U.S. Food Sales to India May Top *1 Billion in '75

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urban consumers in deficit States (particularly Maharashtra, Gujarat, and West Bengal) for wheat over sorghum, plus the smaller cash loss incurred by the Government for distribution of wheat. Moreover, the delivered Bombay price for

imported coarse grains is India seemingly had overnow 80 percent of that for wheat, compared with about 60 percent in more normal years.

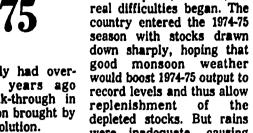
Precipitating the jump in grain imports has been growing difficulty in procuring and distributing domestic grain - a problem

come a few years ago following break-through in grain production brought by the Green Revolution.

Those breakthroughs pushed Indian food grain production to a record 108.4 million tons in 1970-71 from the low 72.3 million of the 1965-66 drought year. Most of the wheat is harvested from late March to early May, providing supplies for distribution during July-June, the agricultural year in India. India in the early 1970's thus found itself virtually self-sufficient in grain, with trains from northern India replacing ships from North America as the main carriers of wheat to deficit areas. (During 1971-73, the Punjab and Haryana sent over 3 million tons of wheat to other areas of India each year.)

But stocks started to be undermined as malevolent weather hit again in 1972 and 1974, reducing slightly yields of high-yielding varieties of wheat and rice, stars of the Green Revolution, and bringing sharp reductions in traditional varieties in rainfed areas.

When the poor weather first struck in the summer of 1972, lowering 1972-73 foodgrain output to 97 million tons, the Government was able to draw on nearly 9 million tons of foodgrain stocks to meet the emergency. The next year India had a better foodgrain



depleted stocks. But rains were inadequate, causing sharp declines in both rice and coarse grain output. Current estimates place the rice crop some 4.2 million tons under the 1973-74 record of 43.7 million tons (milled basis), while coarse gains (including 1975 barley) are also estimated about 4 million tons below last year's harvest of 28 million. And, the new wheat crop, to be harvested during March-May, is now projected to be only slightly better than last year's 22.1-million-ton harvest.

crop of 103.6 million tons,

despite a 2.6-million-ton drop

At that point, however, the

in wheat output.

These difficulties have reflected back into the grain procurement and distribution system. Virtually all of the 2.6 millionton decline in 1973-74 wheat production showed up in reduced Government procurement of wheat during 1974 - less than 2 million tons, compared with almost 4.5 million in 1973. As a result, fair price shops in States deficit like Maharashtra and Gujarat received only about half their expected wheat from domestic supplies, and rapid inflation by then had overtaken all of India.

The inflation - marked by a 35-percent jump in food prices during 1974 exacerbated problems in the wheat market, as farmers sold to private traders whenever possible rather than for the fixed price offered by the Government. In addition, during 1973

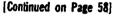
and 1974 some farmers in the Punjab and other surplus producing States apparently fed wheat in their expanding dairy and poultry operations as a result of lower prices for it than for corn and sorghum. These price differences arose because private traders may transport coarse grains across food

Lancaster Farming, Saturday, March 29, 1975–55

distortions by upping its This expanded role of the procurement price for wheat flour mills mirrors India's to \$140 per ton in March 1974 rising commercial output of from around \$100 in 1973. But flour - it tripled between 1967 by then deliveries to and 1973 to surpass 3 million procurement centers had tons. That growth, in turn, fallen to token levels, has been fueled by changing The Government also consumption habits among attacked the problem by wealthier urban consumers, permitting flour millers to who increasingly buy pay farmers \$188 per ton for finished bakery products wheat if they would deliver rather than wait in line for half their purchases to wheat at fair price shops. procurement centers for \$140

This year, wheat per ton. While suffering a procurement should be loss of about \$50 per ton for helped some by the half the wheat thus pur- Government's recent price chased, millers made up for measures, including a boost their losses through profits in procurement prices in the from wheat products sold in Punjab to over \$155 per ton in the cities. And they, of 1975. However, rice may course, found this a better present a problem because deal than having no wheat at of the sharp shortfall in 1974all - a situation many had 75 output, and purchases of other crops will likewise suffer from reduced outturns.

In addition to grains, India is importing larger amounts such measures, represen- of U.S. fats and oils especially tallow. Cash sales of U.S. tallow to India tripled between calendar 1973 and 1974 to 49,000 tons, valued at





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Itactors



found themselves in during

early 1974 as domestic

supplies dropped and im-

ports were not yet arriving in

volume. Partly because of

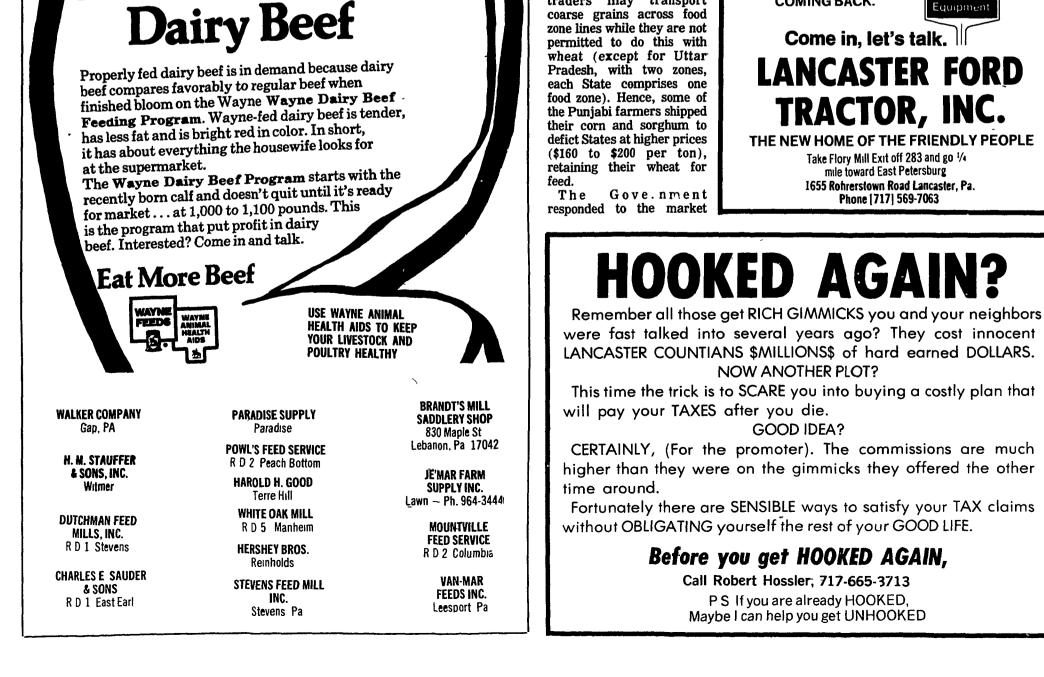
tatives of the flour mills

purchased over 2 million

tons of wheat in the Punjab

and Haryana in 1974 for

shipment to deficit States.



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