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EACH FOR ALL, AND ALL FOR EACH

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Editorial Notes.

Supplies by Primary Societies.

In his circular published elsewhere, the Registrar of Co-operative Societies refers to complaints against some primary stores in regard to sale of essential articles, especially sugar and kerosene, to members of the general public and exhorts them to realise their moral responsibility to ensure a fair and equitable distribution of the commodities amongst the members of the public, particularly in the case of articles whose supply and prices are controlled by Government. While we heartily endorse the exhortation of the Registrar and plead with all the emphasis we can that the primary stores should strain themselves to serve the community in these times of exceptional strain, we may be pardoned if we venture to state that as far as we are aware the primary stores have not been in receipt of any State help or other facilities. In the Madras City only, the Triplicane Urban Co-operative Society has been in receipt of such assistance, and we have the authority of the President of the Society

THIS ISSUE CONTAINS

to repudiate the charge strongly and state that there has been no such case of discrimination in the T.U.C.S. On the other hand while the branches and the depots are required to serve all the members of the public, both members and non-members, the supplies of articles, especially sugar and kerosene, have not been adequate. As a matter of fact there have been serious complaints from members of the T.U.C.S., that their needs are left unattended to while those of non-members receive preference. So before any complaint is registered against the primary stores, it is necessary to ensure adequate supplies. The Registrar is pleased to observe that the 'Government have also been giving them encouragement and preference in the matter of transport facilities, finance in some cases and facilities for storage.' As already stated except in regard to the T.U.C.S., we are not aware that there are other primary and wholesale stores in the presidency which are in receipt of any assistance. It is better the names of such stores and the exceptional facilities offered to them are published. On the other hand, our readers are aware we have been pleading time and again that primary stores should be recognised as suitable agencies for distribution of essential food stuffs and they should be given every encouragement, including financial accommodation, as they 'acting as fair price shops' are sure to exercise a salutary effect on retail prices. So far the Government have not chosen to utilise the primary stores for the purpose in spite of the experience gained from the part played by the T.U.C.S., during the emergency. However, we are glad to note that the Government are indicating their desire to utilise the primary stores at least in regard to articles whose supply and prices are controlled by them. In the *Fort St. George Gazette* dated September, 8, 1942, an amendment to the Madras Sugar Dealers' Licensing Order, 1942, is published by which a co-operative society is to be treated as a *bonafide* dealer, if in the opinion of the licensing authority it is deserving of such exemption. We do not know why this conditional clause is introduced. Instead of the words 'the licensing authority,' 'the Registrar of Co-operative Societies' could have been substituted as he is more competent to judge the working of a co-operative society. However, we trust the Registrar's certificate will carry some weight with the licensing authorities. We are grateful for even this belated recognition. It is hoped similar exemptions will be granted to co-operative societies at least in respect of all articles whose supplies and prices are controlled by Government. They should also receive decided preference in the matter of transport facilities and

storage accommodation. We await with interest the scheme of Government to utilise the primary stores as fair price shops, now that the Price Control Conference has recommended the opening of such shops as the best means of exercising salutary effect on retail prices.

Price Control.

The Price Control Conference at Delhi recommended the creation of a Civil Supplies Advisory Council and a Central Price and Supply Board. It is stated the Advisory Council is to consist mainly of the representatives of trade and industry and its functions will be to advise the Government on all matters connected with prices, supplies and distribution of commodities while the Price and Supply Board will be an executive body constituted to assist the Civil Supplies Commissioner and the Wheat Commissioner in the performance of their duties relating to food grains. The functions of the Board are to be 'to advise the Central Government in regard to the formulation of a programme of movement of supplies and to advise the Provincial Governments in regard to the principle governing the fixation of secondary prices in relation to basic prices. It will also scrutinize the data received from the regional Price and Supply Boards and from Provinces and States in regard to the surpluses and deficits in different areas and will co-ordinate the requirements of the different areas in respect of food grains.' We welcome the creation of the Advisory Council and we hope similar Provincial Councils will be established in the provinces. But we are not sure the creation of the Central Price and Supply Board is necessary at all. One Central Council or Board with the Commerce Member or the Civil Supplies Commissioner as the Chairman to perform all the functions allotted both to the Advisory Council and the Board would have amply served the purpose, for though the Board is considered as an executive body its functions also seem to be primarily to advise the Central and Provincial Governments. We strongly deprecate the tendency which is growing to create Councils, Boards and Commissioners. They have become far too many, complicating the machinery, hindering rather than promoting quick decisions and quicker execution of plans. Above all the ordinary citizen who has to represent his case and secure relief finds himself bewildered and is driven often from pillar to post. Both at the Centre and the Provinces there should be one Commissioner of Civil Supplies assisted by an Advisory Council or Board consisting of representatives of trade, industry and the general public. While the policy of regulating supplies and prices may be laid down by the Governments concerned, actual execution should rest with the Commissioner. Even the transport arrangements, including rail and motor, should be under his control. He should not be required to approach the Regional Controllers for favours but should be in a position to order them so far as Civil Supplies are concerned. He should be the real co-ordinating authority. Unless such centralisation is effected, we shall not be far wrong if we venture to state that the whole scheme of Civil Supplies is bound to fail just at the nick of time. What may be good and feasible in peace time will not work in times of stress. It is a pity, the Governments in India have yet to learn the valuable lessons from experience in other countries. The Government of the Central Provinces and Berar have just announced the constitution of a Provincial Price Control Board with a fair number of non-officials to advise the Government generally on the question of price control. We wish the question of supplies also had been included among its functions.

In this connection we would invite the attention of Government to a scheme to effect economies in transport and in the wholesale distribution of food drawn up by the Minister of Food in England. It is said that for the purpose of the scheme, the country has been divided into nine regional sections, and wholesalers, who must have premises in the sector in which they operate, will be allowed to sell only to the retailers in the same sector, unless the premises are within a radius of 40 miles from those of the seller . . . . The sector scheme also limits the supplies from whom a retailer may buy certain rationed foods. In regard to some articles only one supplier is recognised while in regard others two or more suppliers are permitted, their number depending on the article or articles and also the quantity of ration. It is worth while studying this scheme in some detail as such study may provide us with some ideas in regard to distribution of food stuffs in view of the growing need which apparently exists to effect economies in food transport.

Land Colonization.

As announced last month we have published this month another article on the working of the colonisation scheme in West Godavari District written by the same writer. We would invite the attention of our readers and the Government to the defects pointed out which, in our opinion, would not have risen if those entrusted with the working of the scheme had exercised a little imagination

and had even faithfully tried to give effect to the benevolent intentions of Government, though even those intentions are not conceived in as liberal a manner as the circumstances demand. When we peruse the model by-laws of the Co-operative Agricultural Colonization Society and the conditions of alienation both approved by the Board of Revenue we notice great many inconsistencies. At first we thought the conditions of alienation were not before the Registrar of Co-operative Societies when he framed the model by-laws. But on closer examination we find even the Registrar has permitted some inconsistent by-laws to get into the model by-laws. One such inconsistency we venture to point out. It is stated in the by-laws that the value of the land paid by a member in yearly instalments shall be credited towards his share capital in the society. Condition 5 of conditions of alienation lays down that the society shall pay the market value of the lands to Government in equal annual instalments. How could payments made by members and credited towards share capital be withdrawn and paid to Government? Evidently the Registrar had condition 5 of alienation in mind when he framed by-law 34 (*c*) which says that the value of the lands shall be collected by the society in 20 equal annual instalments and the amounts remitted to Government immediately they are collected. Therefore, the question of crediting the yearly instalments to the share capital of the society does not arise and it ought not have found a place in the model by-laws. We are afraid some more inconsistent by-laws may be noticed if carefully examined. We would urge the Registrar of Co-operative Societies and the Board of Revenue to scrutinize them once again and if possible to simplify them as much as possible. We are informed that 15 colonisation schemes have been sanctioned by Government in various districts in the presidency and they are in different stages of progress. Let the purpose for which the societies have been started and its achievement be uppermost in the minds of those entrusted with the task of organizing and working these societies; let efforts be made to remove all obstacles impeding their progress; let these societies bring cheer and hope to classes of our population who sadly need them; let these societies prove a panacea to all the economic evils from which the poorer classes of the rural community suffer, for they are practically 'born in debt, live in debt and die in debt'.

Lest We Forget.

Elsewhere we have reproduced the text of the resolution circulated by the International Co-operative Alliance for adoption on the occasion of the International Co-operators' Day which in India is to be celebrated on the first Saturday in November. As the resolution states that it is the twentieth International Co-operators' Day we are celebrating. We are in the fourth year of the greatest conflict between nations which the world has ever seen. It is hardly necessary to emphasise that the Day should be suitably celebrated by co-operative organizations all over the country. It is necessary now more than ever for co-operators to affirm their faith in the principles for which Co-operation stands and make their humble contribution in the planning of a New World which must necessarily be built at the end of the present conflict, founded on ideas of freedom and good neighbourliness. There has been a great deal of talk about four freedoms defined by President Roosevelt. They are *freedom of expression, religious freedom, freedom from fear and freedom from want.* These objectives are considered so essential for the future of the world that the Government of the Commonwealth of Australia propose to embody them in their Constitution. " These objectives shall not be a mere placard, but shall be carried into effect," declared the Commonwealth Treasurer while introducing the Bill for the amendment of the Constitution. It is needless to emphasise that these four freedoms are also the four pillars on which the Co-operative Movement rests and the foundations on which they rest should be strengthened so that they may stand firm and withstand onslaughts prompted by greed and spirit of aggression. It behoves all co-operators each in his own humble sphere to make his contribution to strengthen these foundations and thus ensure the promotion of the moral, spiritual and economic interests of the nations of the world.

Co-operation in the British Colonies.

We are obliged to the *Review of International Co-operation* for a series of articles which are appearing in its issues dealing with the progress of co-operation in the British Colonies. We hope to reproduce some extracts in subsequent issues of our ***Journal*** so that our readers may have an idea of the growth of the Movement in these far-flung territories of Britain. While we note that efforts are being made to spread co-operation among the people inhabiting these vast territories, we agree with Mr. Neil Beaton, President of the British Co-operative Parliament that " too long have the people of this (Britain) and other countries permitted the exploitation of the native races for the advantage of the European." Mr. Beaton

emphasised the need for raising the standard of life and for enhancing the material prosperity of the native populations in the colonies by the application of the Co-operative principle, " Each for All, and All for Each ". We venture to state that no substantial benefits can accrue to the peoples of these colonies from these efforts till all ideas of 'trusteeship' are abandoned and Britain pursues a policy calculated to bring into effect the four freedoms we have already referred to. As one Member of the House of Lords pointed out during a debate that both the wartime and post-war colonial policy must be such as to "demonstrate by deeds and not by words alone, or even by Acts of Parliament alone, that we are actually to-day . . . helping our colonial subjects to build up their own social services and to lay the foundations of a sound and prosperous economic order." Lord Hailey mentioned four stages through which colonial development must necessarily pass:

> " The first is the rudimentary stage of introducing peace and order and that amount of stability which will allow the inhabitants of the country to take the first steps to secure their own material welfare and advancement. The second stage is one that follows fast on the first—namely, taking measures to prevent the exploitation of the inhabitants of the colonies by private interests or to safeguard them from the abuse of authority. There follows a third stage, more positive, more constructive, a stage which involves the expansion of the social services. That is a stage which is of the highest importance. It is, as I say, of a positive and constructive character, and it is one which should engage all our energies. There is a final stage, a stage in which the fulfilment of our trusteeship for the colonies will be tested by ourselves in Great Britain and also by the colonial peoples by the measure to which we have afforded them opportunities for the management of their own affairs and by the extent to which we have admitted them to partake of self-governing institutions."

We have ventured to draw attention to these ideas because we feel that unless conditions favourable for the growth of the Movement are present, there will be no real progress and such statistics as may be quoted do not represent real state of affairs. We are equally anxious that in the economic development of these colonies to secure a dominant place for the co-operative system as we sincerely believe it to be the best alternative to the capitalist system of greed, inequality and privilege, which has unfortunately been already influencing the economic life of these colonies, a fact acknowledged by Mr. Neil Beaton.

Exemptions from payment of registration fees.

In G. O. No. Ms., 1444 Development, dated 2nd June, 1939, the Government were pleased to remit in full until 31st March, 1943, all fees payable under the law of registration for the registration of documents and for obtaining encumbrance certificates in respect of all applications for loans on the security of immovable property from members of the scheduled classes who are members of co-operative societies. That this concession has been a great help to these classes, it is hardly necessary to state, while the loss of revenue to Government has been comparatively small. Now that war and its repercussions have greatly affected the poorer sections of the community to which the scheduled classes belong, we plead for the extension of the concession for a further period of years. We will not be asking too much if we ask that till such time as these classes rise to the level of the other classes of population these concessions should be in force. Otherwise payment of registration and other fees will impose burdens which they are not yet in a position to bear. As a measure of welfare work also the Government should have no hesitation in foregoing the revenue from these classes. We have no doubt the Registrar of Co-operative Societies will support this reasonable request. If Colonization Societies which are primarily meant for these classes are to be successful, this concession is absolutely necessary. We would urge that members of Colonization Societies, whatever may be the class to which they belong, should be exempted from payment of registration fees.

In view of the prevailing price of paper and the high cost of printing, we need make no apology to our readers for the change in the presentation of the Journal dispensing with the cover page. But it will be seen we have managed to use better paper secured through the kindness of friends to whom we publicly express our sincere gratitude. There has been no change either in the quantity or quality of the matter presented. Our annual subscription remains the same, being
Rs. 4 Inland :: Rs. 4-12 Foreign.

Co-operative Movement in India.*

A REVIEW

BY S. K. YEGNANARAYANA AIYER, M.A.

I

Ever since Co-operation was made a provincial subject after the introduction of the Montagu-Chelmsford Reforms, opportunities for taking an all-India review of the problems have become rare. So long as the Government of India was publishing reports about the progress of India to be submitted to Parliament, co-operation was finding a place in that report. Even there it was not viewed from an all-India point of view, but only brief accounts of the working of the Movement in the various provinces were given. That too has now been stopped and the only information that we get is the statistical report about Co-operation in India published by the India Government, very often two or three years after the year for which the report relates. It is therefore, very helpful to all students of Co-operation in the country to have this review of the working of the department in various provinces and States viewed from a detached all-India point of view. The Reserve Bank of India published, as required by the Statute, a report on agricultural finance in India giving a detailed account of the Co-operative Movement in India as an important factor contributing to agricultural finance. That was in 1937 and this report issued by the Reserve Bank of India is the second all-India survey. The Reserve Bank has been, however, helping co-operators with various suggestions of a comprehensive nature embodied in their bulletins which recommended the formation of particular types of societies and gave a brief account of the successful working of such types in particular areas.

The review under consideration has according to the Deputy Governor of the Reserve Bank three definite aims. (1) To supplement the Statutory Report of 1937 in so far as it related to the co-operative movement; (2) to furnish succinctly the essential facts and figures relating to co-operative finance so as to give a bird's eye view of the Movement for the whole of India and (3) to review the progress achieved so far, to analyse the present trends and to indicate possible improvements.

There are eight chapters in the review each dealing with a particular aspect. The first chapter called Introductory tells us how

* Publication of the Reserve Bank of India—Review for 1939-40.

the world-wide economic depression brought to light certain defects in the working of the Movement, and how the formation of Agricultural Credit Department under the auspices of the Reserve Bank has given the Bank an opportunity not only to give advice regarding the improvement of co-operative financial institutions and to go to their help when necessary under proper safeguards, but also to review the progress of the Movement from time to time. The chapter also deals with the effect of recent war on the Movement. The other chapters deal with Co-operative Finance, Long-term Credit, Agricultural Non-credit Co-operation, the Movement in urban areas, Rehabilitation and Re-organisation and there is a chapter dealing with a large number of miscellaneous but allied subjects, such as Education, Supervision, Audit, Legislation etc. The eighth chapter with which the report concludes gives a general survey and contains one or two very important suggestions about the future working of the Movement.

In the various chapters each dealing with a particular aspect of the Movement the method adopted is to give the facts as they are during the year under review with running comment as to why they are so and what should be done to improve the state of affairs. We shall take up for our study some of the main points dealt with in these chapters.

II

Dealing with the present position of agricultural credit societies the report gives first a brief survey of the general course and the present stage of the development of the Movement. Referring to the primary credit societies of the Raiffeisen type, the report gives the main features of such societies and the conventions and primary principles which were expected to be observed for their successful working. There were at the end of 1939-40, 118,744 agricultural societies of which about 85 per cent were credit societies. These have a membership exceeding 40 lakhs and their aggregate working capital was 30.5 crores of rupees consisting of share capital, reserve and other funds, deposits from members and non-members and loans from Provincial and Central Banks.

Taking a superficial view of things, the present state would appear to be quite satisfactory; but the report goes on to point out the defects namely (1) the Reserve Fund is very often illusory because it has been created without making adequate provision for

bad debts, and (2) The Reserve Fund is often invested in the business of the societies itself. (3) Moreover thrift has not been encouraged and only a small proportion of the working capital comes from members either as share or as deposits and societies have to depend mostly upon external sources for their finance. (4) The large number of societies under liquidation or are about to be, is a sign of hasty organisation and unsuccessful working, and the report adds that the real position is worse than what the number of such societies indicates. (5) In many cases overdues have not been properly calculated and extensions have been granted in the case of overdue loans which after paper adjustments, are made to appear as if not overdue. (6) The large number of 'D' and 'E' class societies is another danger signal. (7) The report points out how in spite of co-operative societies being given a privileged position under most of the measures passed by provincial legislatures for the reduction of rural indebtedness the working of societies has been adversely affected because "a member owing a debt to his society can file an application before the conciliation board and suspend payment of his instalments until the award is made by the Board and approved by the Registrar." We now seem to be turning over a new leaf in as much as in almost every province and State the policy is one of consolidation and cautious expansion and the business principles, owing to the neglect of which societies have landed themselves in difficult situation, are being better observed. Dealing with the Central Banks and Provincial Banks the report adds that there has been reckless over-financing of societies, inefficient supervision and disregard of sound principles of banking in conducting their business. The charge levelled against primary societies that their reserve fund is often inflated and does not reveal the true state of affairs, is levelled against the Central and Provincial Banks as well. But the Provincial Banks are reported to have been responsible for the increasing application of banking principles to the co-operative movement and are described to be financially more satisfactory than Central Banks.

III

Reserving the chapter dealing with Rehabilitation and Re-organisation to be taken up after a survey of the co-operative movement as it is, we go to the next chapter dealing with long-term credit and land mortgage banks. These banks have had barely a decade of existence, the real beginning being the starting of a Central Land Mortgage Bank at Madras in 1929. Both the Central and

Primary Banks have worked satisfactorily because of the care exercised in examining title of the lands as well as in their valuation and because instalments have been fixed in accordance with the repaying capacity of the borrowers. The Central Land Mortgage Banks have been able to float debentures at fairly low rates because the Provincial Governments concerned have guaranteed the principal and interest and have declared the debentures as being trustee securities. One point brought out in the observation on the working of the land mortgage banks which appears to be sound and legitimate is that most of the loans granted upto the present are for the repayment of old debts and not for agricultural improvement. It is true that the incubus of old debts has to be removed before improvements can be effected; but the exclusive use of the funds available for repayment of old debts mostly is not to be commended. Moreover these land mortgage banks are working in severe isolation and would do well to realise their position in the scheme of rural economy and co-ordinate their activities with those of other institutions working towards the common aim of improving the lot of the villager.

IV

Coming to the next chapter, Agricultural Non-Credit Co-operation, the report surveys the position of co-operative marketing as the main subject and then deals with some miscellaneous types of societies, such as, better living and better farming societies, societies for the consolidation of holdings, anti-malarial and health co-operative societies.

Co-operative Marketing is a thing of recent origin and as in the case of ordinary primary societies, the average sales societies devoted their attention more to give loans to the agriculturists on the pledge of their produce than to have that produce sold co-operatively. The appointment of Imperial and Provincial Marketing Officers and the passing of certain pieces of legislation such as the Agricultural Produce Grading and Marketing Act, have given a real impetus to co-operative marketing. But as the report points out, the problem is not capable of easy solution and it is wrong to think "that the cultivator has only to hold up his produce and avoid glutting the market at harvest time to get a better return for it."

The Cotton Sales Societies of Bombay are held up as examples of successful marketing: but there is another side of the picture. It has been said and that with some justification, that most of the members

of these societies are merchants who exploit the Co-operative Movement for their own advantage and the party benefitted is not so much the primary producer as the wealthy middlemen. From our knowledge of working of some successful sale societies in our own Province which show large transactions, we are inclined to accept the correctness of the charge levelled against such societies. But we hope it is only a passing phase and that with better organisation and supervision the benefit will go to the real producer and not to the middlemen.

V

Coming to Urban Co-operative Movement, we are glad to be told that urban credit societies and banks seem to have worked on the whole satisfactorily. Urban Banking is especially well developed in Bombay and Madras. These banks are able to get the finances they require from members and non-members of the locality and rarely seek the help of financing banks for their working capital. One class of these urban societies *i.e*, those exclusively intended for the employees of a particular institution or department has been doing exceedingly well, because of the high degree of literacy among the members, their income being fixed and in many cases, the management agreeing to deduct the monthly instalments from the pay bill of the employees.

In dealing with the Consumers' Co-operative Stores the report is evidently based on the notes supplied by the Registrars and hence it gives a roseate picture of development of the Stores Movement, in our Province for example. The Hon. Mr. V. Ramadas Pantulu making a general survey of the movement in the Year Book and Directory of Indian Co-operation, **1942**, refers to these newly started stores in our Province as follows:—

> "I feel that the expansion has been too hasty to be sound and well planned, and that the artificial stimulus given to it by the conditions brought about by the war resulting in pushing up of prices and by the departmental drive may not survive the transient conditions which now exist. In any case, the uneconomic and the undercapitalised new store, of which I understand there are several, will have to be weeded out soon and I am reliably informed that the process of liquidating some of them has already commenced."

With our personal knowledge of the working of the newly started stores we are more inclined to agree with Mr. Ramadas

Pantulu than share the optimism of the report. The caution sounded in the report against certain current practices of the stores, namely, selling cheap instead of at the market price and selling on credit instead of for cash is very timely, and it is hoped that all stores will be benefitted by the word of warning and will be loyal to the fundamental principles of the Rochdale Pioneers, instead of trying to get cheap and short-lived popularity.

The rest of the chapter deals with artisans' and weavers' societies which in our Province have been working against serious obstacles and with the help of subsidy given by the Imperial Government; and with Milk Unions and Milk Supply Societies which are growing more and more popular especially in our province. Mention is also made of the satisfactory working of Insurance Societies in Madras and Bombay and of Housing Societies. While we agree with the report that "it is essential to grasp the great importance of thrift as an element in the finance of house building and complete dependence on loans is an unsound basis for a house building society", we believe that there is an unlimited scope for the healthy expansion of societies of this type in all the growing towns of India. The City corporations, institutions like Insurance Societies with plenty of money to invest in long term deposits and house building societies should all co-operate together and work according to a definitely evolved plan which would secure the benefit to all parties concerned.

VI

We now come to a very important chapter dealing with Education and Training, Supervision, Inspection and Audit, and Legislation and Administration.

Early in the history of the Movement, Unions were started to undertake the supervision of the working of rural societies. But very little attention was paid to the education of members in the principles of co-operation. In fact the weakest element of the whole co-operative structure as at present is the uneducated member who in some cases is exploited by unscrupulous and clever men of the village. The raising of the general level of culture of the average citizen is to be looked upon as a condition preliminary to the starting of co-operative societies and comes as a part of the larger task of village reconstruction. Hereafter at least societies should be started only if the organising authorities are convinced that there is

enough human material to run efficiently the institution without much of spoon-feeding from outside.

The training of office-bearers of co-operative societies of various types, and of the non-official leaders and employees in the various co-operative institutions as well as officials of the department, has not received the attention it deserves. It is true some patchwork has been attempted here and there but it cannot be said that the various kinds of training required by various kinds of workers, supervisors and officers, has been systematically organised and made available to to the persons concerned. The Government of India has been pleased to give a liberal grant for the education of panchayatdars and members and for refresher course to officials of the department. But from our experience of the way in which the money has been spent we are constrained to observe, that it would have been more beneficial if it had formed part of a comprehensive plan. Members of primary societies, panchayatdars and directors of banks, urban, central and provincial, employees in these various institutions, employees and supervisors of special types of societies, Government Inspectors, administrative officials and auditors, higher officials like Deputy Registrars and Registrar himself--all must have facilities for getting the kind of training required by them. The scheme for the establishment of Co-operative College will solve the problem only partially. We are sorry to note that the healthy practice followed in various provinces of giving a preliminary six months' training to the person to be appointed as the Registrar, has been given up in this Province in the case of two Registrars, the present and the one immediately preceding.

Our observation regarding the report being based on the notes supplied by the Registrars and not on first hand knowledge is strengthened by the statement about the formation of a District Federation in the city of Madras. Co-operators in the Province know that it is not the outcome of a revision of the existing policy of not encouraging federations. At least such a revision of policy has not been made clear by an official statement or by the formation of other similar institutions in the province.

We agree with the report that the problem of "evolving a true co-operative spirit among the illiterates and backward people with age-long inequalities of social status burdened with heavy indebtedness and unproductive social expenses," is by no means easy of solution. But this task has to be attempted and done successfully in preference to creating more institutions for efficient supervision of inefficient societies. The ultimate aim both of the official and non-official co-operators should be, as in the case of a successful teacher, to make themselves least required; to create self-help and self-confidence among the members and enable them to conduct their own affairs so that the organisers may retire slowly into the back ground. The policy to be pursued is similar to what is being done in another field of national amelioration *i.e.*, medical help to the villager. Side by side with the starting of uptodate hospitals and making the best medical help available to the ordinary villager, attempts are being made towards effective prevention of some of the diseases and more and more emphasis is laid on preventive rather than on the curative side of medicine. Similarly with greater attention paid to the careful organisation of societies amongst properly equipped members the need for supervision would become less and less. Most of the successful urban societies bear out our statement.

The report naturally stands by its own recommendation of formation of Banking Unions with a taluk as its area of operation; the Banking Union would in that case be able to do effective supervision of its constituent societies. We are glad that the old maxim which was repeated too often in this Province 'finance and supervision should be kept rigorously apart,' has been given the go-bye and the report recommends the financial banks taking a more intelligent interest in the working of their constituent societies. The report also seems to support the recommendation of the Madras Committee that the audit and administration should be divided into two independent branches though both may be under the control of the Registrar.

There is one important point left out in the report which might properly find a place in this chapter. It is the conditions of employment of thousands of persons in the various co-operative institutions of the country. Barring a few of the officers and inspectors of Government a very large number of persons working under non-official bodies like, Banks, Stores, Insurance Societies and Milk Supply Unions etc. are, so far as conditions of their employment are concerned, severely handicapped and it is only in recent times that these helpless persons have made some feeble attempts to organise themselves and are becoming vocal at co-operative conferences. Something has to be done to make their conditions of work

satisfactory, to assure them security of tenure and to give them the benefit of provident fund etc. A satisfactory solution of this problem has important bearing on the good working of the Co-operative Movement as a whole.

VII

Excluding the last chapter which deals with some fundamental ideas, the chapter on 'Rehabilitation and Re-organisation' is the most important one from the point of view of the constructive suggestions regarding the improvement of co-operative societies. After enumerating the various Committees of Enquiry started in different Provinces and States and the measures adopted by various Provincial Governments to stabilise the tottering co-operative credit movement by guarantees, advances, subsidies and so on, the report goes on to tackle the main problem of re-organising the rural primary co-operative societies. With a view to improving them five questions are discussed:

(1) the nature of liability of primary societies,
(2) their area of operation,
(3) the nature of their work,
(4) supervision and
(5) their relation to financial banks.

It is well known that when the Movement was started primary societies were broadly divided into two categories—Rural and Urban—and rural societies were exclusively modelled on the Raiffeisen model. Very many changes have taken place in our ways of life during the last forty years and the most important change is, increased facilities for transport and tendency on the part of the stay-at-home people of the village to move out. Most of the village people have imbibed the urban mentality of extreme individualism and the old village spirit which was congenial for the working of societies started on the basis of unlimited liability has almost disappeared. The question therefore, is discussed whether societies should be allowed to continue on the old basis or whether they should not be permitted to change their liability to a limited one. The controversy applies not only to societies to be started in future in villages but also to the existing societies some of which are anxious to bring about a change in their liability. From the banker's point of view unlimited liability would be a great asset and the Reserve Bank wants that to continue. But we have to take into account the realities of the situation and hence every impartial student of the co-operative movement in India would endorse the resolution passed on the subject by the Conference of the Registrars, namely, "that agricultural credit societies should ordinarily continue to have unlimited liability but scope may be given for experiments with such societies with limited liability."

The changes in the village life mentioned in the previous paragraph apply with equal force in discussing the question about the area of operations of a village society. The villages are no longer self-contained isolated units as before. Village societies therefore, now need not continue in their limited area of operation as uneconomic units and here also experiments may be encouraged in the formation of village societies for a group of adjoining villages rather than for a single village.

The third and most important question is regarding the functions of the village societies. Whether they should continue to cater to the credit demands of the people only or whether they should take over the whole economic activities of the villager and canalize them in co-operative way; in other words whether village societies should not develop themselves into 'Multi-purpose Societies." Our readers would remember that the Reserve Bank in one of its bulletins encouraged the formation of such multi-purpose societies and the experiment has been tried in some provinces with a certain amount of success. The report naturally sets forth the advantages of forming such multi-purpose societies and considering the heavy handicap of illiteracy under which the villager labours and remembering the need for taking a comprehensive view of the villager's economics, one is inclined to agree with the Reserve Bank in this matter. The agriculturist in Denmark is described as being a member of any number of primary societies each specializing in a particular line. But the Denmark peasant has had 60 years start in the matter of universal primary education even as against his compeer in England and hence what is applicable to the Denmark peasant may not be applicable to the peasants of this country. Barring a few types of special societies such as Co-operative Building Society, Co-operative Insurance Society and Land Mortgage Bank which supply long term credit the average villager stands to gain by joining a multi-purpose society which looks after his credit needs, helps to buy his agricultural requirements and to have his produce sold to his advantage. But in this as even in the starting of ordinary co-operative societies

a word of caution is necessary to enthusiasts. Fired with enthusiasm for the cause and convinced of their own unselfish motives enthusiasts have not got the wisdom to wait for slow but efficient growth; they believe in *organising* societies for villagers and working them efficiently. We have in this connection to remind ourselves of the mistake committed by well-intentioned enthusiasts who have been engaging themselves in the task of rural reconstruction in different centres of India. The fundamental mistake committed by most of them is to get the things done *for* the peasant instead of slowly enabling him to do things *for himself*; with the result that once the band of enthusiastic workers departs from a village the village lapses back to its original state of illiteracy, insanitation and indebtedness and of other horrors of decaying village life. A few experimental societies should be started where human material is available and all encouragement should be given to local talents and no body should care for any spectacular development. We agree with the report that a well-started and efficiently run multi-purpose society "will be able to re-establish that closer and continuous connection and encourage that constant consultation between the members and society which is essential for the welfare of both alike and which is in accord with the real co-operative spirit."

Central Banks are advised to take greater interest in the working of their constituent societies. The report rightly adds that it is only if the Central Banks come forward actively to help in the process that "the primary societies can hope successfully to perform the function of raising the moral and material standard of their members and unless the societies do so there is no assurance that the Movement will emerge from the morass into which it has fallen or having emerged, will not again relapse into a similar state." In the same strain Provincial Banks are also advised to take active part to direct the co-operative movement along right lines and towards organisation on a broader basis. This they must do in their own interest and then it would be possible for them to employ profitably their idle resources which they are now seeking to use in extending commercial credit.

VIII

Coming now to the important portion of the report, its constructive suggestions for improvement based on its analysis of existing defects, we agree that the failure of the Movement was due to the co-operators confining their attention to one aspect only of the economic life of the villager *i.e.* credit requirements without taking a comprehensive view of his life as a whole and attempting to improve it in every way. The appaling illiteracy of the masses and unthriftiness have also, to a large extent, contributed to the unsuccessful working of the Movement. We are not, however, prepared to go so far as the report has gone in condemning the Indian peasantry as a whole as being "thriftless, improvident and unprogressive." The much-maligned Indian peasant is a very hard working individual, groaning under the double weight of illiteracy and indebtedness, but trying to do his best and always prepared to pull his own weight without shirking his responsibility. He is generally thrifty though he has occasional outbursts of extravagance such as marriages and funerals. We are also prepared to admit the truth of the statement in the report that banking principles were not always observed in their financial transactions by co-operative societies. In the so-called Reserve Fund built up by the Movement from profits no adequate provision was made for bad debts that may have to be written off and hence the figure is somewhat inflated. There is a good deal of truth in the statement that during the second of four periods into which the report divides the history of the Movement from its inception to the present time there was plenty of hasty organisation more with a view to produce spectacular results than to see that the societies started had ordinary chances of working successfully.

We agree with the suggestion contained in the report (first mooted by the Royal Commission on Agriculture) that Co-operation should be co-ordinated with other ameliorative measures for the improvement of the condition of the peasant's life and should be looked upon as an important factor in rural reconstruction. We also agree to the statement that changes to be brought about are more psychological than economic. It is really the will to lead a better life that has to be created in the minds of the masses of our people.

In this connection we will do well to remember what Sir Malcolm Hailey one of the ablest civilians that ever came to India was frank enough to say in his introduction to a book by Mr. Brayne. He said that "there were many who not unreasonably feared the result of preaching to the villager that discontent with his own conditions of life which was necessary to their improvement." The average officer and the average non-official worker who in many cases was bourgeois

cared only for the continuation of existing state of affairs and was averse to bringing about a fundamental economic change.

Sir Malcolm was good enough to add, that " not many of us, to tell the final truth, have had the missionary spirit necessary for the enterprise." That is the real cause of the failure. Excepting a few among the earliest pioneers most of the workers had no genuine enthusiasm, what Sir Malcolm has correctly characterised as the ***missionary zeal*** and hence their efforts, successful superficially, did not produce any permanent results.

In dealing with the problems of price instability the report frankly admits the difficulties in dealing with these problems and also the problems of agricultural reorganisation and re-adjustment and goes on to state that "further reference to their elements and implications—altogether too complicated and controversial to bear statement in simple terms—are avoided here as falling beyond the scope of their present review." While we appreciate the candour of the report in this respect, we must say that unless those elements and implications however complicated and controversial they may be, are tackled, any effort at improvement would be only tinkering with the problem.

We have to view the co-operative movement as a part of rural reconstruction. But the problem of Indian Rural Reconstruction has to be viewed against the back ground of international production and distribution. The world, as is well-known, has become very small and all parts are closely knit together by invisible ties and repercussions are felt quicker and more palpably now, than even 40 years ago when the Movement was started and when India was comparatively isolated from the rest of the world. To take an example which would appeal to our readers the fact that Europe does not import our groundnut and that the supply of rice to this province from Burma and Siam has been stopped has created problems in our economy that give anxious days and nights to Government and to our leaders. Whether India has to follow a policy of self-sufficiency in as many matters as is possible or whether she is to continue the present policy dictated by selfish motives of those in power, the policy of producing raw materials and exporting them and buying from various countries the manufactured articles, this question has to be decided once for all.

The advisability of weakening men's faith in the capitalistic order with competition as its working method and substituting for it the co-operative way of 'to live and let live' has to be considered as one of the major problems. Another major problem left out in the Review is the relationship between the Government and the people. The report no doubt mentions the fact that the Movement was started under official auspices though the Government bears no financial responsibility; but the larger question of identification of interests between the Government and the governed and the preparedness of the Government to do anything to bring about a decided betterment in the lives of the people has to be tackled. In other countries where there is complete identification of interest between the Government and the governed agriculture is heavily subsidised and the State gives long-term loans on the security of the land repayable not in 20 years which is the maximum period in our country but extending even upto 80 or 90 years. The present Government is afraid of introducing prohibition as a universal measure because of its financial implications; but if the larger interests of the people be taken into consideration this welcome measure should have been made universal long ago. There is further the question of burden of land tax under which the peasant groans. It is an inheritance from the past when the land was the main source of income to the State and even though the present Government has tapped many other sources of income the land tax remains heavy as in the past. The whole problem therefore, of agricultural economy, has to be reviewed again and reshaped so as to afford maximum benefit to the actual tiller of the soil.

We welcome the suggestion for the introduction of a Research Bureau which would not merely record facts about the Co-operative Movement as reported by the Registrars of various provinces and States, but watch the actual working of the various institutions, observe the general trend and offer advice of a constructive nature. No Provincial Government has been able to accept the recommendations of the Agricultural Commission that the Registrar should be kept as a permanent officer and not shifted owing to the exigency of services. The Registrars come and go and their policies change, sometimes very violently; and no continuity of policy is kept on from year to year. The formation of the contemplated Bureau will check the evil effects of these frequent changes of the head of the department. But side by side with that, we would make another suggestion which was made in the editorial columns of this Journal some years back. Forty years of working of the

Movement has revealed so many defects. We know why things go wrong and how. Why not in the light of this knowledge gathered at so much expense we make an experiment to start societies under very much better auspices and to work them as models and watch their growth and make them beacon lights for other societies. Over and above cautious expansion which has been accepted as a policy to be followed and in accordance with which only a few societies are started every year, let co-operators, official and non-official, make it a point to start and work at least 3 or 5 model societies every year and let these be watched with special care and their reports published for the edification of others.

There is another point which does not find a place in the report and which affects vitally the general policy underlying the Movement. Some twenty years ago when partial provincial autonomy was granted and popular ministers took charge of the co-operative movement there was a universal declaration of policy all over the country, that the ultimate goal of the department is to hand over the working of the societies into the hands of non-officials. Other Provinces have acknowledged their debt to Madras which coined the expression 'De-officialisation' as the goal of the Movement. It is a bit sad to contemplate that in spite of the declared goal the Movement has drifted more and more towards officialisation and all recent legislations in various provinces modifying the original All-India Act have been showing a uniform tendency to strengthen the hands of the Registrar and to make him a sort of dictator with regard to the Movement. Is it a healthy tendency and if not what steps should be taken to arrest this? That is a problem which non-officials have to consider in all seriousness.

To sum up the report is based on data supplied by officials and shows a tendency to attach too much importance to such data without caring to enquire into the actual facts In the matter of going into the fundamentals of economics on which should be based the satisfactory organisation of societies the report does not go sufficiently deep. Nor does it courageously offer radical solutions. With these limitations the report must be considered to be a fair review of things as they are and the suggestions contained, if adopted, will go a long way to remedy the defects already found out.

Land Colonization in West Godavari District.

By A. SURYANARAYANAMURTHI, B.A., B.L.

The writer had occasion to study in some detail the land colonization scheme, as it is working in the West Godavari District. About 8,212 acres 8 cents in total, in this district are expected to be assigned to the poor in accordance with this scheme. The extent of the lands with the names of the taluks and villages in which they are situated are given here:

Taluk.	Village.		Extent in acres & cents.	
Bhimavaram	Losari	...	1,709	77
	Losarigutlapadu	...	916	62
Narsapur	Vempa	...	981	40
	Vemuldevi	...	1,048	27
	Lingaboyanacherla	...	179	61
	Mutyalapalli	...	551	71
Ellore	Prathikollanka	...	563	77
	Kokkirayalanka	...	261	38
	Gudivakalanka	...	1,091	85
	Komatilanka	...	330	34

In addition to these extents about which proposals are under consideration, there are in existence at present two co-operative societies one holding of 380 acres 50 cents and the other of 196 acres 86 cents.

All these lands are fit only for second crop with the single exception of the land at Vemuldevi which is fit for both the crops. During first crop season these lands are liable to submersion by drain water in Narsapur and Bhimavaram taluks and by Kolleru lake water in Ellore taluk. The nature of the soil of all these lands is extremely saline and it requires hard and persistant labour before it is made fit for raising crops. Copious flooding is necessary for washing away the salinity. Rice alone can be grown in these lands. These lands stand registered as dry with an assessment ranging from annas 9 to Rs. 1-2-0. In regard to those considered fit for wet cultivation assessment varies from Rs. 3-8-0 to Rs. 5-4-0.

The irrigation facilities to these lands are not satisfactory. The villages are situated in the extreme corners of the district and the channels that carry water, become emptied by the time they reach

these tail-ends. Lands in Ellore taluk do not possess even these slender facilities. They are irrigable only by pumping installations. At other places recourse to pumps or wells cannot be had as the water underneath is found to be too saltish to be suitable for irrigation purposes.

The Mutyalapalli and the Losarigutlapadu Co-operative Agricultural Colonization Societies.

The writer had the privilege of visiting recently these societies. These are the only two societies which are in existence at present in this district. The Mutyalapalli or more correctly called the Mutyalapalli and Vempa Society is in Narsapur taluk and the Losarigutlapadu (or Deyyalathippa) Society is in Bhimavaram taluk. The Mutyalapalli society holds 380 acres 50 cents of which 133 acres 17 cents are of Mutyalapalli village and 247 acres 33 cents are of Vempa a neighbouring village. It has a membership of 129 colonists, 44 of Mutyalapalli and 85 of Vempa. Its share capital is Rs. 1,290. The Losarigutlapadu society has 196 acres 80 cents and 66 colonists, its share capital being Rs. 660. Each colonist of these societies has been allotted three acres of land by a Special Deputy Collector, appointed for this purpose. It is interesting to note that some women are admitted as members to these societies. A Co-operative Inspector is appointed to supervise and to be in general charge of these societies.

The land in Mutyalapalli and Vempa is valued at Rs. 20 per acre and the land in Losarigutlapadu at Rs. 40 per acre. The payment of land value should commence from the 5th year after allotment and be spread over a period of 5 years in case of lands in Mutyalapalli and Vempa and over a period of 8 years in case of lands in Losarigutlapadu. This arrangement does not agree with the provisions of the proceedings of the Board of Revenue No. 85, dated 19th August, 1941, which provide that the value of lands shall be collected in 20 equal annual instalments from the members and remitted to Government as and when the amounts are collected. On the contrary it is contemplated here to collect the land value in ten years in one case and in thirteen years in the other after allotment. It is not clear if it means that the society shall have to pay the land value to the Government ten or seven years earlier than it actually collects from its members unless land value is collected from members in less than 20 years. When the very policy of the Government in alienating these lands is itself subject to criticism, non-application of approved rules in the actual working of the scheme will naturally be resented. The official view on the matter seems to be that the value of the land being fixed at Rs. 20 and Rs. 40 per acre the numbers of instalments can be reduced with no disadvantage to the member particularly in view of the fact that the colonists have other means of earning money. It should not be forgotten that every labourer has to pay the value of 3 acres which means Rs. 60 in one case and Rs. 120 in the other. The conception that the overburdened poor labourer will have enough and to spare to pay towards the land value from out of the savings of his scanty daily wages after feeding the members of his generally big family arises from lack of intimate knowledge of the life and conditions of living in rural areas especially of the classes whom this scheme intends to benefit. The hard earned savings, if any, of a labourer cannot with justification be expected to be utilised for acquiring an occupancy right. The land value in all fairness should be realised from the net income one derives from cultivating the land itself in twenty or more instalments.

With regard to the collection of assessment also there is some irregularity. While the conditions of alienation exempt the societies from paying assessment for five years from the date of alienation and full water-cess for the first year of irrigation and half water-cess next year, in the case of these societies assessment is waived in full for the first two years only. The reason for depriving the societies of the concessions that have been accorded by the Board itself is not easily comprehensible.

The main source of water supply for these lands is the Kalipatnam main channel which branches off almost at the tail-end of the Gostanadi and Velpur canal. From the Kalipatnam channel run two sub-channels, one the Nidithippa channel and the other the Komatithippa channel which provide the direct supply of water to these lands. The Losarigutlapadu lands are at the head of the Komatithippa channel and the Vempa lands towards the middle of it. These lands may not suffer from want of water as long as there is water in the sub-channel. The Mutyalapalli lands on the other hand, are at the tail-end of the Nidithippa channel and may invariably experience dearth of water unless proper precautions are taken. The unaccommodating attitude of the agriculturists who happen to cultivate the lands above, adds to this inherent disadvantage of the

Muthyalapalli lands. It is no exaggeration to say that almost at every ten or twelve yards on the channel bund a breach is made and the water course diverted. Proper vigilence on the part of the officers, it is hoped, may put an end to such malpractices.

The well-placed neighbours, who are accustomed to have a superior hold over these colonists, it is complained, are not well disposed towards these societies. Their irritating unfriendliness, it seems, is conspicuous in places where the society lands and the lands of the Zamindari ryots happen to be under the same ayacut. Human nature being what it is, it is no use complaining against such a tendency. What all that can be done with benefit is to see that the society lands are not included as far as possible, in the ayacuts in which Zamindari lands are predominant. About 63 acres of the Losarigutlapadu Co-operative Agricultural Colonization Society are at present included in an ayacut which is full of Zamindari lands. The water to these lands is supplied in a round about manner. As the lands are nearer to the channel which runs through pipe No. 2 of the Kalipatnam main channel, in the ayacut of which Government lands only are situated it is hoped these lands also may be included in it with better results. It may not be necessary to incur much expenditure in bringing about this change as it requires only an adjustment in the existing pipe. Moreover, the colonists themselves are so keen about this desirable change that they are willing to make the necessary changes themselves if the authorities permit.

It is reported by many a colonist, whose veracity there is no reason to doubt, that the capacity of the pipes which connect the sub-channels to the main one, is feared to have been much diminished by an obstruction in the middle at the collar where two pipes are joined. Though the pipes measure correctly on either side, if there is a hindrance in the middle, the actual volume of water that flows through it will naturally be less than the expected quantity. How this could have been originally manipulated is not germane here to discuss. The Public Works Department, it is hoped, will examine these pipes and set them right if necessary.

The lands, as stated above, are declared fit only for second crop. But the colonists are endeavouring to raise the crop in the first crop season itself. No difficulty regarding the supply of water is expected if rain falls in time. The lands are liable to submersion by drain water. This contingency can be averted if a flood bank is erected in the manner the Zamindar of Kalipatnam has done with regard to his lands. The lands may then become fit for both the crops.

The custom in the district, as we understand, is that second crop is subject to a certain principle of rotation and is not usually permitted to be raised on the same land every year on account of the scarcity of water and in order to enable every agriculturist to have a chance of it. As these lands are declared fit only for second crop, it is hoped, they will not be forced to follow such a custom, if any.

A difference of opinion between the authorities and the colonists is noticed regarding the advisability of purchasing cattle for the common use of all the colonists in the society. While the authorities on the one hand declare that the main object of the societies being the promotion of the spirit of co-operation among the colonists, common cattle should be owned by the societies with which the colonists can manage, the colonists on the other hand object to this arrangement on the ground that as cattle are required almost at the same time by all the colonists for agricultural purposes, keeping of so many pairs of bulls or he-buffaloes to meet satisfactorily the demands of all the colonists is impracticable. There seems to be some force in both the points of view. The authorities will be well advised to take into account this important factor before they actually buy the cattle for the society. The colonist is not given an 'economic holding' but is left to the painful necessity of working for others to keep his body and soul together. He will have to cultivate lands other than his own. In fact the Government anticipate this necessity. In such a case he will naturally prefer to own cattle for himself as it is certain he will not be allowed to use the society cattle for outside purposes. If colonists of this unfortunate category purchase cattle, which they will certainly do, to such an extent the society cattle will be superfluous, if the society owns some. It is therefore desirable first to assess who will naturally be in need of cattle, as he does not prefer to own for himself and then only buy a limited number according to the need. Colonists who take to fishing and tapping as secondary occupation may not be willing to own cattle for themselves.

The societies experienced great difficulty in getting loan in time from the co-operative central bank. The Directors of the Bank were for a long time most reluctant to sanction the loan. It required lot of persuasion and pleading on the part of some of the officers, to get the little loan that has been granted. By the time the money is

found it may be too late and the transplantation season would have been over. The Government must take steps to ensure financial assistance to these societies in time.

One of the general complaints of the colonists is the hostile attitude of the interested neighbours who are endeavouring with threats and false stories to discourage the ignorant colonists. The best way to check it is to instruct the touring officers of the concerned departments to visit these places as often as possible. At present the touring officers of the Agricultural, Veterinary, Labour and Public Works Departments are not visiting these parts, as envisaged by the Government in their press communique of the 20th March 1941, probably because these places are remote and out of the way.

However it cannot be denied that this scheme will go a long way to ameliorate the condition of many a landless labourer in our Presidency, if worked out on proper lines.

Indian Co-operation and the Problem of Rehabilitation.

(Continued from last issue.)

The general survey in our March issue, based on *the Review of the Co-operative Movement in India*, 1939–40, published by the Reserve Bank of India, revealed the serious position of the Agricultural Co-operative Credit movement. In several Provinces urgent measures had to be taken to save the Movement from collapse and to restore the confidence of the public, and it was realised that the situation demanded an examination of the fundamentals of the co-operative structure with a view to some permanent re-organisation, re-orientation of general policy and lines of future development. Special officers or Committees of Enquiry were appointed in some Provinces to examine the position and to suggest ways and means for its reconstruction and improvement. Schemes for rehabilitation were put into operation in the Central Provinces and Berar, and Bihar; a scheme was drawn up for Bengal; and everywhere steps were taken to reconstruct and revitalise the Societies.

THE GENERAL SCHEME OF REHABILITATION.

All these schemes, although necessarily adapted to provincial conditions, were based on the model of the Rehabilitation Scheme in Burma,* where the Movement was revived (1936) after complete collapse in the early years of the depression. In broad outline, the schemes were as follows: Loans due to Societies were examined with a view to scaling them down to the paying capacity of the borrowers, the reduced amounts to be repayable in instalments within a period not exceeding twenty years. Lands that came into the possession of Societies in default of payment of dues were to be returned to their original owners on the hire purchase system, the instalments fixed under the scheme to be regarded as instalments of hire-purchase of land, and the land re-transferred to the original owner on payment of the final instalment, plus a nominal amount of purchase money. (Under an alternative plan the Society should remain a mortgagee for the borrower's land, and the mortgage redeemed when all instalments of the reduced debt were paid.) Societies were to write off bad debts from their owned funds (paid-up capital and reserves) and if their realisable assets were found to fall short of their liabilities, the financing agencies (Central Banks) should reduce their claims proportionately. Societies already in process of liquidation were to be wound up speedily. Central Banks were to write off bad debts and other losses from their owned funds, but if, after full investigation, the realisable assets were found to be less than the liabilities, they would approach their creditors to reduce their claims proportionately. Claims were thus reduced in the Central Provinces and Berar, and Bengal.

*Bulletin No. 3 of the Reserve Bank of India "Recent Developments in the Co-operative Movement in Burma with suggestions for their applicability to India." February, 1938.

An essential part of the rehabilitation programme was the supply of fresh finance, preferably in kind, to members of reconstructed Societies for the purpose of cultivation and other necessary expenses on a controlled basis of repayments in kind. Provision to this effect was generally made, and in a number of instances the Provincial Government extended the necessary assistance through the Provincial Banks. A large number of Crop Loan Societies were organised in Bengal and Berar to help agriculturists to obtain finance for seasonal operations, since the existing Village Societies, burdened with frozen assets, were unable to advance fresh credit.

The *Bengal* Government sanctioned a grant of Rs. 2·4 million to the Provincial Co-operative Bank for meeting losses incurred in financing the Jute Sale Societies. The *Bihar* Government granted loans to the Provincial Co-operative Bank at a low rate of interest; it met the losses of the Central Banks to the extent of Rs. 1·2 million and granted long-term loans, to a maximum of Rs. 14 million, to the reconstructed Banks; it further agreed to bear the whole of the loss incurred by the Provincial Bank under the reconstruction scheme, estimated at Rs. 1·8 million, and to grant a subsidy of Rs. 100,000 per annum for 5 years towards the cost of management of the Central Banks, while at the same time accepting the cost of audit and expenses of the Banking Adviser for 5 years. In the *Central Provinces* and *Berar* the Government agreed to guarantee interest to the depositors of Central Banks on the scaled down amounts, and to grant a subsidy of Rs. 100,000 per annum for 3 years towards meeting the deficit in their cost of management. In a similar way the rehabilitation process was assisted by the *Mysore* Government and H. E. H. the Nizam's Government in *Hyderabad*.

Detailed enquiries into the assets and liabilities of the Societies and Central Banks were in progress in the Central Provinces and Berar, Bihar, Orissa, Bengal and Sind, with a view to re-organising their operations and adjusting their assets and liabilities on the lines indicated above.

RE-ORGANISATION.

Primary Societies.

The aspects of the problem under examination as regards Primary Societies were mainly liability, area of operation, and scope of the functions of the Village Society. On the question of liability co-operative opinion in India has been very much divided. The majority of the Madras Committee on Co-operation, 1939–40, favoured limited liability, as in their view the principle of unlimited liability had outlived its utility. Some of the reasons for their decision were that during recent liquidations unlimited liability had proved hard for members who were non-borrowers and non-defaulters, and had brought the Movement into disrepute, also that it kept away the better class of agriculturists. A minority of the Committee, however, were strongly opposed to any change; they took the view that unlimited liability was an essential and basic co-operative principle and its replacement would undermine mutual trust and shake the confidence of the creditor. They were supported by the view expressed by the Agricultural Credit Department of the Reserve Bank that unlimited liability was a matter of necessity and not of choice. The Thirteenth Conference of Registrars held at Delhi in December, 1939, with the casting vote of the Chairman, Sir Malcolm Darling, passed a resolution to the effect that Agricultural Credit Societies . . . should ordinarily continue to have unlimited liability but scope may be given for experiments with such Societies with limited liability. The fact that one half of the members were in favour of the resolution and the other half against it may be regarded as typical of the division of opinion in the Movement on this point.

Closely connected with the problem of liability is that of the appropriate area for the operations of a Village Society. On this, too, opinion seems to be equally divided. The Madras Committee recommended, however, that small Societies might be grouped and re-organised so as to extend their area of operations, possibly to more than one village, as at present many of them were uneconomic units.

Much thought has been given to the scope of functions of the Village Society, as it has been realised, more and more, that no real advance in the economic position of the agriculturist is possible without a concerted and comprehensive effort towards the all-round improvement of his life. The Reserve Bank pressed the view that Village Societies generally should become fully-fledged Multi-Purpose Societies; they should not merely be an agency for supplying finance, but an influence for the development of agriculture, and for the betterment of the life of the villager from every point of view. These functions should not all be undertaken immediately, but a steady extension of the scope of the Societies' activities should be planned without, however, any business being undertaken involving an unusual degree of risk, and without excluding Societies for specific objects.

These views have led to much controversy. Eminent authorities on Co-operation, both Indian and European, as well as the Royal Commission on Agriculture in India (1928), have expressed themselves against the idea of the Multi-purpose Society. The arguments against it are that, owing to its complexity, its control would fall into the hands of one or a few intelligent or educated individuals; that the accounts of varied activities would be likely to become mixed and thus conceal the true position of any one branch of activity; and that failure in one branch might entail the winding up of other useful forms of activity. But whether the opinion is in favour of Multi-purpose or specialised Societies, there appears to be general agreement that the entire life of the villagers should be brought within the compass of

the co-operative solution and greater emphasis laid on non-credit activities for the improvement of conditions of rural life.

The Thirteenth Conference of Registrars of Co-operative Societies at Delhi in December, 1939, already referred to, passed a resolution on this question—" That Provinces should experiment with Multi-purpose Societies to ascertain more clearly the conditions under which they are likely to thrive and the form which they should take with Special reference to their area of operation, liability and purposes." The Madras Committee on Co-operation expressed the belief that the fully fledged Multi-purpose Society would be the next step in evolution. Multi-Purpose Societies have been started in *Bombay*, the *United Provinces* and *Baroda*, but they are still in the experimental stage and, apart from credit, have undertaken only a limited range of additional activities, mainly supplying domestic and agricultural requisites and marketing agricultural produce. In *Bengal*, too, Multi-purpose Societies have been set up side by side with a large number of newly organised Crop Loan Societies. In the *Punjab*, where opinion almost unanimously favoured the single-purpose Society, the Registrar expressed the view that serious efforts should be made to start Multi-purpose Societies at least on an experimental basis. Steps in the same direction have also been taken in *Coorg*, *Travancore* and *Mysore*. Multi-purpose Societies in *Bombay* and *Madras* are being organised with limited liability and an area of operations extending to several villages, while those in *Baroda* and the *United Provinces* follow the traditional basis of unlimited liability and the single village. Experiments are also being made in organising Multi-purpose Societies on the basis of limited liability but retaining unlimited liability for the credit side of the Society's business.

Whether the Multi-purpose Society will find general and permanent—and successful—application is as yet too early to say, but one important factor is that the discussions have pointed out the importance of the development of non-credit activities and the fact that credit by Co-operative Societies cannot be properly controlled if it is divorced from supply and sale.

Controlled Credit and Crop Loan Societies.

Another significant development, as a result of the crisis through which the Movement has been passing, is the system of extending controlled credit, or credit for cultivation related to the marketing of produce. In *Madras*, where special attention has been devoted to the question, the essence of the scheme was that loans must be disbursed to members in instalments as the need for which they were sanctioned might arise and should be recovered out of the income resulting from the application of the loan; the member must sell his produce either through the Village Society or the Sale Society to which it is affiliated; the member's dues to the Village Co-operative Society, or a Land Bank, must be deducted by the Sale Society from the proceeds of the sale of his produce and the balance remitted to the member; through a co-ordination of the work of Agricultural Credit Societies, Central Banks, Sale Societies, and Land Mortgage Banks credit must be linked up with marketing and every stage of the application of the loan supervised and controlled. Although the scheme was criticised on the ground that the centralised administration and supervision involved would militate against the efficiency of the Village Credit Society, the Madras Committee on Co-operation recommended that it be tried. At the end of 1940 it was in operation in all but three districts of the Madras Presidency, and has since been introduced on a large scale in Madura and Ramnad districts in respect of cotton. In *Bengal* 13,000 Crop Loan Societies have been created to fill the gap resulting from the freezing of the pre-existing credit machinery, and a large number also in *Berar*. In Bengal a member of a Crop Loan Society is required to be a member of the local Multi-purpose Society, to grow crops according to the direction of the latter, and to deposit his produce with it for joint sale. Although the idea of linking up the Crop Loan Societies and Multi-purpose Societies is reported to have met with success in certain areas, the Reserve Bank utters a warning against its wholesale application. In Berar, for instance, repayments were not as prompt as had been expected.

Central and Provincial Banks.

In its Statutory Report for 1937 the Reserve Bank advocated the formation of Banking Unions, each composed of a number of Village Banks and extending over the area of a taluka, which would be to their constituent units what the Village Society, or Bank, is to its members as regards the supply of finance, supervision over its use, and advice on agricultural and general improvement. But the idea was not favourably received in co-operative circles, which considered such a Banking Union an uneconomic unit, unable to associate men of business ability with its management or to command the confidence necessary to attract adequate deposits.

Pending a decision on this point, the Reserve Bank urged Central Banks to adjust their outlook and methods with a view to the re-organisation of Societies on a wider basis. Re-organised Societies might expect the Central Banks to help them in such matters as the sale of members' produce, purchase of their requirements, &c. The fact that Central Banks are the main source of finance for Village Banks "makes it all the more incumbent on them to take a genuine interest in the well-being of the Societies through close supervision over their affairs."

For the rest the Reserve Bank advised the Co-operative Banks, Central and Provincial, to endeavour to organise their activity along sound banking lines (Circular dated 12th June, 1939). The criteria of sound banking laid down in this Circular relate particularly to the distribution of assets so as to

maintain adequate cash and fluid resources; the maintenance of an adequate margin between borrowing and lending rates so as to build up strong reserves; the proper treatment of unrealised interest; proper scrutiny of, and provision for, bad and doubtful debts; confining of business generally to short-term loans; separate indication of long-term loans and overdues of principal and interest; and, in general, proper and accurate presentation of the affairs of the Bank in the balance sheet.

The recommendation of the Reserve Bank to restrict advances to short-term loans, repayable at the harvest, has been strongly criticised by co-operators on the ground that such a restriction of loans would nullify the essential purpose of the Co-operative Movement and drive the farmer into the arms of money-lenders. In addition to short-term loans, medium-term loans for 2 to 6 years are considered necessary, both to be disbursed by the Rural Societies—long-term loans for periods from 7 to 20 years being reserved for Land Mortgage Banks.

The Provincial Bank forms the keystone of the Co-operative Movement in the Province. It acts as the clearing and balancing centre for the Central Banks by transferring surplus funds from one locality to another and serving as a channel for the remittance of funds. It is able to attract funds for the Movement at lowered rates and from a wider circle than is possible for the Central Banks and, when necessary, to invest the surplus funds of the latter in commercial market with greater facility than they themselves could do. The Provincial Bank not only links the Movement with the commercial money market, but also with the Reserve Bank of India, the central banking authority of the country, and a potential source of credit for seasonal and emergency needs.

The Reserve Bank suggests that the Provincial Banks, as the apex banks of the Provinces, should take an active part in the rehabilitation and re-organisation of the Movement on right lines and on a broader base, so as to offer scope for the profitable employment of idle resources with the Central and Provincial Banks now seek to use in extending commercial credit. During the depression Provincial Banks tended to withdraw their resources from the financing of the Co-operative Movement in view of the unstable position of Societies and Central Banks, and to seek an outlet for the surplus funds thus accumulated in ordinary commercial banking business, an undesirable though to some extent inevitable development in view of the conditions which have prevailed in recent years. Some Central Banks have been lending against real property, but such loans tended to become frozen.

(To be continued.)

—*Review of International Co-operation, April 1942.*

Plan for Co-operative Organisations in the War and Post-War Economy.

The following note and questionnaire issued by the International Labour Office, 3480, University Street, Montreal, Canada, are reproduced with a request to Co-operative Organisations in the Presidency to answer the questionnaire to the extent possible and send their replies in *duplicate* to the Provincial Union for transmission to Canada.

Plan for an enquiry for the purpose of defining the place of Co-operative Organisations in the War and Post-War Economy.

PRELIMINARY REMARKS.

The main object of the enquiry is to collect facts and figures which may gauge the contribution that co-operative organisations can give to the solution of the immediate post-war problems, as well as to the planning and execution of long-term reconstruction measures. In the following outline of the problems involved, the questions in part III refer directly to that object.

As it is generally assumed that social and economic institutions and procedures of the post-war period may, in some cases and in some measure, resemble those of the war period, part II aims at defining the place which co-operative organisations occupy in the wartime economic life of their respective countries, and their participation in the measures of economic and social organisation taken by public authorities.

As the responsibilities that may be assumed by co-operative organisations in post-war efforts obviously depend on their present and future state of development, on their functions, on the number of countries covered by the Movement, etc., part I, will serve to collect such data, and to show the trend of co-operative development in the course of recent years.

The list of questions below may appear unusually long, but this results from the importance of the enquiry. It will be observed, however, that some questions concern particular types of co-operative organisations in certain countries, while others interest other groups of co-operative organisations in the same or in other countries. It has been thought that a general view of the whole set of questions would enable each organisation to gain a better general idea of the enquiry as a whole and to understand correctly the exact scope and meaning of the questions it is expected to answer.

At the same time the list of questions is not intended to be xhaustive, and any relevant data will be welcome, even if not covered y any of the items listed.

Each question below bears a different number. In replying there 'ill be no necessity to repeat the question, provided that each reply has ıe appropriate number.

In view of the urgency of the action to be taken as a result of this ıquiry, it is hoped that the co-operative organisations, in spite of the urden of their present tasks, will offer full and speedy collaboration, ıd reply as soon as they possibly can. From distant countries, ɛplies by air mail will be greatly appreciated.

OUTLINE OF PROBLEMS.

I. Co-operative Organisation in General.

A. *Most recent numerical data.*

1. Number of your affiliated societies.
2. Number of their members.
3. Amount of trade by the affiliated societies.
4. Amount of trade by their central organisation.
5. Value of own production of affiliated societies.
6. Value and nature of the central organisation's own production.
7. For the sake of comparison, it would be extremely useful if the figures under 1 and 2 could be given say for 1911, 1921, 1931 and 1941.
8. Comparisons for the data under 3, 4, 5 and 6 would give more correct results if the figures supplied for the selected years refer to volume as well as to value.

B. *Specific Actions Undertaken.*

9. What action has your organisation been able to take to counteract monopolistic practices and monopolistic prices? And with what results?
10. Please supply facts (or disinterested testimonials) showing that co-operative activities as such, independently of, or in conjunction with other influences, have been instrumental in raising the standard of living of co-operative members, or of low income families in general.

    In particular, give instances where a definite price policy on the part of co-operative organisations has increased or contributed to increase the demand for, and the production of, certain goods, and, in consequence, employment in the corresponding branches of industry.

Other measures adopted by co-operative organisations to combat unemployment.

11. Besides their basic activities, what action has been taken by your organisation, and/or your affiliated societies in order to improve the welfare and the "social security" of the individual households ?—(in such matters as hygiene, health, insurance, holidays, recreation, adult education, etc.)?

II. Co-operative organisations in War economy.

A. *Part Played in Economic Life.*

12 What percentage of the total national trade (in value or in volume, or in terms of people catered for), is covered by your organisation, and by its affiliated societies, in the commodities they are handling (marketing, producing or distributing) ?

B. *Special Initiatives Taken.*

13. Please state the initiatives taken by your organisation or its affiliated societies in the interest of the community at large, *e.g.*, building up reserves of supplies, rationing, conservation of essential materials, price ceilings, production of new commodities, research, action and education in the field of better nutrition, application to public authorities for the stabilising of prices of basic commodities in the interest of families with low incomes, etc.

C. *Part Played in Economic Organisation of the Country.*

14. Among the measures actually taken by the public authorities regarding the organisation, or regulation of the production, and distribution of commodities, please state those with which co-operative organisations have most directly been associated, and analyse briefly the most important of these measures.* The following types are mentioned by way of example :

(*a*) Price regulation ;

(*b*) Development (or restriction on the development) of certain branches of production, in both the manufacturing and the agricultural fields and trade ;

(*c*) Rationing ;

(*d*) Encouragement and support given to orderly marketing ;

(*e*) Collection and storage, or shipment and distribution of supplies for the Armed Forces and other needs arising out of the war ;

(*f*) Committees or boards for conducting researches or enquiries to assist the public authorities in the economic field by supplying information, or for collaborating in carrying out, or supervising the measures adopted ;

*Give also the exact references (full title and date) to the texts of the laws and regulations under which the measures analysed have been adopted and are enforced.

(*g*) Various bodies (in the form of companies, boards, offices, etc.) with wide powers of organisation or regulation, or commercial functions, or both, as regards the production or marketing or distribution of a particular commodity or series of commodities, with or without special privileges (privileges in regard to import trade, export trade, price fixing, tax collection, etc.).

15. Have the Co-operative organisations been called upon to participate :

(*a*) In framing those measures ? If so, in what form ?

(*b*) In carrying out or supervising those measures ? If so, by representation on the committees or bodies set up ?* Or by the attribution of public utility functions outside the normal scope of their own activities ? Or in any other way ?

III. Co-operation and Post-War Problems.

A. *Immediate Problems. (Relief Activities).*

16. What assistance could you give in forecasting the probable structure of consumer and producer demand in the early stages of the post-war period ?

Or in evaluating, at a given time, the surplus of commodities which could be made available to distressed countries or areas ?

17. How far, and on what preliminary conditions, if any, could you, as a central organisation, and your affiliated societies, as regional or local organisations, deal with the following problems :

(*a*) Producing, assembling, shipping goods to distressed areas.

(*b*) Distribution of food, clothing, household requirements.

(*c*) Distribution of agricultural requirements (feed, seeds, manures, implements, livestock renewal, etc.).

(*d*) Medical aid—(State, if possible, the total capacity of your storage facilities, the number of shops and other distributing centres at your disposal, in how many towns, cities, villages. Indicate also what can be learned by experience, if any, during the post-war period of 1918–1920).

B. *Long-term Re-construction Measures.*

18. What definite responsibilities are you prepared to assume, or what kind of contribution are you in a position to offer in any scheme for the development of the national or international economy ?

* Mention also cases in which co-operators have been appointed to such bodies in their personal and not their representative capacity.

Specify any action under this heading which would involve national or international collaboration between co-operative organisations of the same or of different types.

C. *Questions Common to both the above Phases.*

19. Define your attitude towards continuance for some form of:
    (a) Rationing.
    (b) State control of raw materials.
    (c) State control of stocks.
    (d) State control of prices.
    (e) State control of home trade.
    (f) State regulation of international trade.

20. Has any committee been set up within your organisation, or in collaboration with other co-operative organisations of your country, for the study of post-war problems?

21. Is your organisation represented in, or consulted by, a governmental agency engaged in the study of the social and economic needs of the post-war world?

Or, is there any other way in which co-operative experience and principles find expression in such an agency?

SPECIAL NOTICE.

For the Central Organisations of Co-operative Credit Societies.

The enclosed outline for the enquiry conducted by the International Labour Office is distributed to Central Organisations of co-operative credit societies:

(a) because it will help them to gain a general view of the enquiry;
(b) because it is important to know what part co-operative credit organisations can play in the solution of post-war problems;
(c) because the outline contains a number of questions to which co-operative credit organisations can supply a useful answer.

It is obvious, however, that certain questions will have to be adapted to the special nature of co-operative credit organisations. For instance, questions under 3, 4, 5 and 6 should be substituted or supplemented by the following:

Total of balance sheet of the central organisations, and total of the balance sheets of the local societies;

General turnover (on both sides of the ledger) of the central organisation and of the local societies;

and also, whenever possible, by the following:

Amount of savings collected by the central organisation and by the local societies:

Amount of loans granted, and of bills discounted by the Central Organisation, and by the local societies.

Twentieth International Co-operative Day.

Saturday, 7th November, 1942.

RESOLUTION.

On the occasion of the *Twentieth International Co-operative Day*, and in the third year of the greatest conflict between nations which the world has ever seen, the *International Co-operative Alliance* declares its unshakeable conviction that Universal and Enduring Peace can only be assured if it is based upon the Highest Ideals of the Human Family—Ideals of Brotherhood and Equality of Rights and Benefits—and that the application of the Principles upon which the World Co-operative Movement has been built can make these Ideals a Living Reality in International Relations.

It calls upon Co-operators in countries where they are still free to proclaim their Faith in these Ideals—

To remember, in silence, their fellow co-operators who are prisoners in their native lands and are enduring the cruelty of a regime which scorns the sacred rights of freedom and seeks to enslave the whole world to its power;

To dedicate themselves anew to the Service of Co-operation, and to use all their influence to create a Public Opinion responsive to the Co-operative Idea and conducive to a settlement of all social, national and international problems in a truly Co-operative Spirit;

To combine their forces to secure a Dominant Place for the Co-operative System in the economic life of the world as the best alternative to the capitalist system of greed, inequality, and privilege; and

To reiterate the demand that the International Co-operative Alliance, as the most representative Organisation of the People, *shall be accorded every opportunity of contributing to the establishment of a people's peace and to the planning of a new world in which all nations and all races will collaborate in a spirit of solidarity and freedom.*

Grow more food.

FOREWORD.

The Province of Madras has not been self-sufficient in regard to rice and has had to supplement its own production by importing from Burma, Siam and Indo-China. On account of the cessation of these imports Madras has to make up the deficit and has also to meet demands from other neighbouring Provinces and States which had depended on Burma, etc., for their requirements wholly or in part and which now look to this Province for assistance. The problem is immediately one of short-term planning to meet the threatened shortage during the war, but has also to be tackled with a view to making the Province self-sufficient even after the war. The Government have considered the ways and means of filling this gap in home consumption and have mainly addressed themselves to the immediate task of increasing the output of foodstuffs in deficit in the Province. To this end they have sanctioned a number of concessions to encourage the growth of foodcrops. Advantage has been taken to induce the people to grow vegetables and fruits on waste and unused lands in or near their homesteads not only as an insurance against shortage of staple foods but also to enable them to have a more balanced and nutritive diet. Incidentally, with the object of making the existing supplies of rice go further and of securing a more balanced diet, the Government have advised in a Press Communique the use of hand-pounded and under-milled rice and of millets in place of highly-milled rice.

This pamphlet contains a summary of the several orders issued by the Government from time to time granting concessions and facilities in order to help the production of more foodstuffs and also the Press Communique issued by the Government on the advantages of using hand-pounded and under-milled rice.

While stressing the importance of growing more food in the country, the Government desire to point out in this connexion that the solution of the problem of balancing supply and demand will not be fully effective and timely unless the food produced is used with the maximum economy possible and all waste is cut out. Any contribution made by cutting out wastage towards closing the gap between food available and food needed would be specially valuable since it would be all net gain with no cost of production.

PART I.

CONCESSIONS SANCTIONED TO ENCOURAGE THE GROWTH OF FOOD CROPS AND VEGETABLES.

Free cultivation of unoccupied lands.

(a) *General concessions.*—Except in the area benefited by the Cauvery-Mettur Project in Tanjore and Trichinopoly districts the following categories of land will be granted temporarily free of assessment, for the cultivation of foodgrains including paddy. In the case of irrigable lands these grants are for five years free of dry assessment for faslis 1352, 1353 and 1354 but subject to water-rate. In the case of unirrigable lands, the grants will be made up to the end of fasli 1354 free of assessment.

(1) Unoccupied assessed Government land, unassessed land or disafforested land on which crops had not been raised during faslis 1349 and 1350.

(2) Land in compact blocks reserved for colonization schemes subject to preference being given to landless poor.

(3) Land which has been unoccupied for 18 months adjoining a reserved forest or an unreserved block of a square mile or more, and land within a belt of two or three chains from the reserve forest boundary.

Outright assignment of assessed waste lands except land in compact blocks has been permitted free of assessment for faslis 1352, 1353 and 1354 subject to its cultivation with foodcrops for that period.

NOTE.—Previous permission is necessary to take Government water from irrigation sources for the cultivation of wet or dry irrigated crops on such land where such permission has to be obtained under the existing rules and the usual charge is payable for this.

(b) *Special concession for the Cauvery-Mettur Project area.*—In the area benefited by the Cauvery-Mettur Project in Tanjore and Trichinopoly districts, the ban on assignment of land not in compact blocks has been lifted and subject to the reservation of 5 per cent of such land for assignment to the depressed classes, the remainder may be sold in auction free of dry assessment for faslis 1352, 1353 and 1354, but subject to water-rate. If there are not suitable offers, it may be granted temporarily for cultivation of foodcrops for five years and free of dry assessment for faslis 1352, 1353 and 1354 but subject to water-rate. Temporary grants may also be made of land in compact blocks on the same terms.

Concessional water-rates.—The concessional water-rate of Rs. 5 per acre for the first crop has been continued for the duration of the war. The present second-crop charge on single-crop wet land in the Cauvery-Mettur Project area is half the first-crop charge subject to a minimum of Rs. 5 per acre. This minimum has been abolished for the duration of the war in

Pattukkottai, Negapatam, Tiruturaipundi, Shiyali, Mayavaram and Arantangi taluks and parts of Mannargudi and Nannilam taluks

Waiver of penalties for technical infringements of irrigation rules — No penalty shall be levied on land irrigated during the war and bearing foodcrops merely because a rule of irrigation administration has been infringed, *e.g.*, by failure to apply for a permit within the proper time, so long as such irrigation does not adversely cases will be entirely at the ryots' risk and the Government do not guarantee any supply. This concession does not apply to areas where extension of irrigation is prohibited or to irrigation by any objectionable practice.

Advancing of irrigation in the Cauvery-Mettur Project area.—The date of supply of water for irrigation has been advanced by three weeks in the Cauvery-Mettur Project area in the Tanjore district to enable the ryots to convert some of the existing single-crop paddy lands to double crop lands and, if possible, to cultivate a third crop of a short duration in January.

Cultivation of railway lands.—The Madras and Southern Mahratta, Bengal-Nagpur, and South Indian Railways' A and B class lands which can be cultivated without detriment to railway interests will be granted for the cultivation of food crops for three years from fasli 1352 subject to the payment of a reasonable rental. Applications for leases should be made to the Revenue authorities.

Cultivation of tank-bed lands.—Permission to cultivate tank-bed lands with vegetables and dry foodgrains will be granted in all seasons free of charge when the tank is not required for storing water subject to the following conditions :—

(1) Preference will be given to applicants in the following order :—
- (*a*) to ayacutdars who wish to grow vegetables ;
- (*b*) to ayacutdars who wish to grow dry foodcrops ;
- (*c*) to non-ayacutdars who wish to grow vegetables ; and
- (*d*) to non-ayacutdars who wish to grow dry foodcrops.

(2) Crops should be completely removed before the tank is required for storing water.

Backyard cultivation.—Foodcrops or vegetables may be grown free of charge in backyards till the end of fasli 1353 to any extent.

Cultivation of compounds of Government quarters and Government offices.—Government servants occupying Government quarters have been permitted to break up the ground of the compounds of their residences and grow foodcrops or vegetables thereon. No assessment or irrigation cess will be charged but permission to take Government water should be obtained where such permission is otherwise necessary. The officers of the Agricultural department will give occasional advice wherever possible.

Instructions have been issued that compounds of Government offices should be cultivated wherever practicable with foodcrops. The Agricultural department will arrange for the supply of seed, if necessary and the local Agricultural Officers will render any assistance that the departments may require in this regard.

Cultivation of lands alienated or held revenue-free.—Collectors have been authorized to permit the cultivation of vegetables or other foodcrops for the duration of the war on vacant lands in the compounds of churches, schools, hospitals, orphanages, sanatoria, etc., on which land revenue has been alienated or which are held revenue-free. The cultivation will be free of assessment but subject to payment of usual charges for Government water for which permission should be taken from the competent authority.

Eksal cultivation.—Land bordering on drainages in the Kistna and Godavari deltas will be granted for cultivation at the discretion of the Collectors concerned wherever possible.

Inclusion fees—(a) Postponements.—In the Kistna and Godavari deltas the collection of inclusion fees has been postponed for the duration of the war.

(*b*) *Exemption* —Lands in these deltas which lie within the ayacuts and have not previously been irrigated will be included within the ayacuts on application without liability to inclusion fees provided they are brought under irrigation in fasli 1353.

Provision of irrigation facilities.—A scheme for extension of irrigation to about 1,500 acres in Bandar taluk, Kistna district, to grow short-crop paddy has been sanctioned.

Excavation of field channels at Government cost.—The practice of excavating field channels in the Cauvery-Mettur Project area in the first instance at Government cost subject to recovery from the ayacutdars later has been extended to other project areas.

Loans for cultivation of uncultivated lands.—To provide capital for the cultivation of large areas left fallow in ryotwari (roughly 6½ million acres) and zamindari holdings a sum of Rs. 20 lakhs has been sanctioned for advancing loans to agriculturists. The loans will be granted to reliable cultivators at the rate of Rs. 10 per acre of wet land and Rs. 5 per acre of dry land which was uncultivated in fasli 1351 and is likely to remain uncultivated in fasli 1352 unless a loan is given. The loans will be granted by Revenue Inspectors on the personal security of the borrower and sureties (if any) up to five times the assessment or rent payable by them and will be repayable in two annual instalments commencing not earlier than the harvest following the loan. Registered holders of ryotwari land, ryots in estates with occupancy rights and tenants in Malabar district with valuable and transferable rights are eligible for these loans.

Loans for the purchase of seed and manure.—District Agricultural Officers have been empowered to grant loans up to Rs. 25, in each case for the purchase of manure and improved seed. The loans will be granted on personal security to registered holders of ryotwari land, ryots possessing occupancy rights in estates and tenants in Malabar district possessing valuable and transferable rights in their holdings, and will be repayable in two annual instalments, the first being not earlier than the harvest following the grant of the loan.

A special allotment of a sum of Rs. 22,500 has been sanctioned for the Tanjore district for the grant of loans to enable ryots to purchase seed and manure for bringing waste lands into cultivation. The loans will be granted on personal security repayable in two instalments.

Purchase of distribution of groundnut cake.—A sum of Rs. 54,000 has been sanctioned for the purchase of groundnut cake when conditions are favourable for such purchase and for sale to the ryots during the cultivation season.

Distribution of improved paddy seed.—Two schemes for the introduction of improved paddy seed in the Cauvery and Godavari deltas have been sanctioned with the aid of a grant from the Imperial Council of Agricultural Research. These are expected to provide improved seed to cover an area of six lakhs of acres.

Two other schemes for the South Arcot and Kistna districts have also been sanctioned and they are expected to provide improved seed to cover an area of 4½ lakhs of acres.

Concession for the cultivation of vegetables.—In addition to the general concessions referred to above the following special concessions have been granted in certain cases:—

On the Anamalais the insistence on the cultivation of plantation products as a condition of assignment of certain lands has been relaxed in favour of vegetables up to a certain percentage. In the Nilgiris the entire charge for water and half the assessment has been remitted on unassessed waste lands newly brought under cultivation with English vegetables including potatoes. The Loans Rules have been amended to provide for the grant of loans for the cultivation of vegetables. Rewards will be granted for the destruction of wild pigs and porcupines in the Nilgiris. Free supply of seeds of English vegetables will be made to select ryots in the Nilgiris district and in the taluks of Madanapalle, Punganoor, etc., bordering on the Mysore State.

Transport.—The North Buckingham Canal has been deepened and a special officer has been appointed to organize and accelerate transport of goods on the canal. The West Coast canals are being improved in order to provide for through traffic from Badagara to Cochin.

PART II.

PRESS COMMUNIQUE ON THE USE OF HAND-POUNDED AND UNDER-MILLED RICE AND OF MILLETS IN THE PLACE OF HIGHLY-MILLED RICE.

Though India produces the bulk of the rice consumed in the country it has never been self-sufficient in recent years in regard to her rice requirements. Rice was imported mainly from Burma, Thailand and Indo-China ; and during the last ten years imports have ranged from 1·1 to 2·6 million tons annually. Of these, 5 to 7 lakhs were absorbed in this Province, which is about 10 per cent. of its requirements. The stoppage of imports from these areas which are now under enemy occupation will therefore seriously affect this Province. The war on the other hand has necessitated increased exports from the Madras Presidency to Ceylon and other places which have suffered from the cessation of imports from Burma and increased supplies for the use of the Army. The question of increasing the food supplies of this country has therefore become one of urgency. The Conference held at New Delhi on the 6th April 1942 to consider this, recommended among other things, that the Provincial Governments should take steps to encourage the use of hand-pounded and under-milled rice in place of highly-milled rice with the object of making existing supplies of rice go further and to take the opportunity afforded by the present food production drive to instruct the cultivator to secure for himself a more balanced diet.

2. Rice is the main staple food of the people of this Province and its nutritive value which is considerably affected by milling is one of great moment to their welfare. In recent times there has been a rapid increase in the number of power-driven rice mills and machine-milled rice, often highly polished, has come into fashion. It is in this Province the resources of which have been singularly affected by the stoppage of imports from Burma, Thailand and Indo-China, that the greatest proportion of the paddy crop is machine-milled. Machine-milled rice is attractive in appearance but inferior as food to hand-pounded rice. The outer layer of the grain is richer than the starchy inner part in protein, minerals and very important vitamin Bl which prevents beriberi and helps to keep us in good health. Machine-milling removes the outer layer almost completely whereas hand-pounding removes a much smaller amount of it. Beriberi is common in the Northern Circars where a large part of the population consumes machine-milled raw rice. In other parts of the Province most people take parboiled rice, which loses much less vitamin Bl when machine-milled than raw rice. Hence beriberi is much less common in these areas. Beriberi in the Northern Circars could probably be eliminated by the use of hand-pounded raw rice. Even in the case of parboiled rice more vitamin is present in the home-pounded than in the highly-milled grain and the former product is generally more nutritious.

The advantages of home-pounding are two fold ; first, it yields grain of higher nutritive value, and secondly we obtain in this way about 6 per cent more rice for consumption. If all the machine-milled paddy is hand-pounded it is estimated that an additional 200,000 tons of rice would become available in this Province and this could, to a certain extent, mitigate the problem of rice shortage. The production by the mills of under-milled or once polished rice for local consumption would have an effect in the same direction.

A change over from milled to hand-pounded rice will not of itself alone make typical rice diets into really "well-balanced" and satisfactory diets. This end can only be achieved by the inclusion in the diet of certain kinds of supplementary foods in sufficient quantities. One change which has been found to *improve* the nutritive value of rice diets is the substitution of part of the rice, by millets—*e.g.*, jowar (cholam), cumbu, ragi and tenai (Italian millet). These are all good "Supplementary" foods. If they can be produced in greater quantities they can replace equal quantities of rice with advantage from the standpoint of nutrition. About 5 oz. of millet in place of an equivalent quantity of rice is to be recommended. This change will increase intake of most of the essential food constituents, particularly when machine-milled raw rice is the basis of the diet. The substitution of some millet in the place of machine-milled raw rice in certain parts of the Northern Circars has had a good effect on health and has apparently led to a fall in the incidence of beri-beri. This is because the millets contain more vitamin B1 than machine-milled rice. "Eat more millet" is sound policy from several points of view.

(*Published by the Government of Madras.*)

Reviews.

(*Contributed.*)

Publication No. 150—Fattening and preparing poultry for market.

The publication gives full details of how to fatten poultry. The writer describes the reasons for fattening poultry and describes the proper type of birds which will fatten well and easily. It is essential that fattening birds should not be infested with lice, fleas, etc., and that they should be dusted with some suitable insecticide occasionally. Birds can be fattened either in pens or in crates and it is advantageous to keep the birds in the dark. The birds are fed on a wet mash two or three times a day and they are not given water to drink.

Publication No. 172—Fowl pox and Chicken pox.

The leaflet publication 172 on Fowl pox or chicken pox is a practical and complete description of the disease in a very concise manner.

It will be of great help to the practical breeder and Veterinary student.

(*The above two publications are issued by the Manitoba Department of Agriculture and Irrigation, Winnipeg.*)

Circular No. 360—Minerals for Livestock.—Minerals for livestock (circular 360 of the University of Kentucky) is a well thought out pamphlet in simple language which deals with all classes of livestock. Although the feeds in India are not identical with those of the U. S. A., yet there is sufficient first-hand information about the ordinary mineral requirements for domestic animals. The question of the influence of trace elements on the health of animals has been necessarily kept out of discussion in this small publication. The "free choice" method of feeding minerals advocated in this circular is a useful one that can be adopted with advantage.

Circular No. 351—Housing of poultry.—The circular describes very well the suitable housing for poultry in America. The essential features are, good ventilation, plenty of floor space, good distribution of light, durability and convenience. Birds have 4 square feet of floor space and 8 to 10 inches of roosting space per bird. Photographs and plans together with dimensions are given which will be found very useful for anyone wishing to erect such a house. Houses to accommodate a large number of birds in India are not desirable due to the prevalence of diseases and some of which are very fatal ; it is safer to house poultry in small houses scattered about. Large houses are liable to attract rats, snakes etc.

Circular No. 355—Brooding chicks.—The circular contains a number of useful suggestions on the brooding of chickens for the benefit of the young members. It describes how to make suitable drinking troughs and satisfactory feeding troughs. Rations for chickens and growing birds are also given in full It is advisable to sell all cockerels off at 10 to 12 weeks old when they should weigh about 2 lb. each.

The lantern brooder described will hold about 50 to 60 chicks and full details are given for making one and instructions for operating it. It is built in two sections, the lamps are placed in the bottom section and the chicks are kept on the top section.

The brooder house is used for about 200 chicks at a time and it is said that the labour required to care for this number of chicks in one house is not more than that of looking after a few hens with chicks. Plans and dimensions of a wooden Brooder House are given in full detail which will be very useful for any one who wishes to build one of these.

Circular No. 372—Feeding laying hens.—The circular contains much useful information on the feeding of hens in America but most of the grains and meals mentioned are not grown in South India or grown on a very small scale, Maize (corn) which is fed a great deal is grown but then the grain is not fed to poultry. Meat is an important food for laying hens and the author suggests as much as 20 per cent in the dry mash by weight, when used as the only protein concentrate. Milk is also another source of protein. If only vegetable proteins are fed in cereals, etc., it is advisable to feed some bone-meal mixture in the mash. Grains provide much of the fat of the egg and also enables the hen to maintain body weight and the writer advises feeding large quantities of grain to prevent full molt of pullets. Fish liver oil which provides Vitamin D is recommended. It is interesting to see that it takes approximately 5 lb. of feed for white Leghorns per dozen eggs and 6 lb. of feed for Rhode Island Red.

The hens must come from a good laying strain and this is largely an inherited character and the best management and feeding will not induce a poor laying strain to be a good layer.

(The above four publications are from the College of Agriculture—Extension Division—University of Kentucky).

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Report of the Delays Sub-Committee, 1941-42.

This is the report of a Committee of the Mysore Central Co-operative Land Mortgage Bank, dealing with the causes of delays in the sanction of loans by the Bank and the remedies therefor. " Co-operative Delays "—both in the disposal of loan applications and in repayments by members—have perhaps become as proverbial as the " Law's delays ", to enquire into which we had a Committee about two decades ago. The Executive Committee of the Mysore Central Co-operative Land Mortgage Bank appointed a Committee of three members on 12—1—1941 and the Committee passed the report on 23—9—1941. The Bank has now published the Report for public information as it is one of general interest.

2. The irreducible minimum of time for 'the disposal of a loan application is taken to be 4 months—3 months for the sanction of the loan by the

Central Land Mortgage Bank, and a further one month for obtaining the documents and disbursement of the loan. From an examination of the loan files in the Bank, the Committee finds that " in a majority of cases the Primary Societies have taken more than 3 months, and the Bank too has taken more than 3 months " to arrive at a decision. In 35 per cent of the cases, the time taken has exceeded one year.

3. The Committee invited the opinions of those concerned. Those received are classified under three heads: (i) Delay on the part of the applicant himself; (ii) delay in the Society; and (iii) delay on the part of the Investigating Director and the Inspector. There is a special chapter on Delays in the Central Bank. 23 recommendations are made (summarised in a Table).

4. The applicant for the loan is found to contribute in a large measure to the delay. He does not produce all his documents of title and copies of documents relating to the debts proposed to be discharged out of the loan amount. The creditors are reluctant to give copies of the documents in their possession. For proving his title, the applicant has to produce (1) Patta, (2) Village Officers' Certificates, (3) Documents evidencing title such as sale deed, partition deed, gift deed etc., (4) Discharged loan bonds relating to debts recited in such deeds, (5) Geneological tree, and (6) Statements of creditors' attested by Village Officer. We wonder how many can have all these, ready for production with the loan application. In the enquiry, time is reckoned from the date of the presentation of the loan application—whether complete or incomplete—to the Primary Society. The Committee suggests that defective applications should not be brought on the " Loan applications Register ". The creditors of the applicant are indifferent and dilatory which results in considerable delay.

5. The Primary Society contributes its own share to the delay. The reasons given are: difficulties in obtaining the documents and their certification, lack of clerical staff, no quorum at meetings, delays by investigating directors. Finally, there is the Central Bank's red tape. Each file has to pass through the case workers, the Secretary, the President, the members of the Committee in circulation. The Secretary submits the case to the President. The President rejects what he considers to be bad cases and orders circulation of the rest to the members. The Committee has found that there is not much delay in the circulation and sanction stage.

6. *Recommendations.* The more important of the recommendations are:—(i) The obligation to produce all documents of title and information should be placed on the applicant—the loan application form should enumerate all that is required; (ii) Legislation to compel creditors to produce documents in their possession should be enacted; (iii) employment of full time clerks in Primary Societies; (iv) employment of legal advisers in Primary Societies—all the legal work is now done in the Central Bank; (v) dispensing with inspections by *two* directors in the cases of loans not

exceeding Rs. 400—one director alone to report; (vi) simplification of noting in the Central Land Mortgage Bank; (vii) Secretary should do more touring and educate societies.

7. A certain amount of delay is inevitable in institutional lending, as every thing connected with the loan has to be enquired into and put on record. Title has to be absolutely clear and proved, as public money is involved and the Government guarantees the debentures. But, if all parties co-operate—the applicant, creditors, Primary Society and its officials, the Central Bank, and the public authorities like the Village Officers and Thasildars,—it should be possible to dispose of loan applications within four months as assumed. Private lenders do not take a fourth of that time, when they lend to a villager on mortgage, but they depend more on personal knowledge than on records.

This is an interesting report with facts and figures and should be read by Co-operators connected with Land Mortgage Bank work.

T. R. N.

Administration Report of the Cochin Co-operative Department for the year 1940-41.

"All the villages in the State have come within the Movement", writes the Registrar, and it is indeed a proud record. But the membership was about 37,000 (of whom 2,400 were females) out of a population of about 10 lakhs. There were 328 societies and their working capital was Rs. 50 lakhs (of which Rs. 10 lakhs was the owned capital) recording an increase of Rs. 3 lakhs over that of the previous year.

2. *Primary Societies*: Credit. Agricultural Credit Societies numbered 116 and non-agricultural credit numbered 55. 171 out of 328 societies were for credit and 143 were for non-credit. The working capital of credit societies was Rs. 21.64 lakhs—Rs. 7.71 lakhs relate to agricultural, and Rs. 13.93 lakhs to non-agricultural Societies. Deposits amounted to Rs. 1.49 lakhs in agricultural, and Rs. 7.17 in non-agricultural societies—in all Rs. 8.66 lakhs. The Reserve Fund of agricultural societies stood at Rs. 2.56 lakhs, and that of non-agricultural societies at Rs. 1.87 lakhs.

The report gives interesting details regarding the size, purpose, period, and security for loans granted. In agricultural societies, more than 75 per cent. of the loans issued were for less than Rs. 50 and on personal security; 50 per cent of the loans were for liquidation of debts—apparently small debts; 60 per cent. of the loans were for periods not exceeding one year—only 7 per cent. of the loans were for more than 2 years. Loans granted during the year were for Rs. 2.15 lakhs, and the amount outstanding at the end of the year was Rs. 4.50 lakhs. The overdues were 38 per cent. and showed a reduction of 4 per cent. over that of the previous year. The report says that the classification for the year shows a tendency towards improvement.

Non-Credit Societies. There were 18 stores with a working capital of Rs. 61,000 and the total transactions amounted to Rs. 10 lakhs. There were 9 Weavers' Societies with a working capital of Rs. 18,000 and transactions of Rs. 2 lakhs. The working of most of them is reported to be fair. Societies for other forms of co-operation numbered 72 of which 36 societie were for Rural Development. The report mentions the good work done by these societies.

3. *Financing Banks.* The Cochin Central Co-operative Bank is a "pure" type Bank with a membership of 171 societies. About 150 societies in the State had not become members. The Share Capital, Deposits, and Working Capital were Rs. 62,000, Rs. 7 lakhs and Rs. 9.86 lakhs respectively. Loans outstanding against societies were Rs. 4.44 lakhs. Loans issued were Rs. 70,000 (ordinary), produce loans for Rs. 16,000, and gold loans for Rs. 12,000. The cost of management was Rs. 12,437, and the net profit was Rs. 3,609. The Bank's Reserve Fund was Rs. 77,885, and other funds amounted to Rs. 41,139. Dividend paid 3 per cent. The Banking position is sound and the liquidity satisfactory.

The Cochin Central Land Mortgage Bank turned out another year of useful work. It lends to individuals direct. There were 2,425 members. It has raised 4 per cent. Debentures for Rs. 15 lakhs and loans outstanding were Rs. 16.83 lakhs. About Rs. 17,000 was overdue. Profit amounted to Rs. 12,259 and the Reserve Fund to Rs. 15,400. Loans pending sanction amounted to Rs. 4.42 lakhs—rather a large amount. We refer readers to the Report of the Delays Sub-Committee of the Mysore Co-operative Land Mortgage Bank, a review of which appears elsewhere in this issue. The Bank may profitably adopt some of the suggestions made therein.

4. *Supervision and Education.* There were 9 Supervising Unions and the Central Co-operative Institute. The Government gave a grant of Rs. 1,400, to the Institute. It publishes a Magazine and runs a Library. Three Taluk Conferences were held under its auspices.

5. *General.* It is pointed out in the Government's review "it is noticed on the part of some societies a disposition to petty squabble and silly quarrels. At least in the case of one society a tendency to defy the Government is noticed. There is reason to believe that the Department far from discouraging such tendencies, is actually encouraging them." It was recently reported in the papers that the Government' have appointed a Committee to enquire into the state of Co-operation.

T. R. N.

'*CO-OPERATION*' (*in Kannada*) *Mysore University—Booklet No. 40.*

The Mysore University is to be congratulated on issuing a series of booklets on various topics, with the object of making up-to-date information on these subjects, easily available to the average Kannada reader. The booklets are written by persons well versed in the subject they handle, always in an easy and graceful style and are issued in an attractive and neat get-up and priced at annas two each. The Booklet on Co-operation is written by Mr. S. Gopalaswami, M A. As usual, the subject is treated so as to interest the lay reader. After briefly sketching the theory of co-operation and contrasting it with other economic theories, the author has traced the development of the Movement in England, giving in detail the activities of Robert Owen and the Rochdale Pioneers. The growth of the Movement in other countries is briefly described giving due prominence to the Raiffession model. Referring to the recent difference of opinion as to the suitability of unlimited liability in our village societies, the author remarks that the difference of opinion is a sure sign of the growth of the Movement. The author has succeeded in giving a clear idea of the various forms the Movement has adopted in different countries, such as Germany, Italy Denmark, the United States, Canada and Russia, always with a few remarks as to the possibility of their adoption in this country. He has even pointed out how the movement has fared at the hands of the Totalitarian Governments. Co-operation in Russia is also subjected to critic is so far as it is utilised by the Government for its own purposes. Mention is also made of co-operation in Japan and China—the only omission being the Industrial Co-operatives of modern China and a couple of paragraphs are given to co-operation among the Jews in Palestine also. Another chapter deals with the development of the Movement in India and the Mysore State. One wishes that this chapter could have been developed a little more, but perhaps the limitation of space must have compelled the author to give only the barest outline. The booklet concludes with a description of the significance of the Rainbow Coloured Co-operative Flag and International Co-operators' Day.

The booklet contains two illustrations, one of the late Yuvarajah of Mysore, a great patron of the Movement in Mysore and one of Robert Owen.

H. R. M.

Working of Societies.

The Alamuru Co-operative Rural Bank, Ltd.

Report for 1941–42.

The Alamuru Co-operative Rural Bank was registered on 1-2-1938 by the Deputy Registrar of Co-operative Societies, Rajahmundry, under the special orders of the Government and the Registrar of Co-operative Societies, Madras, as a special type of society on limited liability basis for a group of villages within a radius of 5 miles of Alamuru. Sri T. Prakasam, the then Revenue Minister, opened the Bank on 27-2-38. Ten villages are included in the area of operations of the Bank. All the villages are deltaic villages. Paddy is the main crop. Sugar cane and plantain gardens are the two commercial crops cultivated in this area. The headquarters of the Bank is a village on the bank of the river Godavary. In the bed of the river, there are many fertile lanka lands where commercial crops such as tobacco, termeric, castor seeds and indigo are grown.

The two predominant agricultural communities in the villages of the Bank area are Kapus and Kammas. Harijans and Setti-buljis are the labouring class to a large extent. Though the villages are fertile, the condition of the people in these villages is not so prosperous. Indebtedness is heavy. Lands are in the hands of a few people who are not cultivators and some of whom are absentee landlords. 75 per cent. of the people are landless labourers and tenants.

Owing to the unprecedented economic depression during the last decade, the co-operative societies in these villages which were once in a flourishing condition in the boom period during 1920-30, gradually decayed and failed to function. Overdues multiplied rapidly and members were unable to repay their instalments and the societies gradually became moribund. With a view to create confidence among the borrowers, this Rural Bank was started on limited liability basis with a wider area, not restricting it to a single village, with a view to select honest and punctual members.

The success of the Bank for the last four years has amply justified its existence. It has created confidence amongst the investing public and borrowers for prompt repayments and timely collections. Increased transactions have enabled the Bank to appoint adequate paid staff to attend to the business of the Bank regularly and make collections promptly. The Bank has attracted not only the rich but also the poor as members, as loans of all denominations are granted taking into consideration the honesty and repaying capacity of the members. Landed people are given on ever-continuity bonds on first mortgage short and intermediate loans for improvement of agriculture. Tenants are given short-term loans on standing crop with two sureties. Landless labourers are given loans for the purchase of rice, clothing and other necessaries of life, which are supplied by the Bank.

Thus the institution is rendering useful service both to the ryot and the labourer as can be seen from the figures noted below :—

1937-38	...	95
1938-39	...	239
1939-40	...	491
1940-41	...	1,272
1941-42	...	1,525

Classification of members according to occupation :—

Agriculturists	...	1,297	1,525
Non-agriculturists	...	166	
Mixed	...	62	

Agriculturists.

Non-cultivating land-holders	...	146	1,297
Cultivating land-holders	...	314	
Tenants	...	132	
Field Labourers	...	705	

Classification of members according to Caste :—

Brahmins	...	118
Kammas	...	226
Setti-buljis	...	211
Kapus	...	161
Other castes	...	176
Christians	...	24
Mohammadans	...	12
Adi-andhras	...	597
Total	...	1,525

The large increase in membership is due to the admission of agricultural labourers, who receive small loans in kind such as rice and clothing. The loan amounts are collected by the sale of the thrift labels of the denominations of one, two, four and eight annas. Harijan community forms the single large majority group in the Bank. They are given loans in kind. Some of the families are given financial assistance to cultivate lanka lands taken for lease by the Bank from the Government.

Borrowings :—The Bank obtained deposits (Fixed and Current) from members and non-members to the tune of Rs. 42,366 during the year. It has borrowed from the Central Bank an amount of Rs. 23,000 during the year and the outstanding amount is Rs. 43,571. It has also a cash-credit accommodation of Rs. 3,000 from the Central Bank. The total borrowings amount to Rs. 85,937. The maximum borrowing power of the Bank is fixed at 8 times the paid-up share-capital plus Reserve Fund. The share-capital of the Bank is Rs. 13,228. The Reserve Fund invested is Rs. 10,767-11-0. The maximum borrowing power of the Bank works upto Rs. 1,91,960.

Progress of Share-Capital.

1937-38	...	745
1938-39	...	3,148
1939-40	...	6,690
1940-41	...	11,960
1941-42	...	13,228

1,325 loans amounting to Rs. 75,781 were issued to members during the year 1941-42.

Classification of loans as for purpose.

Purpose.		Loan.	Amount.
Cultivation expenses	...	175	21,932
Purchase of cattle	...	42	2,975
Payment of kist	...	71	7,114
Improvement of land	...	9	1,270
For purchase of artisan's appliances	...	6	248
Petty trade	...	50	9,015
Education	...	6	939
Purchase of country carts	...	2	510
Other necessaries of life and purchase of food-stuffs	...	842	12,122
Purchase of land	...	3	1,700
Payment of petty debts	...	88	14,035
Marriage and other ceremonials	...	12	920
		1,325	75,781

Classification as per denomination.

Below Rs. 50	...	992	12,930
Between Rs. 50 and 100	...	128	9,431
,, Rs. 100 and 250	...	143	27,083
Above Rs 250	...	62	26,337
		1,325	75,781

Out of the total number of 1,325 loans issued during the year amounting to Rs. 75,781, 992 loans are for amounts below Rs. 50 issued to Harijans and other landless labourers. This forms 2/3 of the total loans disbursed during the year. The outstanding number of loans from members by the end of the year is 1,414 amounting to Rs. 93,281. They are classified as per security as :—

Fixed deposit loans	...	1	300
Standing crop	...	23	3,957
Paddy	...	21	4,399
Immovable property	...	580	65,793
Manure security	...	1	465
Surety loans	...	787	18,282
Other securities	...	1	85
		1,414	93,281

8

Classification as per period.

Purpose.	Loan.	Amount.
Short term loans of below one year ...	980	37,313
Below 2 years ...	55	3,259
Below 5 ,, ...	372	51,024
Above 5 ,, ...	7	1,685
	1,414	93,281

Progress of Loans.

Loans on the last date of the year.	1937-38.		1938-39.		1939-40.		1940-41.		1941-42.	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Crop and produce ...	19	2,615	60	6,336	62	10,183	66	7,796	44	8,355
Gold Loans ...	36	6,758	137	17,243	60	6,992	20	1,994	...	...
Mortgage Loans ...	20	6,693	119	28,657	332	55,276	528	72,991	580	65,793
Surety loans ...	...	...	...	...	14	1,044	754	13,153	787	18,282
Loans on security of deposits ...	...	...	...	...	...	...	1	150	1	300
Other securities ...	...	...	..	...	...	...	2	309	2	550
	75	16,066	316	52,236	468	73,495	1,371	96,393	1,414	93,281

This year there is a short fall in the amount of loans. The amount of loans outstanding at the close of last year was Rs. 96,393. This year the amount has fallen to Rs. 93,281. This fall is due to rapid repayments of loans owing to rise in prices and land values.

The membership increased from 1,272 to 1,525. The share capital increased from Rs. 11,960 to Rs. 13,228. The number of loans also increased from 1,371 to 1414. There is an increase of collections from members also. The collection from members during the year is Rs. 79,862 as against Rs. 73,525 of last year. The overdues from members are Rs. 6,110 as against Rs. 10,421 of last year. This is the legacy of the old Alamuru Society which was amalgamated with the Rural Bank in the year 1940-41. Prompt action is taken as regards the collection of overdues. Loans on security of gold are completely given up for want of facilities for safe custody. Two-thirds of the lending of the Bank are on tangible security, such as land and other immoveable property.

Ever-continuity bonds are taken from the members for the amounts lent on immoveable property for which encumbrance certificates are obtained before loans are disbursed. These bonds are assigned to the Central Bank for borrowing loans.

Progress of Sale of Thrift Labels.

	Rs.	A.	P.
As on 1-7-41	2,205	12	0
Collections during the year	5,449	2	0
Refunded by way of adjustment ...	5,110	13	0
As on 30-6-42	2,544	1	0

Collections by Sale of Thrift labels (month-war).

		Rs.	A.	P.
1941	July	943	12	0
	August	512	1	0
	September	316	12	0
	October	120	7	0
	November	288	13	0
	December	1,100	8	0
1942	January	345	3	0
	February	588	11	0
	March	282	10	0
	April	161	13	0
	May	337	14	0
	June	433	11	0
	Total ...	5,449	2	0

Thrift labels are sold to members daily at their houses and fields, by the cyclist propagandists of the Bank. They regularly visit cherries and collect savings of the agricultural labourers daily. The amounts are credited to their individual accounts and they are given the facility to adjust the accounts so accumulated to their loan account at the end of the year. Thus they were able to purchase rice and cloth out of their daily savings. The loans in kind were disbursed to the agricultural labourers in the off-season, when they could find no work. It is during these times, the capitalist agriculturists advance loans to the labourers and make them slaves. By taking advances from the ryots in the off-season, the labourers undersell themselves, and work for low wages, in the harvesting season. It is with a view to free them from the clutches of the capitalist agriculturists that loans are advanced to labourers in kind and these amounts are realised daily during the harvesting season, out of their daily earnings.

During this year 842 loans for an amount of Rs. 12,122 were granted to these agricultural labourers. They are regularly paying the amounts out of their daily savings. 418 bags of rice worth Rs. 5,852 were supplied to the members and the whole amount was realised by the sale of thrift labels.

Profit.

		Rs.	A.	P.
1937–38	...	62	3	6
1938–39	...	651	4	9
1939–40	...	549	12	0
1940–41	...	1,564	4	0
1941–42	Gross ...	1,901	0	0
	Net ...	1,700	0	0

Dividend.

The Bank declared dividend at 6¼ per cent. per annum to members in the first year. In the subsequent years it has been paying at 5 per cent. per annum. In the year 1940-41 the Bank paid dividend at 6¼ per cent. per annum.

Non-Credit Work.

Supply of Manure:—400 bags of groundnut cake were supplied to the members of the Bank to manure their fields. The Bank is maintaining a Reading-room by subscribing to the daily newspapers from out of Common Good Fund. The Registrar has permitted the Bank to purchase a radio and the Bank is maintaining one.

This year 30 students were given practical training in the Rural Reconstruction work for 3 months with the financial help given by the G. V. Sivarao Memorial Trust. Lectures were given by prominent workers on the following subjects:—Co-operation, Village Panchayats, Agriculture, Library Movement and Scouting. Some of the members of the Bank and our staff regularly attended the Scout camp. Rover scout troop has been formed.

With a view to popularise bee-hiving, bee-hive boxes are maintained in the Rural Bank for propaganda.

Three of the boys who have undergone 'Rural Guides' Training are appointed by the Government as food propagandists to carry on food campaign. One propagandist is specially deputed in the Bank area to supply pure seed to the agriculturists. Special varieties of paddy seed were supplied to the members of our Bank for seed multiplication in this area by Agricultural Department.

Staff.—The Bank is maintaining one Manager on Rs. 40, whose services are lent by the Central Bank and 3 clerks who have passed S.S.L.C., with typewriting qualification.

One of the clerks has undergone training for 3 months in the Central Co-operative Training Institute, Madras. The Collection Agents were appointed to attend to the collection of overdues and sale of thrift labels. Two peons are also serving in the Bank. The Bank is able to maintain the staff out of its own resources.

We have all need to remind ourselves and to acknowledge that pride is the root of evil. In spite of it we flatter ourselves and adore our own ideas, we make a law of our opinions, and everything must give way to our desires.

Registrar's Circular.

Rc. 5747/42-C. *2nd September, 1942.*

Sub:—Co-operative Stores—Primary Stores—Supply of sugar and kerosene to members and to non-members.

The Registrar learns that a Co-operative Stores, to which sugar was supplied in sufficiently large quantities through the good offices of the Collector of the district for sale to members of the public, refused to sell the stuff to non-members. There have also been specific complaints against some Co-operative Stores of late. Stores are no doubt aware of the fact that widespread distress is prevalent everywhere on account of the shortage of some commodities like sugar, kerosene, etc., and that merchants and middlemen have exhibited a tendency to exploit the situation for undue profiteering. Co-operative Stores are one of the agencies expected by Government to counteract such a tendency and to influence the market in the direction of maintaining a reasonable level of prices. It is for this reason that Government have permitted Co-operative Stores to sell to non-members also for the duration of the war. Government have also been giving them encouragement and preference in the matter of transport facilities, finance in some cases, and facilities for storage. It is therefore just and proper that stores societies should realise the moral responsibility imposed on them to ensure a fair and equitable distribution of the commodities supplied to them, as far as possible, amongst the members of the public, particularly in the case of articles whose supply and prices are controlled by Government. It is for these reasons that the Department which was against sales to non-members during peace-time, has changed this policy for the duration of the War. It is true that the stores are intended primarily to serve their members, but during periods of exceptional strain and stress like the present, they should place the larger interests of the community above those of the members. It is only by such valuable service during critical times that the potentialities of the Movement can be brought home to the masses. It is also only by such a generous gesture, that the stores can enlist more and more members, have more share capital and be stronger still to face the post-war economic troubles. The Registrar, therefore, trusts that stores societies will make no invidious distinction between members and non-members so far as sales are concerned, because all the concessions and facilities extended by Government are, it must be remembered, met from the revenues paid by the general tax-payer (members as well as non-members). It is suggested that every retail stores should have a prominent notice posted up to the effect that non-members also can make purchases.

If any stores refuses to fall in line with the policy laid down above, the question of withholding State help and other facilities to it or of taking suitable action to compel it to serve the larger interests of the community will have to be seriously considered.

In view of the great demand both from members and non-members for the supply of their requirements it is obvious that the societies may be in need of large finances. It should be possible for the Central Banks and the Madras Provincial Co-operative Bank, to provide the necessary funds subject, of course, to the usual safeguards to ensure the safety of funds. If stores feel a real need for funds, they may approach the local Central Bank through the Deputy Registrars and see that the expectations held of them by the public are fulfilled.

News and Notes.

Marketing of Weaving Centre Products.

The Government of Madras have accepted the proposal of the Yarn Commissioner that the disposal of goods produced at the weavers' relief centres in Salem and Bellary Districts and the weaving centres proposed to be organised under the supervision of the special staff working under him, should be entrusted to a separate staff of paid canvassers and that the goods should be adequately advertised. The canvassers should not only promote ready sales from the stock on hand but also study the market with a view to modify production to suit requirements from time to time.

Distribution of free seed.

The Madras Government have also sanctioned the proposal of the Director of Agriculture to distribute the seeds free of cost to poor and deserving ryots who are willing to cultivate food crops on uncultivated lands. Rs. 2,400 will be devoted to the scheme during the current year.

Weavers at Rajahmundry.

A business meeting of the representatives of the Weavers' Co-operative Societies in East Godavary district was held in the office of the Deputy Registrar of Co-operative Societies, Rajahmundry. The Deputy Registrar explained some of the defects in the working of these societies and emphasised the need for standardisation and regulation of production to suit the changing tastes of the people and for a better and more profitable division of labour among the societies in the district. The representatives desired quarterly meetings with a view to periodical stock-taking of the work of the societies in the district.

Hand-pounded rice exempted from maximum price order.

The Government of Bombay have exempted hand-pounded rice sold by shops organised by the All-India Village Industries Association, from the operation of the order regarding maximum prices for the sale of rice in Bombay City and suburbs. The exemption has been granted because the cost of hand-pounded rice is higher than the rice processed in mills and in view of the fact that the sale of hand-pounded rice is very limited.

Food Production Campaign in Madras.

As a part of the proposals connected with the "Grow more food" campaign the Government of Madras have sanctioned the Director of Agriculture's proposal for multiplication and distribution of cumbu grain No. 8 in the Koilpatti Taluk of Tinnevelly District during the current year at a cost not exceeding Rs. 600. The Government have directed that a food production week be celebrated in rural areas in the Presidency. The celebration may be held in a convenient week in advance of the principal sowing season. The Board of Revenue and the Director of Agriculture will draw up a sample programme for the week to be adopted with modifications necessiated by local conditions.

Inauguration of a Society at Guntur.

"The Guntur District Co-operative Whole Sale Society should set an example to other stores by supplying all commodities to the public at the prices fixed by the Government and also be ready to cater to the needs of the public even in times of disorder and unrest" observed by Mr. P. A. Menon, I. C. S. Collector of Guntur, while declaring open the Guntur District Co-operative Stores before a large gathering. Mr. J. Kuppusamy Chowdary presided on the occasion.

A scheme to organise Co-operative Societies for the Hill-men of the Agency in the Vizagapatam District.

Government having approved of a scheme submitted by the Deputy Registrar of Co-operative Societies, Vizagapatam, to organise a Co-operative society for the hill-men of the Palakonda agency. Government have sanctioned a Co-operative Inspector and a peon and have permitted the Inspector to work as the Secretary. They have also permitted the local Tahsildar and Forest Range Officer to be ex-officio President and vice-President respectively. The objects of the society are to arrange better markets and secure better prices for the hill-produce of the members and to supply their needs at reasonable rates. The society will be linked up for the purpose with the Palakonda Co-operative Stores for the present. The society will also give small credit facilities to its members. To enable this the Government have been also pleased to amend the Agency Act, permitting the pledging of land in favour of the Co-operative Society. It is the desire of the department to start more societies of the type and to link them up with the fast developing co-operative stores all over the district to their mutual advantage, the agencies being rich productive places.

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