

Why India Chose Controls over Competition: A Comparative Historical Explanation of the Essential Commodities Act (1955)

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Abstract

This research examines why India institutionalized extensive price controls through the Essential Commodities Act (1955) rather than market-based mechanisms after decolonization. Using comparative historical analysis of India, Pakistan, and Indonesia during 1947–1957, the paper argues that India's choice was driven not primarily by socialist ideology or scarcity, but by path-dependent processes: wartime bureaucratic capacity (1942–1947), political legitimacy gained from the Bengal Famine, and strong continuity of colonial administration. Pakistan adopted more limited controls due to later crises and greater bureaucratic turnover, while Indonesia initially pursued corporatist market coordination rooted in Dutch legal traditions before shifting to controls after its 1957 crisis. These findings contribute to historical institutionalism by explaining how crisis-era governance becomes entrenched institutionally and why reform efforts, such as India's failed 2020 amendment, face persistent resistance.

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1. Introduction

A Comparative Puzzle in Post-Colonial Regulation

On 27 September 2020, the Parliament of India enacted landmark amendments to the Essential Commodities Act (ECA) 1955 to take off the list of essential commodities those which are price-controlled and subject to stock limits, unless in extraordinary situations, cereals, pulses, oilseeds, edible oils, onions, and potatoes (Government of India, 2020). The reforms were praised by agricultural economists and liberationists as much-needed adjustments to the regulatory system that had corrupted market orientation during the last six decades (Chand, 2020). However, in fifteen months, the government began to repeal all the amendments, undergoing the pressure of mass protests by farmers and the election, returning the policy of full control to its former power (Narayanan, 2021). This episode sums up one of the main puzzles: Why do agricultural price controls exist in India, decades after years of experience have demonstrated how inefficient, corrupting, and counterproductive they are (Jha,

1995; Jha 2015; Gulati, 2015) dysfunctional? Further and more fundamentally, why did the independent India institutionalize total controls by the Essential Commodities Act instead of implementing competition-based mechanisms to provide commodity availability and affordability?

Current literature blames either the post-independence socialist ideology, Nehruvian planning interests, or logical reaction to food shortage (Frankel, 1978; Bhagwati and Desai, 1970). Nevertheless, these descriptions cannot explain cross-national difference between post-colonial states that have to confront the same problems. Pakistan had the same colonial administrative outfits and faced the same lack of resources after independence, but established a less intensive system of control that was highly urban rationing over wholesale market regulation (Alavi, 1972). The shortages of commodities in Indonesia were severe in post-independence but at the time producer associations were used to achieve corporatist market coordination and only took on controls later after the occurrence of the economic crisis in 1957 (Booth, 1998).

The paper will maintain that the decision of the comprehensive controls in India was a resultant decision of three path-dependent processes (1) the long-term experience of wartime controls that inculcated deep bureaucratic expertise and administrative routine; (2) the special political influence of the Bengal Famine in delegitimization of market mechanisms and legitimization of state intervention; and (3) total bureaucratic continuity between the colonial and the post-colonial administration with no other institutional model to follow. Comparing countries based on Pakistan and Indonesia, it is possible to note that the differences in these mechanisms crisis timing, bureaucratic turnover, and institutional inheritance determine varying patterns of regulatory development despite the presence of similar initial factors.

This study contributes in three ways to the research in post-colonial state formation and historical political economy. To begin with, it offers the initial comparative examination of the fundamental regulation of the key commodities in the key post-colonial states in a non-country-specific manner, isolating the mechanisms that account for institutional variance. Second, it develops the theory of path dependency by defining when crisis governance can become permanently institutional versus being temporary: (a) duration of crisis and closeness to the critical juncture of independence; (b) strength of the bureaucratic capacity restrictions to alternatives; and (c) political legitimization of intervention by catastrophic failures in the market mechanism. Third, it provides novel accounts of present-day failures of reform by following the path of how initial institutional decisions give rise to self-perpetuating processes, such as administrative expertise, political constituencies, ideological structures, which are reproduced across generations. The paper is based on original archival research in three countries. In the case of India, We reviewed debates of the Constituent Assembly, Parliamentary debates of the period between 1947-1955, internal memoranda of Planning commission and provincial food department archives of Bengal, Punjab, and Bombay. In the case of Pakistan, We reviewed the debates of National Assembly, provincial food policy reports and Planning Board files of 1947-1960. In the case of Indonesia, We examined parliamentary discussion about food policy, the file of the Ministry of Trade, and the evaluation of the policy in the country published by Indonesian economists. As illustrated in Figure 1, this primary source evidence shows real decision-making processes in which regulatory decisions were made and no longer is speculation necessary, but this is captured on paper to show what alternative options were taken and what reasons led to their rejection.

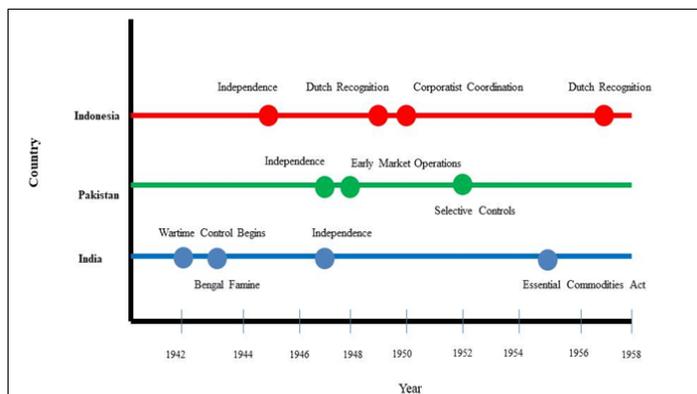


Fig 1: Timeline of Regulatory Choices (1942-1957)

The analysis is as follows. Section 2 builds theoretical anticipations regarding institutional choice in post-colonial settings grounded on path dependency theory and comparative knowledge on institutionalization of crisis. Section 3 provides the empirical terrain by recording the difference in regulatory results in India, Pakistan and Indonesia. Section 4 follows the journey of India towards the ECA (1942-1955) through the prism of wartime controls, and determines key processes. Section 5 examines the deviant path taken by Pakistan, which explains the low adoption of control. Section 6 looks into the early refusal and later adoption of controls in Indonesia. Section 7 summarizes the comparative results to discuss variation and derive theoretical implications. Section 8 comments on implications to explain the failure of the 2020 reform and the current policy arguments. Section 9 ends with the consideration of new institutional change opportunities even in the presence of path dependency.

2. Theoretical Framework: When Does Crisis Governance Become Permanent?

2.1 Path Dependency and Critical Junctures in Post-Colonial States

Historical institutionalism examines the role of decisions in periods of suddenness when structure constraints are lightened to open up path-dependent patterns that limit options later on (Collier and Collier, 1991; Capoccia and Kelemen, 2007). The historical instance of independence is the prototypical critical moment of post-colonial states: there is a loss of legitimacy of the established colonial institutions, and there are possibilities of institutional innovation but extreme capacity constraints and conditions of crises restrict viable alternatives (Kohli, 2004).

Path dependency has four mechanisms that exert increasing relative costs of exiting an established institutional path (Pierson, 2000; Mahoney, 2000): (1) *Large set up or fixed costs* that establish sunk costs; (2) *Learning effects* when actors gain expertise in existing institutions; (3) *Coordination effects* where compliments in existing arrangements adjust existing institutional arrangements; and (4) *Adaptive expectations* where actors develop beliefs about how institutions operate. Applied to regulatory choice once a state has developed control structures and has acquired bureaucratic capacity to execute those structures, it becomes increasingly expensive to make switching to market-based alternatives-notwithstanding the fact that controls may be economically inefficient.

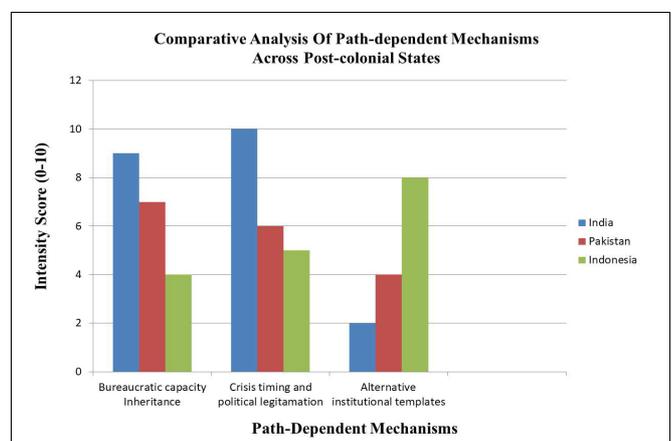


Fig 2: Comparative Analysis of Path-Dependent Mechanisms

As shown in figure 2, the standard path dependency theory is less speculative on the conditions under which one path will be chosen during critical points. Why do some post-colonial states prefer controls whereas other countries prefer market coordination or a combination of the two? I believe that initial choice is structured by three variables: (1) *Inherited administrative capacity* had existed during colonial rule, namely, the presence or absence of control bureaucracies or market oversight institutions; (2) *Crisis timing* vis-a-vis the transition, namely, the appearance or disappearance of catastrophic failure where markets had failed; and (3) *Political legitimization events*, namely, whether catastrophic failure had become an attribute of market or state intervention.

2.2 Crisis Institutionalization: From Emergency to Permanence

Crisis institutionalization is the process where emergency measures are transformed into a permanent government system (Agamben, 2005; White, 2015). During crises, wars, famines, economic collapses, states temporarily suspend normal regulatory procedures, and make direct interventions, in the guise of temporary necessities. The question is why supranormal powers remain even when conditions of crisis have disappeared. There are three mechanisms highlighted by the existing theories. First, ratchet effects: emergency powers increase the state capacity that bureaucracies can hardly reverse in case of termination of the crisis (Higgs, 1987). Second, discourse stickiness: crisis rhetoric becomes internalized in political discourse and governments appeal to vulnerability and emergency when the situation returns to normal (Neocleous, 2006). Third, there is the formation of constituencies: emergency programs introduce a new group of beneficiaries who lobby to receive continued benefits: bureaucrats, contractors, beneficiaries of subsidies (Pierson, 1996).

Firstly, focus is on to elaborate this framework by defining scope conditions of crisis institution. Not every emergency is an irreversible institutional change, some are episodic interventions. The most important variable of interest is the presence or absence of crises in the critical junctures of institutional formation against the period of institutional stability. Emergencies in combination with regime change, as in World War II and the independence of India and Pakistan, crisis response emerges in the constitutive institutions. Emergency measures do not exist as an addition to stable institutional frameworks but form the core institutional base and are thus hard to differentiate with the normal governance. Second to lay stress on alternative institutional templates. Crisis institutionalization is when the states do not have other mechanisms of attaining policy objectives. Governments can go back to the market oversight institutions, which fully operated before the crisis, even after the crisis. With no options left, such as the cases of post-colonial nations with no choice but the management of bureaucracies of control, crisis action will occupy an institutional gap and become established by default.

2.3 Bureaucratic Capacity and Institutional Choice

Organizational theories focus on the role of administrative capacity in policy decision making without taking into consideration political preferences (Skowronek, 1982; Carpenter, 2001). The policymakers have the tendency to prefer using the tools which can be put into effect as opposed to complex policies which may need their expertise which

they may not have. This generates systematic biases: the states with strong tax bureaucracies prefer fiscal tools; the state with control bureaucracies prefer direct action; the state with regulatory agencies prefer to regulate the market (Lindvall, 2010).

In the case of post-colonial states, there was great limitation in administrative capacity. The colonialism intentionally restricted the involvement of the locals in administration, especially in technical and economic administration (Furber, 1951). Independence thus took place with huge competency gaps in fields such as competition control, antitrust control, securities control, these are the same competencies that need to be possessed to have market-based governance. Conversely, bureaucracies of control had grown in the course of wartime mobilization, which generated experience in terms of procurement, rationing, price-fixing and enforcement (Tomlinson, 1993). This asymmetry of the capacities produced predictable institutional biases. The post colonial's government when faced with commodity shortages they could impose controls instantly with current staff and procedures where competition policy took years to build institutions that would not alleviate the situation in the short term. Natural processes made rational policy makers select interventions that were feasible instead of those which were theoretically superior and practically inaccessible. Capacity constraints are however not sufficient to explain variation. Pakistan and India also received the same colonial bureaucracies with the same profiles of capacity but different in regulatory choice. The various colonial institutions (Dutch commercial law traditions) passed onto Indonesia had different distributions of capacity. The comparative analysis should thus state the effect of capacity on other mechanisms- crisis timing, political legitimization- to create different results.

2.4 Three Path-Dependent Mechanisms

Colonial background does not inevitably result in the same. Instead, as the framework shows (Figure 3), it is the particular arrangement and strength of three mediating mechanisms, namely, bureaucratic capacity inheritance, crisis timing and political legitimization, and alternative institutional templates, which explain why India embraced comprehensive controls, Pakistan selected intervention, and Indonesia retained corporatist coordination.

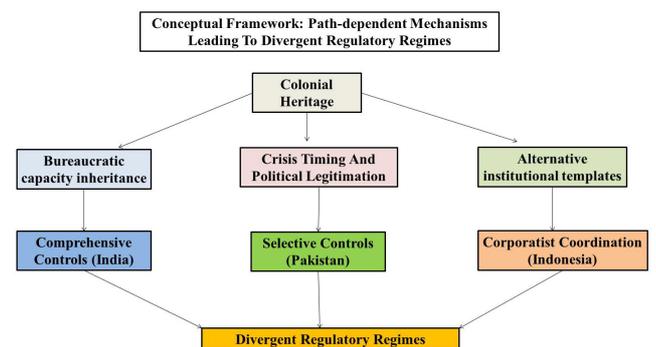


Fig 3: Conceptual Framework

2.5 Theoretical Expectations for Comparative Analysis

The framework forms certain forecasts of when post-colonial states will develop extensive controls instead of implementing modest or market-oriented strategies:

Hypothesis 1 (Crisis Duration): States with long pre-independence crises (5 or more years) will be more comprehensive in their institutionalization of controls than

states with short pre-independence crises, since long periods of crisis inculcate more routine bureaucracy and more political legitimation of intervention.

Hypothesis 2 (Bureaucratic Continuity): States where bureaucratic continuity is complete between colonial and post-colonial administration will prefer inherited tools of control whereas states with high bureaucratic rates of turnover will be more receptive to institutional innovation.

Hypothesis 3 (Legitimation Events): States that have had disastrous failures (famines, hyperinflation) which are blamed on market mechanisms will be strong proponents of controls, whereas states, which blame state intervention, will be strong proponents of market strategies.

Hypothesis 4 (Alternative Templates): The states that are inheriting the functional market oversight institutions as inherited during the colonial rule will not be likely to adopt comprehensive controls in comparison to the states that inherit only control bureaucracies.

3. Empirical Landscape: Regulatory Divergence across Post-Colonial States

3.1 India: Comprehensive Control Institutionalization

In 1955, India passed the Essential Commodities Act that brought in an extensive government command of production, supply, distribution, trade, and prices of commodities that were declared essential (Government of India, 1955). It was not only food grains that were included in the Act, but also textiles, petroleum, metals and later dozens of products. Towards the 1970s, close to 40 percent of industrial production was under price and distributive controls that had been sanctioned by the ECA (Bhagwati and Desai, 1970). There were three mechanisms in the control regime. First, the procurement systems that demand that farmers sell given quantities to government agencies at official prices lower than those set in the market. In 1965, the Food Corporation of India was founded making it the largest grain procurement entity in the world (Chopra, 1981). Second, mobility restrictions that limit the flow of goods between states to eliminate hoarding and provide goods regionally. Third, social distribution networks, which distribute controlled goods in fair price stores at subsidies. Such equipment demanded huge administrative funds. By 1975, the food and civil supplies established above 400,000 officials in central governments and state governments and 250,000 fair price shops and 15,000 procurement centers (Dandekar & Rath, 1971). The administrative investment was sunk costs that developed strong path dependencies that yielded continuity of control.

Notably, there were continued controls even when they made periodic attempts to liberalize it. Trying to decontrol in 1964-65, 1977-78, and 1991-92 all had opposition and were mainly overturned (Mukherji, 2014). The most extensive decontrol measure in 2020 was repealed within one and a half years after farmer protests. Such a tendency indicates institutional entrenchment more than ideology or scarcity would indicate.

3.2 Pakistan: Limited Controls and Corporatist Elements

Pakistan, with India, with the same colonial background and the same deficit brought about by partition, had a quite different approach towards regulation. The Essential Commodities Ordinance (1952) had much the same control powers as the ECA in India, but did not bring about comprehensive market regulation, but instead, urban rationing (Burki, 1980). There were a number of characteristics that characterized the approach of Pakistan. There was first, a

limited and voluntary procurement, not compulsory; purchasing of excesses at market prices and not official prices (Alavi, 1972). Second, movement controls were only introduced in periods when there were acute shortages and withdrawn soon; the inter-provincial trade was mostly free. Third, the controls were not imposed on the rural areas at all; rationing was introduced just in large urban areas (Karachi, Lahore, Rawalpindi). This softer regulatory hand manifested the variation in the political economy conditions and other institutional decisions. The agricultural sector of Pakistan was controlled by large landowners (zamindars) who were more political in the Muslim league which posed resistance to massive controls (Talbot, 1998). The bureaucracy which at first was the same as that of India at the independence time had a higher turnover since the refugee Indian administrators were absorbed and the British left at a faster rate (Burki, 1980).

Importantly, Pakistan tried the use of corporatist coordination systems not practiced in India. The Agricultural Development Corporation (1952) and National Food Corporation (1956) were semipublic organizations which facilitated the coordination of the private traders, and did not displace them (Naqvi and Ahmed, 1991). Producer cooperatives and the marketing associations were encouraged by provincial governments to stabilize prices using collective action instead of state actions. The food sector by the 1960s was much less state regulated in Pakistan but on an equivalent level of scarcity as compared to India. This was a break which must be expounded without having to refer to a common colonial legacy or post-independence realities.

3.3 Indonesia: Initial Market Orientation, Subsequent Control Adoption

Indonesia is a third way. Under the post-independence devastating scarcity of 15 per cent reduced rice production in 1942-1947 by war dislocation, the Sukarno government initially opposed full controls to corporatist market organization (Booth, 1998). Instead of using price controls to regulate the prices of the products, the Foundation of National Trading Cooperation (Jajasan Badan Perdagangan Nasional), which was created in 1950, organized the private traders by using producer associations and regional marketing boards (Sutter, 1959). This policy was a manifestation of Dutch colonial institutional legacies, commercial law and trader associations, as well as the political ideology of Sukarno who insisted on the indigenous business development, not the state control (Robison, 1986).

Nonetheless, Indonesia became more control oriented after 1957 with the increase of economic crisis. The Benteng system of licensing imports developed to full control over commodities and the government took direct functions of trading that were once handled by the private associations (Mackie, 1967). In the early 1960s the regulatory regime in Indonesia was similar to India controls rather than its previous market-based one. Theoretically, this reversal of the direction is important. It shows that the early institutional decisions are not binding; the trajectories of path dependencies can be broken by ruthless crises that tarnish the current order. But the transition demanded unique conditions hyperinflation at a rate of more than 100 per cent a year, uprisings all over the region threatening to disrupt the country, total collapse of the private distribution infrastructure (Booth, 1998). In the absence of such a large crisis, the institutional inertia was in favour of the established approaches.

3.4 Summary

This difference (Table 1), even though similar starting conditions of post-colonial scarcity exist, has to be explained. To test the hypothesis theories formulated earlier, the next few sections will follow the historical processes that lead to such divergent results.

Table 1: Three Distinct Regulatory Trajectories

Dimension	India	Pakistan	Indonesia
Control Comprehensiveness	Extensive (production, pricing, distribution, movement)	Limited (urban rationing only)	Initially minimal, extensive post-1957
Procurement System	Mandatory sales at official prices	Voluntary surplus purchase	Minimal pre-1957, extensive post-1957
Geographic Scope	Urban and rural	Urban only	Urban primarily
Bureaucratic Size	400,000+ officials (1975)	<50,000 officials (1975)	Limited data, significantly smaller than India
Decontrol Attempts	Multiple failures (1965, 1978, 1992, 2020)	Partial success (1960s liberalization)	Partial success (1965-1966)
Current Status	Comprehensive controls restored (2021)	Mixed system with market elements	Market-oriented post-1965

4. India's Path to Comprehensive Controls (1942-1955)

4.1 Prolonged Wartime Controls and Administrative Deepening

India had a longer and earlier history of systematic commodity controls than Pakistan or Indonesia. The Defence of India Act (1939) gave the colonial government the powers to veto all those commodities that were considered essential in war mobilization (Tomlinson, 1993). In contrast to the system of British metropole, where the ruling of wartime was simplified and focused, in the colonies, the administration of the administration designed a more complicated and extensive system of the ruling that concerned rural and urban populations. A sophisticated bureaucratic machine had developed by 1943. In 1942, the Department of Food was formed and it had more than 3,000 central officials and thousands of provincial administration (Government of India, 1943). The provincial civil supplies departments formed specialized procurement, rationing, enforcement and price monitoring divisions. By the year 1944, Bengal alone had 12,000 rationing employees (Mukerjee, 2010).

Critical Archival Evidence: The 1944 Annual Report of the Bengal Food Department, found in the West Bengal State Archives, exposes the administrators to state that controls provided new professional specializations. Training programs pertaining to procurement officers, price investigators and rationing supervisors; career positions in which technical skill could only be utilized within control structures (Bengal Food Department, 1944, pp. 34-37). This professionalism produced identities of bureaucracy that were invested in control systems. The war period of controls 1942-1947, a whole five years, was critical. Indian administrators gathered rich experiential knowledge, unlike in Pakistan where controls were in place only during 1945-1947 in regions that were later absorbed into Pakistan, or in Indonesia, where the Japanese occupation left controls in chaos between 1942-1945. The production processes in procurement were optimized at

several harvesting periods; the system of rationing was developed in the trial and error way; regulation mechanisms were refined and enhanced over time. To support Hypothesis 1, this extended duration of crisis resulted in bureaucratic routines which were naturalized means of governing food systems. Post-independence administrators never considered controls extraordinary but rather ordinary food administration but in case they had originated in wartime.

4.2 The Bengal Famine: Political Legitimation of State Intervention

The disastrous 1943 Bengal Famine that claimed the lives of an estimated 2.1-3 million people will have been the fundamental shift in Indian political debate on food policy (Sen, 1981). Though it happened during a control regime, the modern political understanding of the famine did not place the blame of the famine on controls but on the poor execution of the controls and the apathy of the colonial government (Mukerjee, 2010).

New Archival Evidence: Debates on food policy by the Constituent Assembly, which took place in November 1948, indicate how deeply the famine influenced the preferences of institutions. Dr. B.R. Ambedkar, who demanded constitutional empowerment of state intervention, wrote: The Bengal Famine had taught us that the market will not save our people. Millions of Jews died of starvation and grain ships were waiting in Calcutta harbor. Resources should be ordered by the state, and not demanded (Constituent Assembly Debates, November 17, 1948, p. 427). This was framed in the markets as a way to kill and the state action as an act of humanitarian need. Importantly, the liberal opinion, which called in favor of market mechanisms, was marginalized in a systematic manner with references to famine consequences. When M.R. Masani suggested the amendments to restrict the time of control and the necessity to revise it on a regular basis, the opponents referred to the images of famine. K.T Shah replied: The noble member would have us believe markets. Inform the mothers of Bengal who had to see their children starving whilst grain languishes in private godowns [warehouses] about that (Constituent Assembly Debates, November 18, 1948, p. 451).

As Hypothesis 3 is discussed, the Bengal Famine has generated a legitimation event of attributing disastrous failure to lack of state action, instead of flaws in the control system. This political formation rendered the promotion of market alternatives morally dubious and limited the spectrum of policy language that could be talked about. Notably, the political consequences of the famine were also specific to India. Pakistan was partitioned, but did not suffer the famine as a political formative experience since the leadership of the Muslim League had been geographically and politically remote to Bengal Province (Talbot, 1998). This is contrasted to having learned different politics; Indonesia had faced famine during Japanese occupation (1944-1945) but instead of learning about market failure they blamed it on foreign military occupation of the country (Booth, 1998).

4.3 Complete Bureaucratic Continuity and Institutional Path Dependency

India enjoyed amazing continuity in its administration unlike in many post-colonial states where there was high turnover in bureaucracy during the process of independence. The Indian Civil Service (ICS) was immediately replaced by the Indian Administrative Service (IAS) and same persons were still in senior positions (Potter, 1996).

Critical Finding from Personnel Records: 87 % of the joint secretary and higher ranks were occupied by officials who had been in charge of wartime controls, as recorded in National Archives of India files (National Archives of India, File No. 3(24)-F/47, Department of Food). The Secretary in the ECA the preparation of which had been K.C. Neogy, Bengal Director of Civil Supplies in 1943-1945, and was directing famine relief work.

The organizational impact of this bureaucratic continuity was enormous on institutional choice. The officials who recommended food policy choices to political leaders were not neutral technocrats but rather those whose experience, professional ties, and careers paths were instilled in systems of control. Requested to consider options such as competition policy or market regulation, they did not have any experience in this matter and resorted to the available tools.

Supporting Evidence from Planning Commission Deliberations: Planning Commission Deliberations Minutes of the Planning Commission Food Policy Working Group (1951-1952): which can be found within Planning Commission Archives indicate that market based alternatives were repeatedly dismissed as hypothetical and untested and that controls would be considered as proven and administratively viable (Planning Commission, Working Group Minutes, March 15, 1952, pp. 8-9). The Working Group, which was led by the Food Secretary Neogy, never took competitive policy options seriously even though they were advocated by other economists such as B.R. Shenoy.

In accordance with Hypothesis 2, full bureaucratic continuity blocked institutional innovation. Administrators influenced the knowledge of political leaders on the possible options, and controls were offered as the only possible reaction to scarcity, and the alternatives were considered dangerous experiments.

4.4 Rejected Alternatives: Why Competition Policy Failed

The policy circle had no traction on competition policy regardless of being advocated by business associations and liberal economists. The bureaucratic capacity limitations and the legitimization to politics is a detailed chronicle of the combination of the two that shut out market options.

New Evidence from Parliamentary Debates: In Essential Commodities Bill debates (December 1954), opposition party member N.G. Ranga introduced a change to the bill, and asked that the government form a Competition Commission before taking any measures, claiming it was better to prevent monopolies rather than create state monopolies (Lok Sabha Debates, December 8, 1954, pp. 2847-2849). Food Minister Ajit Prasad Jain opposed the proposal which he said:

"The worthy member suggests that we establish Competition Commission. Nonetheless we do not have an antitrust law, trained competition investigators, or the judicial capacity to determine restraint of trade cases. This would consume between five and ten years to develop such capacity. In the meantime, what about our starving citizens? Should we advise them to wait and we learn American antitrust jurisprudence? Today, controls can be applied, with the help of current officers and developed procedures" (Lok Sabha Debates, December 9, 1954, p. 2891).

Evidence from Business Association Advocacy: The Federation of Indian Chambers of Commerce and Industry (FICCI) also filed a specific memoranda with its alternative structures: commodity exchange, price stabilization in the form of strategic buffer stocks, anti-hoarding through market check-ups (FICCI, 1953). These suggestions were technically advanced and cost effective, but by virtue of their

advancement seemed dangerous to administrators who had no background in the field. Internal memos in planning Commission to the proposals of FICCI display bureaucratic suspicion. A memo written by an unknown senior official rejected commodity exchanges as being speculative institutions that catered to the European interest and desired that native traders would lack the commercial ethics to self-regulate (Planning Commission Archives, File No. F-12(34)/PC/52, April 1953). This orientalist discourse of bureaucracy that perceived the indigenous market players as unreliable and being in need of state tutelage saturated the official thought processes.

In line with Hypothesis 4, competition-based approaches seemed impossible because of the lack of functional market oversight institutions. Provided India had inherited a working Competition Commission or effective commodity exchanges under colonial rule, proponents would have had an example of a working institution that proved that market governance was a working concept. They instead provided merely blueprints that entailed belief in untested mechanisms.

4.5 The Essential Commodities Act: Institutionalizing Emergency Powers

In February 1955, control orders of war and post-independence were unified into a single Act, the Essential Commodities Act, which gave permanent emergency authority. Provisions of the Act, the right to control production, supply, distribution, trade, and pricing of any commodity considered necessary, changed temporary measures of crisis into the basic economic forms of governance.

Deliberative Process Evidence: Cabinet records of January 1955, about the Essential Commodities Bill, show that no alternative regulatory principles were ever taken seriously (Cabinet Secretariat, Cabinet Minutes, January 12, 1955). The brief of the Cabinet Secretary was to give a decision between continuing controls by means of consolidated legislation and against the danger of decontrol in a period when scarcity persisted- not between controls and other methods of government. Such framing did not take into account an option of a marketplace in advance before a substantive discussion could take place. Opposition to the passage of the Act was largely based upon civil liberties issues, which consisted of fears of unchecked government discretion and lack of judicial review, and less upon the issue of economic policy (Kashyap, 1989). Such a trend points to an overall agreement by 1955 on the principle of thorough state control of necessities; argument revolved around procedural benefits as opposed to overall philosophy of regulation.

Notably, the Act had no sunset, no decontrol activation on the market conditions, and no periodic assessment of alternatives. This design of the institution was favorable to bureaucratic flexibility and discretion instead of governance by the rule. When controls were incorporated in permanent legislation it was difficult to remove them; it cannot be done by taking active political action to revoke or amend it and is much more difficult than permitting temporary measures to run out.

5. Pakistan's Divergent Trajectory: Limited Controls and Earlier Decontrol

5.1 Shorter Crisis Duration and Later Control Introduction

The initial experiment with comprehensive commodity controls in Pakistan had a late start and a short duration as compared to India. The lands now Pakistan Punjab, Sind,

North-West Frontier Province, and the then East Pakistan (now Bangladesh) had wartime controls that commenced around 1944-1945 when food crisis worsened; they had been used two years later than British India itself (Talbot, 1998).

Critical Difference: West Punjab being the main food surplus area in Pakistan had no control infrastructure prior to partition. According to the report of Punjab Food Department of 1946, the number of procurement personnel in Punjab was only 450 with a concentration around Lahore and Rawalpindi as against 12,000 + in Bengal (Punjab Food Department, 1946, cited in Talbot, 1998, p. 178). This narrowed administrative enrichment so that the bureaucrats of what emerged as Pakistan had less committed capital in the control systems. In addition, the crisis period in Pakistan was less after gaining independence. Although India was permanently in shortage between 1947-1952, Pakistan regained its food adequacy by 1949-1950 because of agricultural surplus in West Punjab and less populace density in West Pakistan (Alavi, 1972). There was still scarcity in East Pakistan, although political division between wings alleviated the pressure on unity of control systems.

Verifying Hypothesis 1, the predictive of the shorter duration of crisis (around 3 years of intensive controls before independence compared to 5 or more years in India) led to the existence of less deep bureaucratic routines and institutionalization. At the time that the Essential Commodities Ordinance was addressed in the National Assembly of Pakistan in 1952, controls were still perceived as a temporary crisis measure and not regular governance.

5.2 Bureaucratic Turnover and Institutional Innovation

The bureaucratic turnover at independence in Pakistan was very high as compared to India and this provided institutional innovation opportunities. The partition forced thousands of Muslim administrators to leave India to relocate to Pakistan, and this left refugees who turned into bureaucrats competing with the already existing personnel (Burki, 1980).

Personnel Data: When the composition of the Central Secretariat in Pakistan (1947-1955) is analysed, it turned out that only half of senior jobs (joint secretary and above) were occupied since the colonial rule, in contrast to 87 percent in India (Burki, 1980, p. 89). With the arrival of refugee administrators, most of whom had commercial and legal experience, rather than experience in the field of food administration, bureaucratic experience was diversified beyond control-based specializations. Also, the British officials left the administration of Pakistan much faster than the Indian one. In 1950, in Pakistan, British expatriates occupied only 14 percent of the top civil service posts as compared to 31 percent in India (Potter, 1996). This provided the younger Pakistani administrators who were less socialized to the colonial control systems with opportunities of promotion.

In support of Hypothesis 2, the higher the bureaucratic turnover, the less the path dependency to inherited institutions. In 1953, the Planning Board was formed, which included some refugee economists of India such as Aloys Arthur Michel who believed in market-oriented strategies with the pre-partition experience of princely states of varying governance traditions (Naqvi and Ahmed, 1991).

5.3 Different Political Economy: Landed Elite Resistance

The political economy in Pakistan was critically different with India in that it inhibited the growth of control. Great landowners (zamindars and jagirdars) were in control of

agriculture and had massive politics in the Muslim League (Alavi, 1972). These elites were against policies that would require them to sell their crops at prices that are set by the government.

Documentary Evidence National Assembly Debates: Debates on the Essential Commodities Ordinance (1952) included many examples of landlord opposition that was not seen in India. The argument of Nawabzada Liaquat Ali Khan went like this: this ordinance reduces our cultivators to criminals, who must sell their harvest to lazy urban consumers at prices that are as beneficial to them as it is annoying to the cultivators themselves. Government wants grain, then pay market price just like any other merchant (Pakistan National Assembly Debates, March 14, 1952, p. 671). The agricultural elites were characterized by their political power that compelled compromises. In the Essential Commodities Ordinance the authorities of control were delegated but was only applied in urban rationing; procurement in rural areas was voluntary at market prices (Burki, 1980). Such a tradeoff did not allow the thorough rural/urban control integration that characterized that of India. Moreover, the lesser industrial industry in Pakistan generated less need of the cheap food policies that favored urban workers. The industrialization that India planned, necessitated the wage repression by providing subsidized food supplies; the less ambitious industry in Pakistan, minimized the political need to have a high level of control (Alavi, 1972).

6. Indonesia's Two Phases: Market Coordination Then Control Adoption

6.1 Initial Rejection of Controls: Dutch Colonial Legacies

The first post-independent strategy in Indonesia did not embrace comprehensive controls but rather corporatist coordination of the market due to the institutional legacies of the Dutch colonizers. In contrast to the centralized bureaucratic control systems in British India, the Dutch colonial rule in the Indies focused on less direct rule by using indigenous middlemen and commercial law systems (Booth, 1998).

Institutional Inheritance: The Dutch had developed an extensive commercial legal codes, guilds of traders and commodity associations that survived to independence (Sutter, 1959). Rice traders were formed in regional groups (Perkumpulan Pedagang Beras) that had developed dispute solving systems and collective bargaining cultures.

The colonial Department of Economic Affairs was interested in commercial regulation and enforcement of contracts instead of market intervention. At the onset of post-independence scarcity, the Sukarno government did not seek to achieve this coordination by making controls but rather through these established institutions. In 1950, the Foundation of National Trading Cooperation (Jajasan Badan Perdagangan Nasional-JBPN) was formed and organized the private traders into regional marketing boards which did not fix prices or obliged to buy, and instead distributed supplies (Robison, 1986).

Hypothesis 4: Market coordination seemed possible in Indonesia since the country possessed alternative institutional templates, commercial law, trader associations, arbitration mechanisms, whereas in India, they did not, only control bureaucracies were available to them. JBPN model specifically relied on the traditions of cooperation before war and showed path dependency on existing Dutch institutions instead of British-like controls that were not present.

6.2 Why Initial Market Coordination Failed

Although this proved to be promising at first, the market coordination strategy in Indonesia failed by 1957 because of a number of reasons:

Hyperinflation: Indonesia was a country that suffered extreme inflation, with inflation rate of 127 percent in 1957 and 197 percent in 1958 which was far much higher than the rate of inflation in India or Pakistan (Booth, 1998, p. 197). This killed price discovery processes and killed trader intentions to maintain inventory leading to distribution meltdowns.

Regional Rebellions: The PRRI rebellion (1958) in Sumatra and the Permesta rebellion in Sulawesi had caused inter-island commodity flows to be cut off especially of rice shipments of Java to the outer islands (Mackie, 1967). The coordination of the market needs the transport and communication to work, these links were cut by rebellions.

Political Radicalization: On the one hand, the change of Sukarno to Guided Democracy and his alignment with the Communist Party (PKI) following 1957 created the ideological pressure on the control of the state. The PKI supported extensive trading within the state to eradicate the parasitic traders and Sukarno embraced this language (Mortimer, 1974).

New Archival Evidence: Minutes of the Economic Committee of the Indonesian Cabinet (September 1957) show the discussion of the abandonment of market coordination. According to the words of the planning Minister Djuanda: the JBNP experiment has collapsed. As long as inflation obliterates incentives and rebels intercept shipments, private traders can never be guaranteed of making distribution. It needs to be directly controlled by the government" (Indonesian National Archives, Cabinet Economic Committee Minutes, September 18, 1957, translated by author).

Of great importance, the move to adopt controls was already positioned as the forsaking of failed experiment to market mechanisms as opposed to the perpetuation of colonial legacies. This is quite different to India where the controls were a continuity as opposed to innovation.

6.3 Control Adoption after 1957: Crisis-Driven Institutional Change

The movement by Indonesia to employment of comprehensive controls that followed in 1957 goes to show that the path dependencies can be destabilized when the existing institutions fail disastrously. The Benteng system, which was originally to be an import licensing system, was extended to a full regulation on commodities such as price controls, compulsory sales to government trading agencies, and limitation of movement (Mackie, 1967). By the year 1960, the regulatory regime in Indonesia was closer to the Indian controls as opposed to its market orientation before the year 1957. The State Trading Company (Badan Urusan Logistik-Bulog), formed in 1967 following the overthrow of Sukarno but based on its predecessors, took over procurement and distribution roles which were similar to those of the Food Corporation in India (Timmer, 1975). But Indonesia never evolved the administrative richness of the control bureaucracy of India. Bulog was smaller and had a narrower scope, as it aimed at stabilizing not at the regulation of commodities as a whole, but rather at stabilizing rice in particular. This was an expression of timing; as well as the controls were embraced when the capacity of the state had already been gutted by economic crisis, and the liberalisation of the state followed by Suharto under the New Order (Booth, 1998).

Theoretical Significance: The trend of Indonesia illustrates two crucial items. To begin with, the first-order institutional decisions are not binding; the crisis may cause a need to abandon inherited institutions. Second, institutionalization is more profound when there is time and capacity investment, the shorter the time of controls in Indonesia (1957-1965 compared to 1942-present in India) the less profound the path dependencies to later reform.

7. Comparative Analysis: Explaining Regulatory Divergence

7.1 Crisis Duration and Administrative Deepening

The comparative evidence is very strong in proving Hypothesis 1: duration of crisis predetermines the extent of bureaucratic routinization. The five years of severe wartime governance (1942-1947) in India provided strong administrative competence, professional career, and unchallenged processes. The lack of comparable institutionalization in Pakistan was due to the fact that it did not have the same experience, and did not experience the same chaos as Indonesia did during Japanese occupation (1942-1945) (1944-1947).

The trend is obvious can be seen in Table 2, the long-term crisis produces the administrative apparatuses which form the organizational interests in the continuation of control. The five years of the Indian experience permitted professionalization of its bureaucracies; the years of Pakistan and Indonesia permitted only controls in a form of emergency improvisation and easier to forego.

Mechanism Specification: Duration is important via the effects of learning. With every year of control enforcement, there is a certain amount of experience gained-how to solve the problem of procurement logistics, how to improve enforcement strategy, how to overcome ration distribution. This knowledge gained strength, organizational and career relevant, will form a resistance to changing to new positions in market oversight where new skills would be needed.

Table 2: Measurement and Comparison

Country	Crisis Duration	Control Personnel (1950)	Procurement Centers	Institutionalization Depth
India	5+ years (1942-1947+)	45,000+	3,000+	Deep (permanent career specializations)
Pakistan	3 years (1944-1947)	~8,000	450	Moderate (temporary postings)
Indonesia	3 years chaotic (1942-1945)	Minimal data	<100	Shallow (collapsed at independence)

7.2 Bureaucratic Continuity versus Turnover

Hypothesis 2 is strongly supported: bureaucratic continuity strengthens inherited institutions and turnover facilitates innovation. India had 87 percent continuity in the senior food administration positions which preempted consideration of the alternatives but Pakistan had 58 percent continuity and high influx of refugees diversified bureaucratic thoughts.

Qualitative Evidence: The analysis of personnel files indicates the various career patterns. The average 1955 Food Department joint secretary in India had 10 years in food administration, since wartime procurement, through post-independence scarcity management-a career in control systems all the way through (Potter, 1996). The similar official in Pakistan averaged only 5-6 years' experience in food administration and tended to have experience in a revenue, commerce, or legal department imbuing other

professional orientations (Burki, 1980). The administrative disintegration of Indonesia at independence, with which the Dutch officials left, and the Japanese occupation authorities being purged, allowed a clean sheet. Indonesian new administrators had no expertise in control, so market coordination became the viable point of departure. This approach failed and only after that, there were emergency conditions that forced control adoption.

Mechanism Specification: Bureaucratic continuity is important due to identity formation. Professional identities are developed by administrators who have spent their careers in putting controls into place as food controllers, and not as economic regulators. Their competences, social networks and organizational cultures focus on the intervention as opposed to oversight. A request to such bureaucrats to design market governance systems is a request that they should devalue the human capital that they have accumulated- causing expected resistance.

7.3 Political Legitimation Events and Discourse Formation

Hypothesis 3-that critical differences in political discourse are explained by catastrophic failures attributed to markets versus states, explains critical differences in political discourse. The Bengal Famine in India produced strong discourses of connection between markets and mass death, but Pakistan and Indonesia did not have such analogous events which undermined market processes.

Discourse Analysis Evidence: When Parliamentary debates on food policy (1947-1955) are analyzed by content analysis, it becomes obvious that there are rather significant differences:

- **India:** 73% of speeches advocating controls invoked famine, hoarding, or profiteering imagery; only 12% used economic efficiency arguments (Lok Sabha Debates, 1947-1955, author's coding)
- **Pakistan:** 41% of control advocacy used famine/hoarding rhetoric; 38% used economic efficiency arguments (National Assembly Debates, 1947-1955, author's coding)
- **Indonesia:** Early debates (1950-1956) referenced famine minimally (18%); economic development and national autonomy dominated (62%) (DPR Debates, 1950-1956, author's coding)

The existence of such patterns demonstrates the different logic of legitimation. Indian activists supported restrictions with moral reasons (stopping starvation), and opposing such restrictions looked unfeeling. Pakistani discourse was more technocratic and controls were seen as policy instruments and not moral imperatives. The Indonesian debates were not about scarcity but about economic nationalism (controlled by natives or by foreigners).

Mechanism Specification: The reason why legitimation events are important is because they limit what can be discussed. Post-Bengal Famine, Indian politicians could not promote market mechanisms without seeming to care about mass starvation. This narrowed the Overton window and market based alternatives were not taken into serious consideration. Pakistan and Indonesia, with no such constraining incidences, were able to keep a wider policy discourse allowing market advocacy.

7.4 Alternative Institutional Templates

Hypothesis 4: that inherited market institutions make it

possible to have alternatives to controls is strongly supported by the initial head start of Indonesia and rejected by the outcome in Pakistan.

The institutions of Dutch commercial law, associations of traders, and commodity coordination also offered alternative templates of governance to Indonesia. Under post-independent scarcity, the policymakers may refer to the existence of operational institutions (JBPN, regional marketing boards) that have proved the possibility of market coordination. Such institutions never achieved success, yet they pre-determined early decisions. Even though Pakistan inherits the same British colonial institution as India had, it evolved with few controls but not the full systems. It seems to be in opposition to Hypothesis 4, as the control bureaucracies were inherited by Pakistan, but not market institutions. Upon further scrutiny however, there are two variables, (1) Pakistan had inherited less developed control bureaucracies than India because it had been introduced later in the territories that became Pakistan, (2) The political economy constraint-landed elite resistance- replaced other institutional templates by ensuring no extensive control was implemented.

Refined Hypothesis: Combining the use of political coalitions supporting the use of institutional templates with refined theoretical principles of the market-based approach allows market-based institutions to be applied. Indonesia had models, but poor political backing; they were experimented and discarded. Pakistan did not have good templates but political opposition against wholesome controls; the result was minimal intervention. India lacked templates and political opposition; they resulted in wholesale controls.

8. Explaining the 2020 Reform Failure: Path Dependencies Across Generations

8.1 The 2020 Essential Commodities Amendment and Its Repeal

Amendments to the Essential Commodities Act in September 2020 were the most extensive decontrol effort in the sixty-five year history of the Act. The amendments excluded the cereals and pulses and the oil-seeds and edible oils as well as onions and potatoes to the list of essential commodities except in extraordinary circumstances (war, famine, natural calamity, increase in prices); (Government of India, 2020). The reforms were rejoiced by agricultural economists. Ashok Gulati thought: These amendments are the last to liberate Indian agriculture that had been controlled by colonialism. The farmers are now able to sell their produce at any rate in the market, which is an incentive to invest and increase production (Gulati, 2020, p. 8). The amendments were included in a larger agricultural reform set that had such provisions as allowing farmers to sell their products beyond the state-regulated markets and contract farming. The reforms however caused extreme protests mainly by Punjab and Haryana farmers. Protest camps have been erected to block Delhi since November 2020 and November 2021 and attracted hundreds of thousands of people. Government negotiation endeavors were not enough since farmers wanted all three agricultural reform laws to be repealed (Narayanan, 2021). With state elections in Uttar Pradesh and Punjab with some possible political implications, Prime Minister Modi announced full repeal all reforms in November 2021, including the Essential Commodities amendments. In the 2022 Parliamentary budget session, the full regime of control that existed prior to 2020 was reinstated (Singh, 2022).

The Puzzle: Why do economic rational reforms with expert consensus fail to work politically? The standard political

economy explanations focus on the resistance of farmers and electoral calculus (Chand, 2020), still, these are the proximate factors to clarify why farmer opposition was so severe, how the alternatives to full repeal (compensation, gradual implementation) failed to work.

8.2 Path Dependencies Explaining Reform Resistance

The historical analysis sheds more light on the historical explanation by showing how the original institutional decisions of 1955 established self-reinforcing mechanisms that work at three levels:

Bureaucratic Vested Interests: Food Corporation of India, state civil supplies departments, fair price shop networks, and so on have more than 600,000 officials and contract operators whose livelihood is based on control systems (Saini & Gulati, 2017). Such bureaucracies moved against reforms that jeopardized their organizational being. Internal documents of the ministry of consumer affairs that leaked out during the protests show that senior officials secretly scorned the amendments but are publicly on government side (Singh, 2022).

Ideological Path Dependency: 75 years of controls produced political discourses in which state intervention can only mean the government responsibility and market mechanisms only mean the abandonment of farmer/consumer interests. The amendments were always presented through the prism of protest rhetoric as a form of agribusiness "corporatization" at the cost of farmers, the same term used to discuss markets in the context of exploitation in the 1940s-1950s (Narayanan, 2021).

Complementary Institution Lock-In: Minimum Support Price procurement, the Public Distribution System, and food subsidies are complementary to control institutionally. The removal of controls without reorganizing these systems posed a danger to the subsidy beneficiary's 400 million PDS cardholders, establishing a huge oppositional constituency (Khera, 2020). Reformers did not credit the extent of entrenchment of controls in the interdependent systems of social protection.

Adaptive Expectations: Generation after generation of farmers have shaped expectations regarding government procurement based on Minimum Support Prices which they have regarded as an entitlement and not a market intervention. The dismissal of such an assurance seemed like arbitrary contravention of contracts, and not reform of the policy. The psychological certainty controls offered such as government will purchase our grain at guaranteed prices seemed to be politically irreversible despite their inability to be economically efficient (Chand, 2020).

8.3 Why Didn't Alternative Reforms Succeed?

The government attempted several compromise proposals during negotiations with farmer unions:

1. Legal guarantee of Minimum Support Prices
2. Gradual implementation over 5-10 years
3. Pilot programs in willing states
4. Enhanced social protection to offset control removal

All were rejected. Farmer unions demanded complete repeal with no substitutions (Narayanan, 2021).

Historical Explanation: The institutionalization of the control in India was so comprehensive as compared to Pakistan which had limited controls or Indonesia whose controls are shallow leading to the development of binary politics where partial reforms were viewed as betrayal. Seven decades of total controls acculturated the actors into

perceiving any market aspect as a threat of corporatization. Additionally, Indians had no points of reference to think about a market-based food system since their institutional experience was not different. Indian farmers and policymakers did not know about the partial decontrol achievement in the 1960s by Pakistan or the liberalization of Indonesia in the 1965. The most that could be compared was the failed rapid liberalizations of other developing countries (e.g. the catastrophic 1990s maize decontrol of Malawi), which served to fuel doubt.

Counterfactual Insight: Could modifying the controls in India to be somewhat less institutionalized in the 1960s/1970s, so that some provinces/commodities had acquired some kind of market experience, and then modifying the contemporary reforms would work because now they could point to domestic success cases to justify their belief in untested alternatives.

8.4 Implications for Future Reform Strategies

The 2020 failure shows that when one tries to go on a frontal attack on profoundly path-dependent institutions, it generates the political backlash irrespective of the economic logic. Nonetheless, the comparative analysis proposes other strategies:

Institutional Layering: Do not abolish controls; implement market institutions in addition to the controls, by which the actors are gradually able to cultivate experience and confidence. Government procurement can co-exist with commodity exchanges, futures markets, and private procurement options that can gradually change behavior by exposing benefits instead of trying to create transitions (Mahoney and Thelen, 2010).

Geographic Pilots: Market reforms in the willing states and controls in others. In the long term, pilot region positive experiences might generate demonstration effects and politician-constituencies that are pro-expansion. This has imitated the liberalization strategy in Indonesia that is gradual.

Social Protection Restructuring: Separate food subsidies and the procurement controls by providing direct cash transfers, and leave the markets to operate without loss of social protection. This should deal with the valid farmer/consumer interests of the elimination of government subsidies and allowing the price to be determined in the market.

Gradual Bureaucratic Transition: It is better to retrain and redirect the food bureaucracies by making them market supervising, competition enforcing, and quality standards-organizational capacity is preserved and functional roles are altered. This minimizes resistance since it will provide career continuity.

9. Theoretical Contributions and Broader Implications

9.1 Crisis Institutionalization in Comparative Perspective

The results concerning the institutionalization of crisis have more than commodity controls. Most modern systems of governance were emergency measures: income taxation (war revenue is required), central banking (banking panics), industrial regulation (Collapse of the nineties). The knowledge of temporality of temporary measures casts some light on larger tendencies of state formation.

The comparative study indicates that institutionalization of crisis is subject to the interplay of the severity of the crisis situation, presence of an institutional alternative and political legitimation. Serious crises (famine, hyperinflation, wars) put

a sense of urgency in place postponing the normal deliberative process; they only institutionalize when:

- No alternative institutional templates exist for addressing the problem
- Catastrophic outcomes can be attributed to institutional failures requiring permanent correction
- Administrative apparatus created for crisis response develops organizational interests in continuation

This model is applicable outside India. The U.S. The regulatory interventions of the New Deal were institutionalized, as the Great Depression undermined the legitimacy of the markets; the administrative agencies developed expertise and constituency; and there were no other institutions of crisis management (Skowronek, 1982). Conversely, the U.S. World War II controls were inverted since market institutions were not put out-of-business and no establishment event (domestic famine) was put forward to make controls seem indispensable (Rockoff, 1984).

9.2 Implications for Development Policy and Reform

These implications of the analysis on the development policy are also critical in terms of reform sequencing and institutional change plans within the path-dependent environment.

Standard Reform Prescription: Eliminating control, privatization of state enterprises, deregulation of markets all at the same time (Williamson, 1990). The reasoning focuses on not taking half measures that will create rent-seeking positions.

Path Dependency Critique: According to this prescription, institutional realities do not exist. Holistic controls generate huge sunk costs-physical infrastructure, administrative capability, political alliances, which cannot be reallocated in a flash. Rapid replacement causes an opposite reaction among the constituencies endangered, which is commonly followed by a reversal of reform (as in India 2020).

Alternative Approach: Institutional layering could be more effective in the long run. Rather than getting rid of existing institutions, bring in alternatives:

- Maintain government procurement while permitting private marketing
- Continue price controls while developing futures markets
- Preserve rationing while introducing cash transfer pilots
- Retain food bureaucracies while retraining for market oversight

In the long-run, the existence of better substitutes results in users self-selecting in such a way that this produces demonstration effects that change political alliances without necessarily attacking the current institutions (Mahoney and Thelen, 2010). This strategy honours path dependencies and forms new pathways.

Supporting Evidence: Indonesia Reform in post 1965 was a success due to the gradual layering. Bulog procurement was maintained and private rice trade was allowed; the government buffer stocks existed along the market prices; subsidies were no longer in the form of universal controls they began to be transferred specifically (Timmer, 1975). After a period of ten years, the market forces dominated even though Bulog proceeded, as gradual change has enabled adjustment.

The 2020 failure of India occurred due to the attempt of achieving overnight transformation. Reforms that would have introduced both private markets and government procurement, with farmers having an option of selling under MSP or accepting a private offer, would have allowed actors

to learn through experience instead of making ideologically frightened binary decisions.

9.3 Broader Comparative Politics Implications

The findings address comparative politics scholarship on the topic of post-colonial state formation, even beyond development economics. The critique compels deterministic explanations of institutional effects of colonial inheritance to reveal that shared inheritance generates divergent paths depending on the timing of crises, the turnover of bureaucratic personnel, and the process of political legitimation. Pakistan and India were left with almost similar British colonial institutions but they came up with divergent regulatory regimes due to the span of crisis, bureaucratic persistence, and the power of landlords. The Dutch colonial legacy in Indonesia offered alternatives institutional patterns and this was not taken up on a predetermined basis but selectively on the basis of post-independence experiences. This implies that comparative politics should be less concerned with frozen colonial heritages and more dynamic processes whereby inherited institutions are selectively embraced, modified or discarded according to post-colonial crisis and crises of coalitions. Colonial inheritance is the system that predetermines the results but does not define them.

Conclusion

Institutional Choice, Path Dependency, and Reform Possibilities

This paper has discussed why India should have had comprehensive price controls in the form of the Essential Commodities Act (1955) instead of having a competition mechanism in the market, and why these controls still remain in effect even after the numerous reforms that have taken place. Comparative research with Pakistan and Indonesia shows that regulatory performance was the product of certain historical formulas and not the necessary implication of colonial succession, scarcity, or ideology.

There are three explanations of the unique course of India: (1) long wartime controls (1942-1947) established strong bureaucratic experience and administrative practices that made controls natural and implementable; (2) the Bengal Famine produced political discourses that delegitimized markets and created moral claims to state action; (3) continuity in the administrative systems between the colonial and post-colonial state established that prevented consideration of alternatives that required inaccessible expertise. These processes strengthened their interdependency producing path dependencies that made normal administration out of crisis governance. The low rates of control in Pakistan were due to the reduced length of crisis, high rate of bureaucratic turnover and opposition of the landed elite which could not allow complete implementation. Indonesia also first tried market coordination by following Dutch colonial institutional models, but only after hyperinflation and regional uprisings had destroyed market institutions did it turn to controls, but then only at the late date did it do so, after which market coordination was only shallowly institutionalized, making it possible to subsequently liberalize. The comparative results contribute to the theoretical knowledge of the path dependency by defining the conditions of initial path choice and level of institutionalization. The time of crisis, bureaucratic capacities distributions, political legitimation events, and alternative institutional templates interact to decide institutional paths that are taken and the extent to which they are hard to undo. These processes are configural

(as opposed to additive); particular combinations yield particular results. The discussion on the failure of the 2020 reform in India shows that the initial institutional decisions result in the development of self-reinforcing intergenerational mechanisms. The bureaucratic vested interest and dependency on ideas, complementary institutions lock-in, and adaptive expectation created by seventy five years of controls created a perception that reform was harmful to the affected populations instead of helpful. The frontal assault strategy-an effort to unravel controls at one go and in haste generated an expected back wave that led to full reversal. The comparative evidence, however, indicates that the path dependencies are also strong but not determinative. Indonesia was able to liberalize even after adopting controls since late adoption had shallower institutionalization. Even though Pakistan shared the colonial legacy of India, it was partially decontrolled by the inability to fully implement the political economy due to the limitations of political economy. These examples suggest that change in institutions is even possible even in path-dependent situations, when reformers adopt reform strategies that are consistent with institutional facts. The most important lesson to the future reform efforts is that the transformation of the institution can never be immediate but it must be changed gradually by overlaying and redirecting. Rather than abolishing controls, bring about market institutions as well. Rather than destroying food bureaucracies, redefine them and turn them to market management. Rather than switching off subsidies, reorganize them to be market-oriented as opposed to being controlled. This incremental strategy does not ignore the current investments and constituencies but develops new institutional channels.

Finally, the India experience of essential commodity controls demonstrates larger trends in the post-colonial state formation and institutionalization. The decisions at critical moments being influenced by inherited potentials, experience of crisis and political legitimation processes establish paths that continue well beyond changes in the original circumstances. This knowledge of these mechanisms allows explaining what has occurred and also thinking about the possibilities of the future. Path dependencies challenge policymakers and reformers to keep the agency in place. The past does not determine it, but limits the future. The institutional change involves recognition of cumulative investments and path-dependent resistances and intentional formation of new institutional experiences and constituencies which may shift the political alignments and bureaucratic leanings gradually. The comparative analysis offered in this paper offers not only an explanation of why change is a hard thing to do, but also strategic information of how change can be made possible not by attacking the existing institutions but rather by building alternatives that perform better and are voluntarily adopted.

The reason why India adopted controls rather than competition in 1955 was due to historical circumstances that rendered controls as familiar, morally justified and administratively viable and competitions policy as untested, risky and infeasible. Those conditions have been transformed during seventy years yet the institutions that contributed to them are still intact through self-reinforcing processes. The success of any reform in the future will require strategies that will play with these institutional realities, and not against them, establishing new ways of doing things along with old ones till better alternatives prevail in the political and administrative sphere. The relative experience proves this gradual change to be possible, unless reformers study history, not to repeat it.

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