule out any possibility of his taking to commercial crops. Under such circumstances immediate relief is necessary, if he should be saved. India cannot also afford to be looking on unconcernedly at the process of her rice fields being turned to commercial farming ceaselessly. Already there is a shortage of rice and if this process is to operate for a decade, the gap between supply and demand of rice will be wider. Free import of rice from Burma may obviate scarcity today, but how can this continue? The import of 1.8 million tons of rice appears only to be a thin end of a wedge; and in course of time, India, primarily an agricultural country, may become dependant upon foreign countries for her staple food!

The need for a Protective duty. In order to remedy this state of affairs, it is not suggested that the import of rice should be completely prohibited from Burma. What is suggested is the imposition of duty, not heavy and prohibitive, but mild and sufficient, to safeguard the interests of the Indian rice-growers without injuring the consumers' interests. The object of this duty is to raise the price of rice to a remunerative level and to encourage Indian growers to produce sufficient to meet the national demand. One should agree with the proposition that high price is swallowed up in the long run by high costs. But it should be the endeavour of the Government to take this tide of higher prices to carry out the following programme in its entirety or in an amended form for increasing the output and make India self-sufficient regarding rice.

Increasing Indian Production. Increase of output should be achieved by increasing the yield from each acre. At present about 72,000,000 acres produce 25 million tons of rice meeting about 92% of the country's demand. The object to be aimed at is to secure a 10% increase in output. In India the yield per acre is estimated at 870 lbs. of rice. Spain, Italy and

Japan produce respectively nine, five and four times as much as India. Even if we cannot aspire for such a phenomenal increase in yield without radically altering the system of land tenure, methods of cultivation etc., it is possible to expect a 10 % to 15 % increase by the use of selected and pure seeds. "An increase in yield of at least 10% by the growing of strains obtained by simple selection in local varieties has been proved to be a possibility as the work of the Rice Botanists in the various provinces would show."—(Madras Government's note). The yield is today considerably affected by the C 3 seeds the peasants are using. The grains in the same field do not mature simultaneously and the peasant has to harvest when more than half has ripened. If he waits for all the grains to ripen, he has to face the loss of early ripened grains due to shedding. Selected and pure seeds will eliminate this cause of low yield.

The problem of Seed supply. The next question to consider is how to supply such seeds to all peasants. It should not be difficult to find in every village enthusiastic land-holders who would cultivate a few acres of their lands according to the instructions and under the guidance of Agricultural Demonstrators. From these 'seed forms' it is quite possible to supply the selected and pure seeds. This may be accomplished by means of a five-year plan. Along with the distribution of seeds, if efficient marketing methods on co-operative lines are devised and put into practice, the middlemen's and moneylenders' toll would be avoided and *pro tanto*, the peasants' profits increased.

Protection—a pre-requisite for improvement. It is not possible to carry out such a five-year plan at present, when the price has sagged down to an unremunerative level. It is only under the favourable auspices of an import duty that the five-year plan will be successful. Under the spell of the prolonged depression and low price level, the rice growers are languishing thoroughly demoralised. An import duty causing the price to look up a little, is indispensable to undertake any measure for improving rice production.

Consumers' interests. Now we turn to the effects of an import duty on the consumers. It is argued that the rise in price will detrimentally affect them. Firstly the price will not rise unduly high; for a steep rise will induce Burmese exporters to pay the duty and sell rice in Indian markets. This possibility of an import duty-laden rice will act as a safety valve against arbitrary raising of price by local producers in times of scarcity. Secondly the small rise to be expected legitimately of an import duty will not be wholly appropriated by the rice growers. The advantages of this rise will be partially transmitted to the landless agricultural labourers who have recently become the object of sympathy with certain schools of opinion. It is often forgotten that prosperity of this class of agricultural proletariat is inextricably entwined with the lot of the landholders. The low price of rice has hit the rice growers and they have held up improvements of their lands

and expansion of cultivation and postponed even very necessary annual repairs of bunds and balks, thus reducing the volume of work available to the agricultural workers. All these restrictions to available work will be relaxed as soon as the prices look up, as a result of the change in the psychology of the landholders. These workers at present suffer from the lack of an alternative urban demand for their labour and therefore remain in involuntary idleness.

Possible Burmese reaction. Regarding the possibility of Burmese retaliation, her favourable balance of trade rules it out of practical politics. Besides Burma's oversea markets have shrunk without any hope of being recaptured. So she has to sell her rice in India, not at her own terms but at India's terms. India should not hesitate to dictate her own terms. When the spectre of economic nationalism is ravaging the whole outside world, if India remains wedded to moribund *laissez-faire* theories, it may be consistent with her ancient traditions of toleration but the policy is economically unsound and even dangerous. None can deny India's natural advantages for rice growing. If owing to public or private callousness, an ostrich-like policy is pursued and her natural resources are not utilized to their maximum capacity, more alert, vigorous and self-confident countries will take advantage of the situation and flood the free Indian market with their surplus rice which would have lost all the other markets in the world. 'When you are in Rome be a Roman,' is an old adage. This advice to the individual is no less apposite to nations. When there is economic nationalism everywhere, it is folly for any single country to be otherwise. Behave as others do, is hardly less applicable to nations than to individuals. In the case of India, protection of rice-growing is not like supporting an unsuitable industry on stilts but granting to an industry its desert that is long over-due. It is not essentially a military but an economic consideration that weighs in the matter of protection. Has not the duty on wheat improved the conditions of the wheat-growers in the Punjab? Again the Indian sugar-cane growers could not have achieved the present degree of prosperity but for protection. What rice-growers demand is nothing more than bare justice to their cause. When wheat and sugar were protected, the argument that they would be of sectional advantage was, if raised, hushed into silence. Wheat is as widely consumed in the wheat growing provinces as rice in rice growing provinces, and sugar is consumed in all the provinces. The interests of the consumers were overridden for the time being for the sake of the ultimate good. In a similar spirit why should not rice, the staple industry of more than half of India, be protected. Such a protection is quite in consonance with the policy of discriminate protection, recommended by the Fiscal Commission and pursued for the last one decade and more.

Summary and Conclusions. Rice is one of the major crops of India. The price level, since the depression when it reached the nadir, has not risen to a remunerative level. The continued depressed level of prices has depressed the minds of the rice-growers. Unless some immediate remedy

is applied to raise the price level, the rice-growers will be completely beaten hollow by the Burmese competitors and the acreage under rice instead of remaining stationary, will decrease. That will lead to a wider gap between supply and demand, which will be aggravated by the growth of population. Although any increase in the rice area is not imperative the yield per acre should be increased by scientific methods of cultivation. The rice grower at present is paralysed by the deplorably low price level. It is impossible to stimulate him into activity without an import duty on foreign rice. It may be argued that it is an artificial hampering of the free operation of economic forces. An incision of a carbuncle is an artificial meddling but necessary to save the patient. So also protection is necessary to save the rice grower. Without convincing him by the concrete rise in the price level, any amount of research, dissemination of scientific knowledge etc. will be futile. Hence the urgency for an import duty. Procrastination, the sin of all democratic governments, will rob the Indian rice grower of the good that an import duty can do for him. The only practicable solution lies in the granting of protection to rice without any delay. Inaction at this stage will slide the rice growers into the slough of despondency from which it will be hard to rescue them.

Cotton linings for irrigation ditches may be the new way to make a dent in the surplus cotton stock piles of the South, it was suggested to the National Reclamation Association meeting at Denver. The new utilisation of cotton supplements the use of cotton fabrics as a binder for secondary highways and airport runways. W. H. Robinson manager of an irrigation district in Idaho, described how a section of an irrigation canal was lined with a mixture of asphalt and gravel backed by heavy cotton fabric. Water losses in this section, which formerly ran from 20 per cent to 30 per cent, have now been cut to about one and one half percent. The standard method of lining irrigation canals is with concrete, which pays for itself despite high cost. The cotton-gravel-asphalt liner is cheaper.

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