

## CHAPTER III

### COMMODITY CONTROL DURING 1946-1950

#### THE INDIA (CENTRAL GOVERNMENT & LEGISLATURE) ACT, 1946

The Defence of India system of controls<sup>1</sup> was based on the concept of emergency.<sup>2</sup> With the cessation of hostilities in 1945, the proclamation of emergency was doomed to be revoked on 1.4.1946, thus putting to an end the Defence of India Act<sup>3</sup> and, consequently, the system of controls built thereunder. The economic condition of the country, however, did not permit dispensation with commodity control, as the war-time inflation, scarcity and high prices of commodities still ruled in the country. As already pointed out,<sup>4</sup> under the Government of India Act, 1935, the major responsibility for commodity control fell on the Provinces which made it difficult to work a uniform system on an all-India basis. The economic situation, particularly the food situation, was very grave, and demanded a central, and not piecemeal, regulation on a provincial basis. To allow each Province to have its own system of commodity control within its borders, was bound to result in a system varying from Province to Province, and in an inter-provincial competition for essential commodities, making commodity control completely ineffective.<sup>5</sup> It thus became inevitable to amend the scheme of distribution of powers in the Government of India Act. Consequently, the British Parliament enacted the India (Central Government and Legislature) Act, 1946, authorising<sup>6</sup> the Central Legislature to make laws with respect to trade and commerce (whether or not within a Province) in, and the production, supply and distribu-

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1. *Supra*, Ch. II

2. *Supra*, p. 3.

3. According to Sec. 102(4) of the Government of India Act, 1935, a law made by the Federal Legislature which it would not have been competent to make but for the issue of the proclamation of emergency had to come to an end six months after the proclamation ceased to operate.

4. *Supra*, p.3.

5. *Debates of the House of Commons*, Vol. 420, pp. 1404-5. (1945-46)

6. S. 2(1) (a).

tion of, cotton and woollen textiles,<sup>7</sup> paper (including newsprint), foodstuffs<sup>8</sup> (including edible oil-seeds and oils), petroleum and its products, spare parts of mechanically propelled vehicles, coal,<sup>9</sup> iron, steel, cotton<sup>10</sup> and mica for a maximum period of five years from the date of cessation of the proclamation of emergency then in force. The authorisation to the Central Legislature was thus to cease on 1.4.51.<sup>11</sup> As the conferring of this power on the Centre impinged on the powers of the Provinces, the Act provided that no Bill or amendment making provision under the Act would be introduced or moved in either Chamber of the Indian Legislature without the previous sanction of the Governor-General. The Provinces were not deprived of their power to make laws under entries 27 and 29 of list II.<sup>12</sup> In case of conflict between a central law and a provincial law, the former was to prevail.<sup>13</sup>

7. The term 'cotton textiles' was held to include yarn: *Shyamal v. The State*, A.I.R. 1952 Nag. 104. In *Agarwal, Ayengar & Co., v. The State*, A.I.R. 1951 Bom. 397, it was held that the term 'cotton textiles' did not include lickerine wire even though it was a raw material required for cotton manufacture.
8. Following have been held to be foodstuffs: milk (*State of Bombay v. Patel*, A.I.R. 1951 Bom. 203); termeric (*Bombay v. Virkumar*, A.I.R. 1952 S.C. 335); ghee (*Madhya Pradesh v. Parasmal*, A.I.R. 1952 Nag. 10); churi (*Shrinivas v. Crown*, A.I.R. 1951 Nag. 226); paddy (*Atulya Kumar v. Director of Procurement*, A.I.R. 1953 Cal. 548).
9. The word 'coal' was to include 'coke' and 'other derivatives of coal'. Coal, coke and other derivatives of coal had been under central control for last several years, but a doubt arose whether coke came within the definition of coal. In 1949, therefore, the India Act was amended to provide beyond doubt that coal included coke and all derivatives of coal.
10. Added in 1949. Cotton included 'ginned and raw cotton and cotton seeds'. Cotton was a centrally controlled commodity under the Defence of India Rules, but the India Act, 1946, did not contain it in the list of essential commodities, as the entry 'cotton and woollen textiles' was thought to cover raw cotton also. Later, a doubt arose that 'cotton and woollen textiles' meant cotton textiles and woollen textiles and not cotton. Cotton could thus be dealt with in the provincial sphere. But then, central control of cotton being necessary, it was put as a centrally controlled commodity. *Cons. Ass. Deb.*, viii, 401-2.
11. The question of duration of the India Act, 1946, and, consequently, of the Essential Supplies Act, 1946, has been discussed in the following cases: *Khorshed Ali v. The King*, A.I.R. 1950 Cal. 202; *Sri Lal v. State*, A.I.R. 1952 Pat. 298; *Jagarnath Ram v. The King*, A.I.R. 1950 Pat. 200; *State v. Hiralal*, A.I.R. 1951 Bom. 369; *Ramananda Agarwal v. State*, A.I.R. 1951 Cal. 120; *Jagarnath v. Bihar*, A.I.R. 1952 Pat. 185; *Joy Lal v. The State*, A.I.R. 1951 S.C. 484; *Tikaramji v. State of U.P.*, A.I.R. 1956 S.C. 676.
12. *Supra*, p.3.
13. S. 107 (1) of the Government of India Act, 1935.

THE ESSENTIAL SUPPLIES (TEMPORARY POWERS)  
ACT, 1946<sup>14</sup>

The Central Legislature enacted the Essential Supplies (Temporary Powers) Act in 1946 to meet the prevailing economic emergency of inflation, high prices and acute shortage of essential goods mentioned above.<sup>15</sup> The capacity for purchasing such goods was concentrated in few hands and so it was necessary to arm the government with powers for rectifying the serious inequalities which might result otherwise.<sup>16</sup> Further, the Central Government was empowered to provide, by a notified order, for regulating or prohibiting the production, supply and distribution of, and trade and commerce in, an essential commodity, so far as it appeared to it to be "necessary or expedient" for maintaining or increasing supplies of the commodity or securing its equitable distribution and availability at fair prices.<sup>17</sup> Without prejudice to the generality of the powers conferred above,<sup>18</sup> an order could provide more specifically for such matters as: (a) regulation of manufacture or production<sup>19</sup> of any essential commodity by licence, permits or otherwise; (b) increasing the production of food crops and for bringing under cultivation any waste or rorable land for the purpose; (c) controlling prices at which any essential commodity could be bought or sold; (d) regulation of storage, transport, distribution, disposal, acquisition, use or consumption of any essential commodity by licenses, permits or otherwise; (e) prohibiting the withholding of any essential commodity ordinarily kept for sale; (f) requiring the sale of stock at such prices, to such persons and in such circumstances as were specified in the order; (g) regulation or prohibition of any class of commercial or financial transactions relating to foodstuffs or cotton textiles, which, in the opinion of the authority making the order were detrimental to public interest; (h) collection of information or statistics with a view to regulating or prohibiting any of the aforesaid matters; (i) requiring maintenance and production for inspection of books, accounts, records, etc., relating to their business, by persons engaged in production, supply, distribution, trade or com-

14. Act XXIV of 1946.

15. Goods were essential because they entered into general consumption or were necessary for the production of other commodities.

16. *Legislative Assembly Debates*, Nov. 11, Vol. VII, No. 10, pp. 796-797.

17. S. 3(1).

18. S. 3(2).

19. The word 'produce' was not confined to what was grown from the ground. It referred also to finished articles made from raw materials. Hulling of paddy into rice was production which could be regulated by licensing: *In re A.R. Krishnaswamy*, A.I.R. 1950 Mad. 713; *In re Kasiraja*, A.I.R. 1953 Mad. 156.

merce in an essential commodity; and (j) any other incidental and supplementary matters, *e.g.*, search, seizure, grant of licences, permits, charging of fees etc.<sup>20</sup> \

The above provisions, S. 3(1) and (2), were crucial which, it may be noted, conferred very broad powers on the Central Government to control commodities. It was held under this section that matters of imports and exports could be dealt with,<sup>21</sup> that not only rules of general application, but even *ad hoc* orders on individuals could be made under this section as the term 'notified order' was wide enough to cover 'special' as well as 'general' orders;<sup>22</sup> that the matters specifically enumerated in S. 3(2) were only illustrative; that S. 3 (2) conferred no further or additional powers on the Central Government other than what were conferred by S. 3(1) as the enumerations in S. 3(2) were without prejudice to S. 3(1),<sup>23</sup> that the power under S. 3 could be exercised by a 'notified order' meaning an order notified in the official gazette,<sup>24</sup> and that an order not notified in the official gazette could not be valid<sup>25</sup>

The Act further empowered the Central Government to appoint any person as an 'authorised controller' to exercise functions of control, as specified in the order, with respect to an undertaking engaged in the production and supply of a commodity specified in

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20. Under this clause, a producer could be ordered to deliver goods at a prescribed destination, for delivery as an incidental matter to sale and distribution: *Atulya v. Director of Procurement*, A.I.R. 1953 Cal. 548. Directing the producer not to dispose of any portion of stock in his possession was also held to be an incidental matter, *ibid*.
  21. *Darshan v. State of Punjab*, A.I.R. 1953 S.C. 83. It was held that there was no overlapping of provisions between the Essential Supplies Act and the Imports and Exports (control) Act as the object of the latter was not to regulate production and distribution of essential commodities. The object of the two Acts being different, they could exist simultaneously and side by side. A government order under S. 3 of the Essential Supplies Act prohibiting export of cloth to Pakistan was held to be validly made.
  22. *Santosh Kumar v. State*, A.I.R. 1950 Pat. 436; A.I.R. 1951 S.C. 201.
  23. *Santosh K. Jain v. State*, A.I.R. 1951 S.C. 201. See *supra*, p. 4, foot-note 4 for a similar ruling on a similar provision in the Defence of India Act.
  24. S. 2(d). The term 'official gazette' was not defined in the Act but according to the General Clauses Act, it meant the Gazette of India or the Gazette of a Province, as the case might be.
  25. *In re Pesala Subramanyam*, A.I.R. 1950 Mad. 308, an order made by the Collector under S. 3(2) (c) fixing the controlled rate of salt was held bad as it was published only in the District Gazette and not in the Provincial Gazette.

the order. He was to exercise his functions in accordance with any instructions given to him by the Central Government.<sup>27</sup>

Powers could be conferred, and duties imposed, upon officers of the Central Government, notwithstanding that it related to a matter in respect of which the provincial legislature also had power to make laws.<sup>28</sup> The Central Government could issue directions to provincial governments regarding the carrying into execution in a Province of any order made by it.<sup>29</sup>

The Central Government was authorised to delegate, by a notified order,<sup>30</sup> its power to make orders under S. 3 on an officer subordinate to it or a provincial government or an officer subordinate thereto,<sup>31</sup> subject to such conditions as the Central Government thought fit to impose.<sup>32</sup> The provincial government could further delegate the power, delegated on it by the Centre, to its officers.

An order made under S. 3 was to have effect notwithstanding anything inconsistent therewith contained in any other enactment other than this Act.<sup>33</sup>

The penalties for contravention of an order made under S. 3 were to be imprisonment up to three years or fine or both.<sup>34</sup> Property in respect of which the order had been contravened could also be forfeited if the order so provided. Attempt or abetment to contravene an order was to be deemed to be a contravention<sup>35</sup> of the order

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27. S. 3(4) of the Essential Supplies Act.

28. S. 3(3), *ibid.*

29. S. 5, *ibid.*

30. Delegation by a mere direction, not contained in a notified order, was not valid: *Fakir Mohd. v. King*, I.L.R. 1949 Cutt. 627.

31. S. 4, Essential Supplies Act.

32. The delegate could not exceed the authority conferred on it by the Centre. In *Bashir v. State*, A.I.R. 1951 Pat. 245, a provincial order banning transport of essential commodities out of the Province was held *ultra vires* the power delegated. Also, *Rameshwar v. King*, A.I.R. 1951 Pat 512.

33. S. 6. *ibid.*

34. S. 7(1). The punishments were later enhanced by amendment of S. 7, first in 1948 for contravention of an order relating to cotton textiles, then in 1949, for contravention of an order relating to foodstuffs. Different punishments were thus provided to force the people to obey these orders.

35. S. 8.

and punished as such. Making of a false statement, or furnishing false information, was also to be similarly punished<sup>36</sup>. When a company or a corporate body contravened an order, every director, manager, secretary or any other officer or agent thereof was deemed to be guilty unless he proved that the contravention took place without his knowledge or that he exercised all due diligence to prevent it.<sup>37</sup> Thus, a rebuttable legal presumption was enacted to the effect that every director, manager, etc., of a company knew of the contravention of the order by the company.<sup>38</sup> No court was to take cognizance of an offence under the Act unless a written report of the facts constituting the offence was made by a public servant.<sup>39</sup> A summary trial could be held in accordance with sections 262 to 265 of the Criminal Procedure Code, 1898, [also see S. 260(1), Cr.P.C.]<sup>40</sup>. Burden of proving the necessary authority, permit license or other document was upon the possessor thereof.<sup>41</sup>

No order made in exercise of any power conferred by or under this Act could be called in question in any court.<sup>42</sup> Where an order purported to have been made and signed by an authority in exercise of any power conferred by or under this Act, a court was to presume, within the meaning of the Indian Evidence Act, that such order was so made by that authority.<sup>43</sup> No suit or prosecution or any legal proceeding was to lie against any person for anything, or against the government for any damage caused or likely to be caused by any thing, which was in good faith done or intended to be done in pursuance of any order under S. 3.<sup>44</sup> Infringement of an order deemed to be made under the Act was punishable under S. 7.<sup>45</sup>

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36. S. 10.

37. S. 9.

38. *Mahadeo v. Emperor*, A.I.R. 1949 Nag. 401.

39. S. 11. A public servant has been defined in Sec. 21 of the Indian Penal Code.

40. S. 12.

41. S. 15.

42. S. 14(1).

43. S. 16(1).

44. S. 16(2).

45. Ss. 17(1) and (2). An order made under the preceding Ordinance and in force immediately before the commencement of the Act was an order deemed to be made under this Act: *Emperor v. Ranachodlal*, A.I.R. 1948 Bom. 370.

On comparison, many provisions of the Essential Supplies Act, 1946 would appear to be very much similar to those<sup>46</sup> of the Defence of India Act, 1939, and the relevant rules<sup>47</sup> made thereunder.<sup>48</sup>

The key S. 3 of the Essential Supplies Act was more detailed than its counterpart, the Defence of India Rule 81(2) which was very generally worded. But the difference in phraseology gave rise to no difference in the content, extent and scope of powers of the Central Government which could do under the rule all that it could do under the Essential Supplies Act. There were some differences too between Essential Supplies Act and the Defence of India Act and the Rules. The Defence of India Act contained no restriction with respect to the commodities which could be controlled thereunder, the words used in S. 2(1) being articles or things of any description whatsoever,<sup>49</sup> while the Essential Supplies Act<sup>50</sup> applied to the commodities specified therein and the government could not exercise its powers beyond that. Further, Defence of India Rule 81(2) conferred a concurrent power to make order on both the Centre and the Provinces,<sup>51</sup> but under S. 3(1) of the Essential Supplies Act power was conferred solely on the Central Government, though it could delegate it on the provincial governments<sup>52</sup> which thus acted as the delegates of the Centre. Besides, the Essential Supplies Act contained provisions to ensure the primacy of the Centre over the Provinces, as for example, under S. 5, the Central Government could give directions to any Province regarding execution of any order made by the Centre. The Defence of India Act and the Rules, on the other hand, did not confer any

46. Ss. 2(1), 2(2), 2(3), 16 and 17 of the Defence of India Act.

47. Rules 81(2), 81(3), 81(4) & 81(d).

48. In fact, some of the provisions of the Defence of India Act and the Rules were bodily incorporated in the Essential Supplies Act, which will be clear from the following table.

<b>Essential Supplies Act</b>	<b>Defence of India Act &amp; Rules</b>
Section 6	Section 3
"    14(1)	"    16(1)
"    14(2)	"    16(2)
"    16(1)	"    17(1)
"    16(2)	"    17(2)
"    11	Rule 130(1)
"    3(4)	Rule 81(3)

49. *Supra*, p. 4.

50. *Supra*, pp. 26, 27.

51. *Supra*, p. 6.

52. *Supra*, p. 27.

such power on the Centre, but that did not make any difference because, in an emergency, a general power to give directions to the provincial government accrued in the Central Government under S. 126-A(a)<sup>53</sup> of the Government of India Act, 1935. It was necessary to confer the power on the Centre to give directions specifically under the Essential Supplies Act because emergency having abated, the emergency provision in the Government of India Act could not be taken recourse to.

It would therefore be noted that though the specific emergency of war had passed out by the time the Essential Supplies Act was enacted, yet, to a substantial extent, it incorporated the emergency scheme of the Defence of India Act and the Rules.

### III

#### **Administrative Process :**

The period, 1946-1950, is marked by a short spell of policy of decontrol towards the end of 1947,<sup>54</sup> with a view, on the part of the Government of India, to bring the economy back to normal and to allow free play to the forces of supply and demand.<sup>55</sup> As a result, some of the orders made under the Defence of India Rules were allowed to die;<sup>56</sup> some were continued as they were, or in a less

53. "Where a Proclamation of Emergency is in operation whereby the Governor-General has declared that the security of India is threatened by war, the executive authority of the Federation shall extend to the giving of directions to a Province as to the manner in which the executive authority thereof is to be exercised and any directions so given shall for the purposes of the last preceding section be deemed to be directions given thereunder."
54. R.G. Agarwal, *Price Controls in India*, pp. 22, 23; Chatterjee, *Price Control & Rationing in India*, pp. 145-66.
55. Many had looked upon the policy of decontrol with misgivings and disfavour; see Chatterjee, *ibid.* The best documented and reasoned analysis of the situation existing at that time, and thus an advocacy against the decontrol policy, is to be found in the Second Report of the Commodity Prices Board: *Reports of the Commodity Prices Board*, ed. Sovani, pp. 28-74 (1947). But, to a very great extent, the advocacy of Mahatma Gandhi against the policy of control swung the government to the policy of decontrol. Advocacy of the decontrol is to be found in the Federation of India Chambers of Commerce and Industry's *Study of Controls*, *ibid.*, p. 10.
56. Thus, the Hoarding and Profiteering (Prevention) Ordinance, 1943, and the Consumer Goods (Control of Distribution) Order, 1944, were allowed to lapse on September 30, 1946. Sugar, cotton, yarn and cotton cloth were decontrolled and foodgrains were partly decontrolled by 1947.



rigorous form.<sup>57</sup> By August, 1948, prices rose<sup>58</sup> and so the government had to reverse its policy of decontrol. A few of the important control orders promulgated by the Central Government<sup>59</sup> during this period are noted in Appendix B.

A survey of these control orders shows that the pattern of administrative procedures followed during this period was practically akin to that followed during the days of the Defence of India Act and much of the discussion held earlier is thus equally pertinent to the period under study. Without repeating what has already been said earlier in this connection,<sup>60</sup> a few conspicuous and notable provisions of the administrative procedures of this period may be briefly brought out here. Broad powers of administration, adjudication and rule-making were conferred on the administrative officers to control various phases of trade, commerce, production and manufacture of essential commodities, without any standards to control or regulate their discretion. In the area of grant of licenses, the most characteristic provision is to be found in the Cotton Textiles (Control) Order, 1948, where the Textile Commissioner could, without assigning any reason, refuse to grant a license and his decision was to be final.<sup>61</sup> As regards revocation of licences, the Cotton Control Order, 1950, authorised the licensing authority to suspend or cancel the license without previous notice or without assigning any reason. To a very great extent, similar was the provision in the Cotton Textiles (Control) Order which authorised the Textile Commissioner to suspend or cancel the license in his discretion if he was satisfied that for any reason the licensee was not a fit person to hold the license and his decision was final. There was thus no provision of hearing in these cases.

The Newsprint Control Order, 1947, contained a provision authorising the Central Government to authorise in writing the

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57. The Colliery Control Order, 1945; the Iron and Steel (Control of Production and Distribution) Order, 1941, and the Iron and Steel (Scrap Control) Order, 1943, were continued in force under S. 17 of the Essential Supplies Act.

58. The General Index of wholesale prices advanced from 302.0 in November, 1947, to 389.6 in July, 1948, thus showing a 29% rise. Controls, *A Study*, p. 9.

59. Provincial orders are not noted in this study. Some of these orders have figured in the cases from time to time. See, *Rameshwar v. State of U.P.*, A.I.R. 1953 All. 459; *In re Kasi Raza*, A.I.R. 1953 Mad. 156; *Mushtaq v. Rex*, A.I.R. 1949 All. 622; *Bholaprasad v. The King*, A.I.R. 1949 Cal. 348; *State of Bombay v. J.K. Patel*, A.I.R. 1951 Bom. 203.

60. *Supra*, pp. 13-24.

61. For orders, see App. B.

doing of any act which would otherwise be prohibited by the order. The Cotton Textiles Control Order authorised the Textile Commissioner to relax or modify the operation of the order to such an extent as he specified in respect of any person, act or thing. Under the Textile Industry (Control of Production) Order, 1947, the Textile Commissioner could, by a general or special order, exempt any producer or class of producers from any or all provisions of the Order. Here are some of the sample provisions conferring practically unqualified power on the administration to grant dispensation from the provisions of the orders.

Vast regulatory powers were vested in the Textile Commissioner, *e.g.*, he could issue directions to the producers regarding the maximum or minimum quantities of cloth that could be produced; he could fix prices of cloth etc. Also, the Sugar & Sugar Products (Control) Order, 1947, gave to the Sugar Controller powers, with the prior approval of the Central Government, to allot quotas of sugar, to issue directions to any producer or dealer, to supply sugar to *such* provinces or areas, or *such* qualities, of *such* types, at *such* times, at *such* prices, and in *such* manner as might be specified by him. There could be no broader authorisation conferred on an administrative officer. A similar authorisation is to be found in the Vegetable Oil Products Order. The Vegetable Oil Products Controller also had other regulatory powers, *viz.*, *inter alia*, power to prohibit or restrict the manufacture, stock or sale of any variety or quality of vegetable oil products, to issue directions regarding sales, stocks and distribution of vegetable oil products and to fix prices. Broad regulatory powers, without any restraints, were conferred on the Gur Controller by the Gur Control order, 1947.

In some orders, power to make rules was conferred on administrative officers, *e.g.*, the Sugar Controller was authorised under the Sugar and Sugar Products (Control) Order to make rules for carrying into effect the purposes and object of the order.

Though many orders left it to the courts to do so,<sup>62</sup> some orders, however, authorised the administrative officers themselves to forfeit goods in respect of which the order had been contravened without recourse to the courts, *e.g.*, such a power was conferred on the Sugar Controller by the Sugar and Sugar Products order, 1947.

The Fruit Products Order, 1948, however, presents the picture of a balanced administrative procedure and that is the only order of its kind. Its most conspicuous feature was the establishment of

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62. For example, the Vegetable Oil Products Order.

an advisory committee which could hear an appeal from the order of the licensing officer refusing to grant a manufacturing license. Also, the advisory committee's approval and an opportunity to the licensee to show cause were the essential pre-requisites for cancellation of the license.

In one or two cases, provisions made were even more rigorous than their counterpart under the Defence of India Rules. As for example, the Cotton Cloth & Yarn (Control) Order, 1945, instituted a Textile Control Board consisting of non-officials. This order was repealed in 1948 by the Cotton Textiles (Control) Order which did not provide for such a body and which concentrated powers in the hands of the administration. Thus, non-official consultation by the administrative officer concerned was dispensed with.

An interesting experiment to co-ordinate control policies was made during this period in the form of the Commodity Prices Board. During early 1947, the Central Government felt that direct price controls over essential commodities should be integrated, systematised and synthesised. With this end in view, an expert body known as the Commodity Prices Board was formed in February, 1947. It was to consist of the President, two members and a Secretary, appointed by the Central Government. Its main function was to keep under constant review the movement of commodity prices; to advise the government, in the light of all relevant data, on price levels in respect of controlled commodities; and to advise on the question whether other commodities should be brought under control, and if so, what price or price limits should be fixed for them. In determining the appropriate price levels, the board was to take into account a variety of factors, such as the cost of production, the current prices in relation to pre-war price levels and their bearing on other commodities. The board was to undertake periodical reviews to explore the possibilities of a reduction in the cost of living. Thus, an important role was assigned to the board in the formulation of an integrated price-policy for India. Three reasons were adduced by the Central Government for the creation of the board: (i) It was of paramount importance, in view of the then economic situation of the country what particular price-levels were chosen for the controlled commodities. (ii) It was essential to maintain a reasonable relationship between the prices of cash crops and the prices of foodgrains on the one hand, and between agricultural prices and industrial prices on the other, if producers and consumers alike were not to be put under a constant sense of grievance, and

agrarian and industrial unrest was to be prevented. (iii) Public confidence in the equity of government's decisions would be reinforced if the public were aware that in reaching their conclusions government had had the benefit of the advice of an authoritative body. In the words of the Finance Member of the Government of India, the real reason for the appointment of the board was that there was no co-relation between the prices of various commodities of various kinds like agricultural produce, industrial goods and other commodities and the government felt that it was necessary to have a scientific method of stabilisation of prices.<sup>63</sup> The list of commodities referred to the board from time to time for examination included foodgrains, cotton, yarn and cloth, iron, steel, vanaspati, cement, kerosene, motor spirit, coal and paper. Unfortunately, the board was abolished after it had submitted only 12 confidential reports to the government and its functions were partially assigned in October, 1947, to the new Tariff Board. Thus, the idea of an integrated price policy was thrown over-board.

The board was appointed at a time when the war-time Indian economy was facing and undergoing adjustments in the post-war period. Government policy regarding economic controls was yet undecided and ample evidence is to be found in the reports of the board that the government lacked a well-defined economic policy.

The creation of the Commodity Prices Board was an important step towards the formulation of the government's policy of controls. It was designed as an expert body to advise the government in the formulation and administration of an appropriate and consistent price policy. But, even the creation of the board did not lead to the formulation of a clear and unequivocal policy on price controls as it proved to be a very short-lived experiment.<sup>64</sup>

In its working the board was handicapped by the absence of reliable factual data and the lack of clear government policy. The board never received any positive general directions on policy. The

63. March 10, 1947, The Legislative Assembly Debates. H. 1626, 62, Also see *Const. Ass. of India (Legislative) Debates*, 1947, Vol. 1, p. 574.

64. Mr. D.R. Gadgil, a member of the board, has commented upon the work of the Board as follows:—

“The system of price controls in India never equalled in comprehensiveness or in detail the systems in other advanced countries. The principles and procedures for the fixation of controlled prices were also neither well-developed nor uniform in India. It cannot be said that the work of the Commodity Prices Board contributed to any substantial extent towards removing

reports of the board are very informative but they did not find much approval at the government's hands and, as a consequence, its members resigned.<sup>65</sup>.

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these defects. All that the board could do, within the period of its existence, was to pass under review the problems of principle or procedure raised by each reference and to attempt to build up cumulatively a consistent mass of doctrines. The decisions on principles and procedures arrived at by the board had to be shaped with reference to the objectives that it set before itself. In the absence of directives from government, the board assumed the objective indicated by it in its general note on controls": *Reports of Commodity Prices Board*, ed. Sovani, p. iii.

65. Also, in view of the decontrol policy on which the government embarked in late 1947 (*supra*, p. 33) there was no *raison d' être* left for the board to exist and so it came to an end in Oct. '47.