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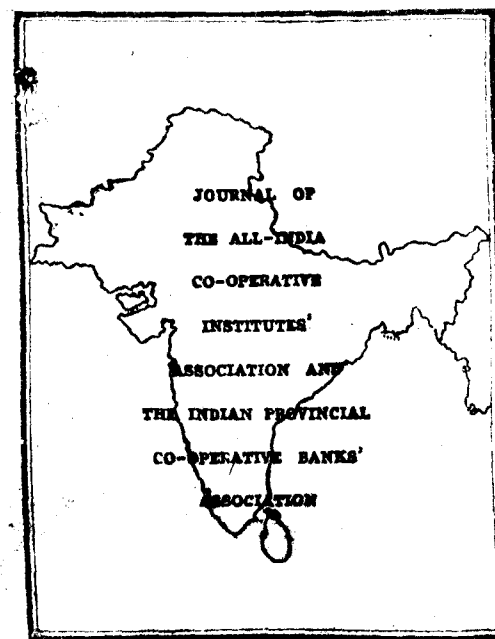
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JULY—SEPTEMBER, 1942

The



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*Published Quarterly*

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**THE
INDIAN CO-OPERATIVE REVIEW**

VOL. VIII

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NOTICE.

The printing of the October—December, 1942 issue is now almost complete and it will be despatched to our subscribers before the end of this month. Subscribers who have not yet paid subscription for Vol. VIII (1942) of the Review, are requested to remit the amount immediately.

15th Feb. 1943.

Manager.

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THE INDIAN CO-OPERATIVE REVIEW

VOL. VIII

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EDITORIAL NOTES

AGRICULTURAL DEVELOPMENT AND CO-OPERATION

The shortage of food supply and soaring prices of food grains which are among the serious effects of the war on our national economy naturally lead to a large output of literature on food supplies and prices. For some time the objective of the Government was conceived to be limited to elimination of artificial shortage and scarcity of articles of food by prevention of hoarding stocks by producers, dealers and consumers and by getting them on to the market so as to ensure fair distribution to the ultimate consumers, supplemented by prevention of exports beyond the Provincial or State boundaries and affording facilities for transport from the surplus areas to the deficit areas. But it is now recognised that these measures afford only partial relief and do not help to adequately solve the acute problem of food supplies with which the country is faced. Among the various remedies suggested, the one on which new light is sought to be focussed is exploring of the potentialities of intensive and extensive cultivation of food grains by tapping all available resources of the country. The importance of awakening the agriculturist to the immensity of the problem and enlisting his active co-operation in carrying out the "Grow More Food" campaign by suitable forms of State aid and concessions is now fairly well realised. But the appeal in this connection from every quarter is only to individual effort and we have not found any evidence of recognition of the fact that associated effort by way of co-operative or collective farming is likely to yield better results than individual effort. In other words, the idea of organising the agriculturists for co-operative or collective effort has not so far seriously engaged the attention of either the Government or the public.

Nevertheless at a time when an intensive drive for increase of crop production is in active pursuit, a survey of agricultural development in India by an expert in the line is bound to prove both interesting and profitable. Programmes of agricultural development are really integral

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parts of a comprehensive planning of rural reconstruction to which co-operators have always attached great importance. In a paper read before the India and Burma Section of the Royal Society of Arts, Sir Bryce Burt a former Vice-Chairman of the Imperial Council of Agricultural Research has thrown some useful light on the work of the Central and the Provincial Governments and the Imperial Council of Agricultural Research in promoting the development of agriculture in India in the decade between 1929-39. During 9 years in that period the Government of India placed at the disposal of the Agricultural Research Council funds amounting to about one million sterling and in the year 1939 one hundred research projects were receiving financial aid and three hundred research officers and scientific assistants were being maintained. Sir Bryce expressed the view that the average yield per acre of several crops in India had been raised by means which resulted in enhancing the monetary regard to the grower and providing him with more and better food for his family and his cattle. He illustrated his point with reference to important crops like cotton, jute, sugarcane, rice, wheat and tobacco. He further cited statistics to show that the area under improved varieties of certain crops also increased bringing substantial additional income to the ryot.

In the first place, it must be said that conclusions based upon agricultural statistics as at present prepared and published in India are subject to several infirmities. It is common knowledge that the system of agricultural statistics in India is very defective and requires considerable improvement before the data presented thereby can be accepted as quite reliable. In this issue of this Review we have published an article contributed by Dr. P. J. Thomas and Mr. N. Sundararama Sastry of the Madras University, in which they make out a good case for the improvement of Indian agricultural statistics.

In the next place, valuable undoubtedly as Sir Bryce's contribution is to a subject of great topical importance, we are left with a feeling that the picture painted by him is too rosy and that the realities of Indian agriculture to-day do not warrant some of his conclusions; when tested in the light of the economic plight of the grower of various crops. To give only one illustration; no one in India questions the fact that the plight of the grower of Indian short staple cotton is a source of great anxiety to all well-wishers of the Indian farmer. Expert bodies like the East India Cotton Association and the Indian Central Cotton Committee have also expressed their deep concern for him. The same may be said with regard to growers of some other important crops also.

In the course of the discussion that followed the reading of Sir Bryce's paper, several retired officials from India took part. The out-

standing contribution to that debate, however, came from Dr. Harold H. Mann, who voiced the feeling of the Indian economists and publicists faithfully. He said that while all wished for an increase of production, the increase would be of little value to agricultural population unless we could ensure that the increase of production went into the life of the Indian cultivators. We have often drawn attention to the fact that a substantial portion of the large margin between the price paid by the urban consumer and that obtained by the rural producer is intercepted by numerous intermediary agencies who are engaged in the work of marketing and distribution of agricultural products. Neither the Central Government nor the Provincial and State Governments have made any systematic attempts to ascertain the actual reward obtained by the primary producer as a result of the improvement in cultivation and rise in prices. We remember having read some years ago a report of a marketing expert in Bombay that the fruit growers in the Poona district who were helped to develop better varieties and increase the yield with the aid of agricultural experts, obtained one rupee as the price of fruit exported by them to the Bombay City markets for a quantity which was sold to the Bombay consumers at Rs. 22. Though the disparity may not be so alarmingly great in the case of food grains yet the interception of the return to which the primary producer is legitimately entitled is substantial and requires the serious attention of the Government. So Dr. Harold H. Mann's note of caution is well-meant and timely.

We are of opinion that the proper solution for the development of our agriculture and ensuring fair return to the cultivator lies in the adoption of principles and practices of co-operation in relation to the growing processing and marketing of the cultivators' produce. The agriculturist must be helped to grow more food and cash crops to improve his income and this aim can be best achieved by encouraging co-operative farming and the promotion of schemes for the collective acquisition and co-operative use of the more expensive types of farm machinery and equipment.

The establishment of closer relation between the farm and the factory can succeed only by the elimination of needless middlemen which is one of the main aims of co-operation. We hope and trust that the potentialities of the co-operative movement as a powerful factor in post-war organisation of agricultural development will receive greater and more real attention from the State and the public.

HARIJANS AND THE CO-OPERATIVE MOVEMENT

In schemes for the reorganisation of our rural economy the services which the co-operative movement can render to landless agricultural

labourers, particularly the Harijans, who constitute the bulk of them are naturally engaging increasing attention of co-operators. We publish elsewhere in this issue an interesting article on an experiment in rural banking which sets out the services that a co-operative rural bank can render to such classes. An analysis of the membership of the Alamuru Rural Bank shows that out of a total membership of 1,826 the Harijans number 830 and constitute the single largest group of members of the bank. A study of the operations of the bank also shows that the financial and other forms of economic assistance given to the Harijan members are by no means negligible. The objective data relating to the experiment set out in the article demonstrate that the impression that the poorer and particularly the landless classes have no place in a co-operative society and cannot obtain any credit or allied services from it are not quite wellfounded. Here is clearly an example of the type of co-operative institution which can render useful economic services to the Harijans, though the scope for such services under the present conditions is limited.

The Government of Madras have started a land colonisation scheme for rural labourers the main features of which are set out in a note published elsewhere in this issue. Under this scheme the land is assigned to and held in the name of co-operative societies formed for the purpose but the holdings are distributed by them to their members for individual cultivation. Up till now 16 such colonisation schemes have been sanctioned. Though the land is assigned to and is held by co-operative societies the Government's scheme does not contemplate or promote co-operative and collective farming unlike the Alamuru experiment. The Madras Government in a recent press note state that "it is not practicable at present to attempt co-operative and collective farming in view of the conservative outlook and lack of education of the ryots." This is a time-old plea and is extremely unconvincing. How long rural India will have to wait for the eradication of the conservative outlook and liquidation of illiteracy among the ryots under the present system of administration, no one can foretell. The Madras Government further state that they have decided not to start any new colonisation schemes even for individual cultivation by members of co-operative societies at present and that they prefer to watch the working of the schemes which are already in being before further expansion is attempted. We must say that it is caution and conservatism carried to excess in dealing with a vital economic problem, on the proper solution of which any successful scheme of rural reconstruction can be attempted.

We are not unconscious of certain fundamental disabilities under which the Harijans have laboured for centuries and still continue to labour,

which constitute serious obstacles to their economic betterment. The Harijans are denied the civic rights to which they are legitimately entitled and occupy an inferior place in our social structure which must be said to be archaic in the extreme and unsuited to modern conditions. Their backwardness educationally and economically can be largely traced to this social malady. Co-operative movement cannot be expected to make real head-way so long as such disabilities are allowed to persist. So co-operators cannot be indifferent to the removal of these disabilities. The second great disability which is really a corollary of the first is the state of perpetual debt bondage of the landless field labourers. The Madras Committee on Co-operation, 1940 has drawn attention to several forms of such bondage. In the case of the rural labourers who are virtually in a state of slavery to their creditors "the adoption of administrative measures for the introduction of legislation to scale down the burden of accumulated debts and to control conditions of future money lending" will not, in our opinion, by themselves avail much to bring about a change in the economic position and environment of this class of people. In their case executive and legislative action of a very different kind will have to be taken. An example of such action is to be found in the Agency Debt Bondage Relief Regulation of 1940 promulgated by the Madras Government. The past debts of this class of people should be completely wiped out by legislative action and they must be started on a clean slate of economic life even as field labourers with stringent restrictions on the bigger agriculturists and the rural money-lending and trading classes exploiting the needs of these helpless people. Now that the Government do not seem to be convinced of the practicability of promoting co-operative or joint cultivation among such classes of people, it is clearly the duty of the co-operators to organise Harijans for such purposes. We hope that the Government will help this effort on the part of co-operative organisations by at least passing suitable legislation to completely free this class of people from their past debt bondage commitments.

PROBLEMS OF THE STORE MOVEMENT

In the last issue we published a cablegram sent by the Vice-President and Administrative Secretary of the International Co-operative Alliance, London, appreciating the services of the Triplicane Urban Co-operative Society in assuming the functions of food supply during war emergency. This appreciation was followed by an interesting note on the subject in the September issue of the *Review of International Co-operation*. We are glad to publish in this issue a very informing article on the development of the Consumers' movement

generally, and the work of the T. U. C.S. in particular, by Dr. P. S. Lokanathan of the Madras University. He raises many questions of topical importance which we have no doubt will receive the careful attention of our readers. One of the many points raised by him is the question of financing the stores, whose number and turnover have rapidly increased since 1940-41. We agree with the view expressed by him that the primary stores should not be compelled to derive their finances from the co-operative credit agencies through the medium of the wholesale stores where they exist. These wholesale stores are themselves yet in a very undeveloped state and some of the primary stores are able to command better and cheaper credit from co-operative credit agencies than these new wholesales. Even in the sphere of pure co-operative credit it has taken a long time to make the central bank the sole financing agency of rural credit societies except to the extent they may be able to secure their working capital from their members' and non-members' local deposits. Even to-day many urban banks do not borrow, except at their choice, from the central banks but rely on the money market. Often they compete with the central banks for deposits. The question of financing of the primary consumers' stores essentially belongs more to the category of urban co-operative credit which shows marked differences from rural credit. We also agree with the view expressed by Dr. Lokanathan "that co-operation is as much a method of profitable production as efficient distribution". We are however somewhat sceptical about the possibilities of co-operative wholesales, even when better organised and more fully developed, successfully evolving their own productive machinery. Even in England the attempt has not been a great success so far. But the scope for organising the agricultural producers on a co-operative basis and linking up agricultural producers' societies with the consumers' stores is immense. The problem is one of great importance in post-war planning for the reorganisation of rural and urban economy of India.

THE MADRAS REPORT ON CO-OPERATION, (1940-41)

We publish in this number of the Review copious extracts from the interesting, rather exciting, report on the Working of Co-operative Societies in Madras for the year ended June 1941. We regret the inordinate delay in the publication of summaries of this and other provincial reports. But it was due to the pressure for space in the last two numbers and the difficulty of getting out this number in time.

In our last editorial notes, while dealing with co-operative education and propaganda, we referred to the retrograde views held by the ex-Registrar of Madras as expressed in his Report for 1940-41. His con-

temptuous references to what he called "the evangelistic propaganda" of non-official co-operators and his extravagant estimate of 'the most effective' instruction imparted by Departmental inspectors provoked the *Madras Journal of Co-operation*, which had generally been a supporter of his regime, into characterising the scheme of education by an itinerating Inspector of the Department as 'wooden' and lacking 'continuity, permanence and purposeful vigour.'

The rest of the report is couched in more or less the same vein as readers will note. It is indeed a bit of autobiography wherein the Registrar has reviewed his own achievements for three years and compared them with the previous record of progress, particularly his policy of expansion of societies of different types, the steps taken by him for what he calls "the strengthening and purification of the movement" and his attempt to make co-operative institutions more 'businesslike' by bringing in depositors and businessmen to their boards of management. No one in Madras would fail to recognise the extraordinary enthusiasm shown by this Registrar for the organisation of a large number and variety of non-credit societies and the "vigorous drive kept up in liquidation of deficit societies."

Thanks to his initiative and infectious enthusiasm and to the abnormal economic conditions created by the war, we have at present a very large number of stores and sale societies. But to what extent these are genuinely co-operative and will survive the artificial fillip given to them during the war remains to be seen. Already some of the most advertised stores societies have ceased to function and the wholesales, sale societies and marketing federations are working in a manner never intended. While we concede that there is great need for expansion, it must be done after, at least along with, the education of the would-be members of societies on their rights and duties. The willing co-operation of non-official leaders can be secured only by friendly discussions and not by browbeating them into acquiescence, and then talking of "greatest manifestation of realistic sense of co-operators." This method does not succeed for a long time, and it is no wonder that some erstwhile supporters turned into bitter critics of excessive official interference.

According to the Registrar, the report of the Vijayaraghavacharya Committee on Co-operation, which sat for more than a year and made the most elaborate enquiry and submitted an exhaustive report with a number of proposals aimed at the reorientation of the movement in the Presidency on lines which have commended themselves to the enlightened co-operators, not only in Madras but all over India—as the pages of this Review would show—that report is not so important as the orders

of a Government, which is functioning without a legislature and a responsible ministry, on that report based on the recommendations of himself. No reasons have been given for rejecting the "more revolutionary among the proposals." If really "no radical departure was contemplated from accepted tradition and practice", as regards the constitutions and functions of societies, why should rules be framed by Government in contravention of the existing methods of management of societies and more and more power vested with the Registrar and his deputies to control and interfere in their internal administration?

One of the rules framed by the Madras Government is that no co-operative banks (except land mortgage banks) shall lend for more than three years, and that the Registrar shall allocate the proportion of loans, between long and short term within these three years. If land mortgage banks can lend only for twenty years, and the other banks or societies only for three years at the most, who is there to fill the gap for loans for intermediate periods? Is it seriously contended that there is no need for such inter-term loans? This is one of the rules which are expected to usher in the new business era of co-operation. The Vijayaraghavacharya Committee, with a view to reconcile the limitations of the credit institutions working on the basis of short-term deposits with the needs of the agriculturists, without impairing the soundness of the institutions, recommended that inter-term loans in suitable cases and for productive purposes might be granted up to seven years. No valid reasons are given by the Registrar for not accepting this recommendation of the Committee.

We are in entire agreement with the Registrar in his categorical rejection of the idea of the small-type banking union advocated by the Reserve Bank of India. We have always held the view, and we are glad to see the Registrar expressing the same view after three years' experience, that the co-operative central banks in Madras are in general reasonably sound institutions. Many of them "are as good as the major scheduled joint stock banks; and they have weathered the lean years of depression in a remarkable manner. They are congenial to the genius of this province; and I should look upon any attempt to break them up into small banking unions with a good deal of apprehension." His attempt to revive and strengthen local supervising unions with the financial aid and general (non-detailed) control over the union staff by the central bank is a reasonable compromise between excessive centralisation and excessive local autonomy. It is well worth a serious trial not only in Madras but in other provinces where central banks function well.

ECONOMIC DEMOCRACY IN CHINA

By

VAIKUNTH LAL MEHTA,

Managing Director, Bombay Provincial Co-operative Bank.

To-day, China exercises a peculiar fascination over India. That may be due partially to the cultural contacts which China has had with India from times immemorial. It is due, largely, to the manner in which the Chinese nation has, as it were, been reborn and has struggled, first, with the question of internal growth and, later, with the still more acute problems of external aggression. The problems of no two countries are alike, nor are the internal or external conditions. But, if there is any country in the world which comes nearest to India in the vastness and diversity of its terrain, the density and magnitude of its population, and the placidity and submissiveness of the people in the countryside, it is China. China, however, to-day is not what it was a decade ago. A new unity has been born and a new consciousness created in the face of external dangers. There has emerged a will to make the nation strong, to reorder its political and social life, and to build a sound economic structure, so that not only can China's millions be prosperous and happy but that China can play the part in the comity of nations, to which it is entitled by reason of its culture and its size.

The renaissance that has taken place has been all-round—cultural, social, political and economic. It is in the last-named aspect that co-operators are most likely to be interested, though the manner in which political reorganization has been brought about or the "new life movement" pushed ahead has many lessons for co-operators and students of economics. The bulk of this achievement has taken place under the stress of war conditions, a fact which redounds greatly to the credit of the nation and its leaders. As is observed in the Preface to a recently published book on this subject,* "that China can lay firm foundation for her new society and State under such difficult conditions shows the fine fibre of her people and foretokens yet greater advance after the war." The volume which has been compiled by a number of writers, men and women—American,

**War-time China, as seen by Westerners.* The China Publishing Co., Chungking, China.

British, Canadian and Danish—represents a valuable addition to the stock of literature that interprets new China to the English reading people in other countries. The volume is divided into five parts, the first dealing with cultural reactions and sociological changes, the second with rural reorganization, the third with science and health, and the fourth with Christian missions and religion. The closing chapter gives a pen picture of social and domestic life, while the opening chapter contains a vivid character sketch of Generalissimo and Madame Chiang-Kai-Sheik, who have added, by the force and charm of their personalities, to the glory and lustre of modern China.

China's economic problems are summarized in a chapter, which begins with the statement that the economic programme to which China is committed is the same as was outlined twenty years ago by Dr. Sun Yat-Sen. This programme is threefold: the socializing of communications, industry, mining and distribution; the restriction of private capital to the improvement of social conditions and to minor industries, and the equalizing of land ownership. The efforts made to implement this programme, albeit gradually and by stages, are set forth, at some length, in the chapter. Agreeing with the principle of basing land policy on the need for providing the people's livelihood, measures, administrative and legislative, have been introduced, enabling those who work the land to become its owners; and the transfer of land from land-lord to tenants is being effected gradually with the assistance of loans provided by the Farmers' Bank of China. Government make available waste lands or lands acquired from land-lords. These are assigned either to small farmers individually or jointly to co-operative societies. The waste lands are allotted on the condition that the individuals or the co-operatives are to be allowed five years' free use in which to make improvements, after which period they will be subject to a payment of 15 per cent on the gross profits.

It is no use giving people the land unless that land is to yield to those who use it sustenance, if not a surplus for sale. The development of irrigation resources of all types has, therefore, been placed in the forefront of the policy of agrarian reconstruction in China, with the twofold object of increasing the avenues of rural employment and of adding to the food supplies of the nation. Notwithstanding the pre-occupations of a devastating war, the Government of China have embarked on ambitious schemes of irrigation. Apart from the schemes completed in various provinces in previous years, it is expected that in the year 1942 a total of 258 irrigation projects will be executed at an aggregate cost of \$137,246,806, irrigating an area of nearly 2,000,000 *mov*. Coupled with

the extension of irrigation is a programme for the construction of canals and highways and the improvement of facilities for water transport.

Behind these schemes of national planning, launched during the period of war, is the conviction that in its prosecution of the war, a Government has to employ more strategy to maintain a balance among diverse elements than to marshal soldiers. It is this desire that animates the policy of rural reconstruction covering the extension of educational and health services, the improvement of housing, apart from the measures designed to secure economic justice and welfare. In China, as in India, seventy out of a hundred families are dependent for their livelihood on agriculture, and eighty per cent of the total population live in villages. For this reason, economic aid for the farmer and the farming community has been an outstanding feature of national policy during the war years. In forging measures of price control, the interests of the tiller of the soil have always been kept in the forefront. The drive for food production too has been so organized as to put more money into the pockets of the agriculturist. The second line of action has been the increase of production by various means. The increase in total grain production from improved seeds was 42 per cent., from control of insects and diseases 32 per cent, and from fertilizers 16 per cent. Grain production increased by 25,000,000 bushels, vegetable production by 3,500 tons, cotton production by 11,000,000 pounds. Simultaneously there was a campaign to increase silk production, consisting of the planting of 7,600,000 mulberry trees, the growing of 101,000,000 mulberry seedlings for grafting and the production of 1,300,000 sheets of improved silk-worm eggs. Animal husbandry and the control of animal diseases also received considerable attention.

The third line of action was through the extension of facilities for credit. A special chapter deals with war-time banking services. Reference has already been made to the provision of long-term credit by the Farmers' Bank of China for the purchase of land by farmers. That bank has a monopoly for extending farm loans and assisting rural finance. The Bank of China is charged with the duty of dealing exclusively in foreign exchange business, while the Bank of Communications confines its attention to fostering industrial and economic reconstruction projects. The Central Bank of China fulfils the role of a bankers' bank. Under these are local and provincial banks as well as co-operative banks which come largely in contact with agriculturists and small producers. Since the outbreak of the war, co-operative banking is reported to have made good progress. There are three types of banks—national, provincial and municipal or county. Individual lendings made by these to farmers' co-operatives are on a small scale as in India, averaging about

\$ 20 per farmer. The loans advanced by these banks are for diverse purposes classified as under: for better seeds 9 per cent; for improved fertilizers 23 per cent.; for farm implements 2 per cent.; for buying and raising cows and hogs 2 per cent; for purchasing foodstuffs and paying wages and rentals 3 per cent., and for miscellaneous purposes 4 per cent.

Sometime after the outbreak of the war, a programme of development was drawn up at the first National Bankers' Economic Conference, which comprised the following items: (1) to increase war-time production; (2) to facilitate the flow of capital to the villages; (3) to make loans for the construction of granaries and take mortgages on farm produce; (4) to make loans for the purchase of seeds and fertilizers, farm implements and oxen and for irrigation; (5) to assist industry and commerce to move into the interior and (6) to simplify savings bank procedure so as to encourage thrift and collection of petty savings. This was followed by other conferences, which shows that, in a national crisis, a bank is regarded in China as something far more important than a financial institution lending funds in order to make profit for itself. The banking system has a duty to perform in providing machinery to facilitate productive activities. The same attitude is visible in the scheme of savings bonds, authority to issue which is vested in the "big four", and the Postal and Remittance Savings Banks. Unlike the system of postal savings banks and cash certificates in India, where the funds are drained away to the central exchequer, in China a regular plan has been drawn up for the use of the funds obtained by the issue of savings bonds. These funds are to be employed for the following purposes: (1) for all constructive enterprises having a bearing upon national defence; (2) for land reclamation, improvement of irrigation, and promotion of agriculture, forestry and animal husbandry; (3) for development of industry and mining; (4) for the development of communications; (5) for the promotion of co-operative, productive and marketing enterprises; and (6) for all activities relating to economic reconstruction.

It is interesting to see how this programme has been executed by the banks, inspite of the handicaps provided by the war. One of the important war-time services of the banks has been to assist in the construction of temporary shelters to persons advised to move into the interior. Another has been to develop the border regions in the interior and attend to finance the improvement of irrigation. Farm loans granted by the "big four" in 1941 amounted to \$ 498,561,000, and assisted 6 million farmers mainly through rural co-operatives. Most of these loans were for increase in agricultural production. Loans allowed for irrigation projects amounted to over \$30,000,000.

It is not the increased agricultural production alone, however, that has been the concern of the people and the Government of China. Planning has been resorted to on a basis and on a scale which have elicited encomiums all over the world at the success attained in securing readjustment, reorganization and development of the country at a time when it was in danger of collapse in the face of the onslaught by Japan. The present writer has written more than once about the romance of the Chinese Industrial Co-operatives and does not propose, therefore, to treat on the subject at any length in this article. But no survey of war-time China can be complete without a reference to these institutions which, as is observed in the chapter on the subject in the volume under review, represent a new technique that has, even under the stress of the war, adapted production to the nature of the available raw materials, including the human material, and constitute an admirable effort to transplant democracy to the industrial sphere through a nation-wide organization. The organization of industrial workers and farmers around common interests is a step towards economic democracy which has given the farmers a new standing in society and in the life of the nation.

The following table* well brings out the development of co-operation that has taken place in recent years:—

Year.	Societies.	Membership.	Capital.
1937	46,983	2,139,634	..
1938	64,565	3,112,629	...
1939	91,426	4,366,758	..
1940	146,297	7,572,107	25,523,300
1941	168,402	9,708,466	48,201,887
1942 (September)	172,995	10,473,550	76,826,364

The societies had a total indebtedness of \$312,263,696, the credit societies being responsible for \$113,187,762 out of this amount. While, formerly, most of the borrowings were from Government, the loans are now taken on a business basis, almost exclusively from the Farmers' Bank of China. Of the 111,628 ordinary type of societies, 92,567 were credit societies. Industrial co-operative societies numbered 5,795; farm pro-

*Vide *China Information Bulletin* (Calcutta Edition; November, 1942).

ducers' societies 7,681; consumers' societies 2,457; transportation societies 2,128; supply co-operatives 664; public utility 362, and insurance 7. Other societies were for counties or groups and were mostly of the general purposes type. The figures of industrial co-operatives given in the book under review are 1,731 societies with a membership of 25,000 persons and employing half a million seasonal workers. The total capitalization amounts to \$28,000,000 and the figure of monthly production is the same. The goal that the originators of the movement set before themselves was the formation of 30,000 societies. Though this number has not been reached, and while there was some attempt at consolidating the achievements, the slogan for the movement in the current year is stated to be "double your membership and triple your production."

A feature of the working of the C.I.C. distinguishing them, according to the writer of this article, from other industrial undertakings is that they are the only productive organizations which can pride themselves in being generous in spreading their discoveries, inventions and modernized adaptations of old methods and machines. For, it is only by pursuing that path of making knowledge easily accessible that the Co-operative Movement in China has been able to achieve its purpose of enhancing and improving production and advance on the road industrialization on an equalitarian basis. There is another feature on which the writers comment with satisfaction. The C.I.C. is the only economic organization under which social and cultural benefits develop naturally by the very necessity for forging ahead. No factory, no agricultural plant, no bank, no business, it is observed, will establish schools, training centres, health clinics and other non-profit bearing services to raise the qualifications of those in its service unless compelled by labour legislation. But it is added, for the C.I.C., the education and health of its members is the *sine qua non* of its existence and progress.

One of the most welcome developments of the Co-operative Movement in China is the close association with it of women in all strata of society, from Madame Chiang-Kai-Sheik to the poorest of the refugees and the unemployed. This association has come about as a result of the determination among the leaders of the women's organizations in the country to employ the strength that comes through large numbers and through joint thinking and planning. They have thrown their strength into the tasks of basic construction, tackling problems of livelihood, revival of industries, industrial training and crop improvement. Thousands of women have learnt to spin and weave, to improve silk cocoons, to knit and embroider, and to make the articles needed to meet the immediate economic demand. A Women's Department of the Chinese Industrial

Co-operatives was started in 1939, and among its earliest tasks was the organization of peasant women and refugees. This type of activity, it is pointed out by the writer of the chapter on the subject, has been helpful not only in raising the standard of living, but also it has meant a great gain—in national and social consciousness. The Industrial Co-operatives have lent themselves, especially, to that practice in participating in social and community effort which trains good citizens. The lesson in co-operative effort that the women all over the country have learnt is, the writer asserts, sure to aid considerably in creating a new nation built on democracy—a democracy of all its people, women as well as men.

This survey of war-time China brings out vividly the heroic efforts made by the Chinese nation to build a new democratic structure at a time when the country is engaged, in the physical plane, in fighting aggression. The fact that China is a free country, with a national government of its own, anxious at every stage to aid in this process of reconstruction, accounts largely for the achievements already recorded and the hopes held out for the future. All the same, one cannot but pay a tribute to the spirit of the people who, by organizing and co-operating, are gaining for themselves new and unexpected freedom, realizing their birth-right and feeling their power. The administrative reforms and economic organization have stimulated progress; but the most important aspect of the silent revolution has apparently been the change in the outlook of the Chinese people. The loosening of old customs, the acceptance of new forms of organization, the adoption of a scientific approach to reconstruction—all these indicate the change that has been wrought. It has imparted to the nation a spirit of freedom, initiative, spontaneity and determination that should, if this spirit continues to animate them, place the Chinese nation among the foremost peoples of the world. As the preface to the volume under review concludes, "the past five years, with all their sufferings and losses, yet give us a new pride in China, and we look forward to the next five years with courage and hope."

IMPROVEMENT OF OUR AGRICULTURAL STATISTICS

By

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AND

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The importance of Agricultural Statistics is greatly enhanced under conditions of total war. Agriculture provides the raw materials and foodstuffs so urgently required for war, and under conditions of modern warfare the control of such commodities is necessary both for supplying munition needs and for meeting civilian requirements. Therefore, in order to be able to plan warfare efficiently the crops in the belligerent countries must be carefully counted up and the deficiencies must be made good in time. Hence the great care with which the belligerent nations to-day maintain their agricultural statistics as accurate as possible. In fact this subject has come into great prominence lately and is dealt with by responsible ministers of state. Formerly only feeding of armies mattered; others managed to get their supplies as best as they could. But to-day the feeding of the civilian population is certainly not less important than the feeding of the men at war. Hence the heavier task imposed on the administration and urgent need for accurate facts regarding commodity supplies.

Even in normal times agricultural statistics are of great importance in international as well as internal trade. Under a system of international exchange the industrial countries of the West have come to depend largely on the primary producing countries in Asia and Australasia. Western industries cannot function without large imports of wheat, meat, cotton and oil-seeds from Asia and America. Therefore those countries are interested in knowing in good time the quantities of a commodity that would be available for sale and at what probable prices they would be sold. Such information is most valuable if it is known before the produce is garnered, because industrial producers and traders have to make their purchases in advance. In fact the whole mechanism of produce exchanges would function only if such information is available, and speculation which can be used as an agency for a proper fixation of prices may

turn out to be a snare and a delusion if the information about quantities available is either exaggerated or understated. It was to serve such a trade mechanism that crop forecasts were introduced in America in the last century.

By crop forecast is meant the estimate of the yield of a crop in advance of harvest. Such forecasts are of great interest to all businessmen and are always awaited with great interest by them. Those who have seen anything of the excitement which forecasts of the American cotton crop create in the produce exchanges of New York or Liverpool can realise the importance of such information in the complex system of trade and business going on in the modern world. To the traders these forecasts are important, because they have got to make forward dealings and must quote the prices at which they could supply certain commodities. They are also equally important to the manufacturers because they must know well in advance of the producing season at what price they could obtain their raw materials and at what costs they could produce a particular commodity. Similarly the forecast is important to the farmers, because by its help they could adjust their crop acreage and make the most profitable utilisation of their land. The bankers also have a great use for them, because they must know in advance what funds would be required for removing the crops. Hence the great importance of these forecasts in our present complex mechanism of trade and exchange. Any information about crop acreage and production is therefore promptly published in newspapers and broadcast by the radio to the commercial community eagerly awaiting information. It may be added that such information is also necessary for making estimates of national income in the different countries.

Though the importance of accurate estimates of crop production is being realized in India, we are not able to get such estimates owing to our lapses in previous years. There are three factors to be taken into account in estimating the yield of a crop in any region,¹ namely (1) the area, (2) the standard yield or normal outturn per acre and (3) the condition figure, representing the relation of the crop reported to the normal crop. If these three factors are known accurately, the estimated yield is obtained by the following formula:

$$\text{Yield} = \text{Area} \times \text{standard outturn} \times \frac{\text{condition factor}}{\text{normal figure}}$$

1. For a more detailed account, refer to *Indian Agricultural Statistics* by P. J. Thomas and N. S. R. Sastry.

It is acknowledged by all people that the statistics of the area under the important crops are fairly accurate in those parts of this country where land revenue is settled temporarily, due to the practice of keeping statistics of crop area up-to-date from year to year. But in most of the permanently settled tracts, the forecasts of area are based on the reports submitted by village headmen, which are often mere guesses. Owing to the heavy cost involved serious attempts have not been made in those areas to improve the agency for crop reporting; nor was there any great incentive for such action as revenue did not depend on it. Where important commercial crops are grown, however, there was external pressure in this matter. Thus in Bengal, the Indian Central Jute Committee sanctioned five lakhs of rupees in 1937, spread over five years for the improvement of the jute forecast. Prof. Mahalanobis undertook to evolve a scheme of sampling survey which would enable the estimation of the total area under jute with little expenditure of money and time. The preliminary work was done for 3 years, between 1937 and 1940, and the provincial sample census was made in 1941. Fortunately in the same year a detailed checking of the area sown with jute was carried out under the Jute Regulation Scheme. The estimated area from the sample method was 1,576 thousand acres and that based on complete enumeration was 1,533 thousand acres, i.e., a difference of about 3%. It was explained that the sample estimate referred to the middle of the season, and the official estimate to the end of the year, and if allowance were made for the difference in the time-epochs to which the different estimates refer, the discrepancy between the sample and the official estimates would probably be much smaller than that actually observed.² Even as it is, the margin of error is sufficiently small and if the experience gained in this crop is extended to other important crops, more reliable estimates of area even in permanently settled area can be assured. Of course, as in jute, a complete census should be taken once in 5 or 10 years to ensure the correctness of the estimates from samples, and make necessary corrections if any for the intercensal years. But the creation of a new agency to undertake this will mean additional expenditure for the concerned provinces, but in view of the importance of these statistics especially in war time and also of the fact that they are spending very little on village establishments, it is well that they set about doing it at the earliest date.

With regard to normal yield, the complexity of the definition, namely, "the average yield on average soil in a year of average character" is

2. Proceedings of the Indian Science Congress, 1942, part II, Presidential Address, pp. 456.

recognised by all. But there is a fundamental difference of opinion as regards the matter of fixing the normal yield. Bowley and Robertson expressed the view that if the direct method of estimating the yield in so many maunds per bigha, or bushels per acre, is introduced the double error in first fixing the normal yield and then expressing the actual crop in terms of this normal could be completely avoided.³ This, they say, allows greater attention to be concentrated on correcting any bias in the estimates of yield. But the general practice in different parts of the world and the general consensus of opinion which was reiterated by the Conference of Empire Meteorologists, held in London in 1929, is for the retention of the usual method. At present all statisticians are agreed that the standard yields should be fixed on the basis of some objective methods, e.g. crop-cutting experiments on a random sampling basis, instead of by the usual method of selection by the eye even if it be by the experienced officers of the Agricultural Department. The figures of standard yield of crops in India are based on the old methods, and though crop-cutting experiments on a scientific basis have been going on in Madras, the United Provinces and elsewhere the results have not yet been used in a revision of standard yields. Perhaps the Governments want to continue the experiments for sometime more before making any radical changes in their previous estimates of normal yield. But it is necessary that these changes should be made in all parts of the country simultaneously on the same basis, so that the figures for a particular period may be strictly comparable.

The seasonal factor gives the relation of the crop at the time of estimating the standard yield. Estimation of seasonal factor gives the greatest difficulty, and even in advanced countries like Great Britain and the U. S. A., where there are specially trained personnel for this purpose, estimates do not seem to be much more accurate. Pessimism seems to be ingrained in human nature, and in almost all instances estimates are below the actual figures, but the degree of error is found to be very great in India. Various methods have been suggested to correct the bias, the most important of which in India is the Stuart's correction.⁴ In this method the condition factor at the time of estimate is multiplied by a factor $C/\bar{C}$ where C is the seasonal factor for given year and $\bar{C}$ the average seasonal factor of the previous ten years.

As has already been pointed out, the product of these three factors gives the total estimated yield in any region. But the value of these

3. Report on the Economic Census of India, p. 39.

4. Vide *Indian Agricultural Statistics*, p. 24.

estimates will be enhanced only if they can be verified by an independent method. This is rendered possible by a study of the figures of consumption, foreign trade and stocks in U. S. A. and other countries. Even in India, this method can be adopted for commercial crops like cotton, jute, tea, coffee, rubber etc. But, for the main cereals, which are distributed in kind to labourers and retained for consumption by the producers, this method is not applicable. In cotton and jute the estimates were found to differ from the trade figures by even so much as 50 per cent⁵. Hence there is great need to devise methods of independent check.

In some countries attempts are being made to replace these subjective methods of crop forecasts by objective methods, for instance by connecting the crop yields with effects of weather on crops during the growing period, and by the relation between crop yields and meteorological factors and so on. The work is still in an experimental stage and great strides have to be made before these methods can be brought into practical use in forecasts. In fact, Dr. J. O. Irwin pointed out in his paper before the Royal Statistical Society that the full benefit of the work on the subject may not be received for 40 or 50 years!⁶ Meanwhile it may be useful to adopt the sampling method used for estimating the area of jute in Bengal to summate the yield of crops also. Various difficulties will arise when this is done. Investigators may indeed be able to get the people's consent and co-operation for measuring the area under the crop in each sampling unit, but when they proceed to find out the yield also, there may arise difficulties as this would involve some loss, to the owners, of the crop. Therefore greater co-operation will be required from them. Further, arrangements will have also to be made for reporting the exact date on which the crop will be ready for harvesting in each field. Areas of the different fields can be measured more leisurely with the help of a small number of investigators, but if a large number of sample plots are harvested simultaneously, there will be need for a larger number of investigators. Moreover while some crops like rice are harvested all at once, others like cotton are picked a number of times at intervals. Two or more crops may be successively raised on the same field in one year; in other cases, the crop may run for more than one year, and so on. There are many such practical difficulties, but they can be tackled successfully if the general principle of sampling is adopted. Even in the technique of sampling, a ready-made method will not be suitable for all

crops, and each case has to be explored in great detail, first on a small experimental basis, the scope of which can be extended later, as was done by Prof. Mahalanobis for jute.

It may be said that such reforms must wait till after the war, but this is a very unwise attitude to take up. It is in war time that agricultural statistics are most needed, and all wise nations therefore prepare for the future in advance. In India such preparations had not been made, at any rate in regard to food crops which now matter most, and hence the urgent need for taking measures to make good the deficiency as early as possible. We have no lack of trained technicians—statisticians, economists, agricultural scientists—to carry out the work, and the incentive provided by the war must be used to capital advantage for rectifying a deficiency which has been a serious impediment not only to scientific economic studies, but to essentially needed progress in economic amelioration.

5. *Ibid*, p. 31.

6. Supplement, *Journal of Royal Statistical Society*, Vol. V. p. 5.

AN EXPERIMENT IN RURAL BANKING

By

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There is a growing consciousness among co-operators and those who are interested in reorganising our agricultural industry that no tangible improvement can be effected in the economic position of the farmer unless the rural development schemes and the co-operative organisations deal in future with the life of the villagers as a whole and credit, farming and marketing are integrated. There can be no doubt that the most suitable agency for successfully handling the task is a multipurpose co-operative society. Though the idea of the multipurpose society is growing in popularity, and there is a wider recognition of its potentialities even in quarters which have been hitherto over-critical and sceptical, the Provincial and State Governments and Departments of Co-operation do not yet seem to feel enthusiastic over the scheme of developing multipurpose societies. Indeed some of them are opposed to it. The United Provinces alone seem to be encouraging the idea. There the "Village Bank" is making headway. In the year 1940-41 the number of village banks rose from 961 in the previous year to 2,214. Four hundred and sixty five new village banks were formed and 788 existing societies of unlimited liability type were converted into village banks with limited liability. In Madras, the Vijayaraghavacharya Committee on co-operation made a very guarded recommendation in favour of starting a few multipurpose societies by way of experiment in order to gain practical experience of their actual working with a view to expanding them if the experiment proved successful. Even before the subject engaged the attention of that Committee, the Alamuru Co-operative Rural Bank was registered, and it started on its work in 1937-38, as a special type society on limited liability basis for a compact group of villages within a radius of 5 miles of Alamuru. Its objects are mainly those of a well organised rural credit society supplemented by certain accessory functions intimately connected with agricultural industry. Among the objects of this society the taking on lease of Government lands with a view to let them to the Harijan members of the Bank is included and deserves special mention. The aim is to promote joint cultivation or collective farming of these lands by the Harijans, who are generally landless and do not get lands for cultivation on lease. This article is contributed to the pages of

the *Indian Co-operative Review* in the hope that an unvarnished presentation of objective data in regard to the actual results achieved by the working of the rural bank will do more to dispel the misgivings and doubts that still persist than mere abstract propaganda about the virtues of a multipurpose society.*

Area of Operations.—The area of operations of the Bank comprises 12 contiguous villages with an aggregate population of about 32 thousand and holdings whose extent is about Ac. 17,828-57 cents and the assessment Rs. 71,705. Two of the villages are Zamindari villages and the other ten Ryotvari villages. The acreage and the assessments given above are exclusive of the two Zamindari villages.

Alamuru, the head-quarters of the Bank, is on the eastern bank of the river Godavari. All the villages are in a semicircle. In the bed of the river, there are many fertile lanka lands where food crops such as jovar, chojum, pulses and commercial crops such as tobacco, castor-seed and indigo are grown. All the villages are deltaic villages. Paddy of which several varieties are grown, is the main crop. Sugar-cane and plaintain are the two commercial crops raised. Though the villages are deltaic and fertile, the condition of the masses and middle class is poor. Indebtedness is heavy. 75 per cent of the people are landless labourers and tenants. A large number of the owners (Pattadars) of the lands do not cultivate the holdings personally and several of them are absentee landlords.

Membership.—Persons of all castes and creeds living in the villages comprised in the area of operations of the Bank are admitted as members. On 30th Sept. 1942 the total number of members on the rolls of the Bank was 1,876. Out of this number, 830 members are Harijans and thus constitute the single largest group of the members of the Bank. There are 14 Mohammedans, 26 Christians, and 129 Brahmins; the others are caste Hindus of various subsects. Arranged according to occupation, agriculturists number 1,560, non-agriculturists 213 and those who pursue mixed occupations 103. Among the agriculturists numbering 1,560, 393 are cultivating landholders while 176 are non-cultivating landholders; 824 are field labourers and 166 are tenants. It will be thus seen that the large increase in the membership of the bank is due to the admission of landless agricultural labourers. As will be seen later, they receive small loans in kind mainly in the shape of rice and cloth. Pattadars owning lands are freely joining the institution as members, because the liability

*The author of this article was not only the Organiser, but has been the President of the Bank since its inception. He writes with first hand knowledge of the quinquennial progress of the Bank—Ed. I. C. R.

is limited. The Bank had a share capital of Rs. 745 in 1937-38, the year in which it was started. Share capital stood at Rs. 13,581 on 30th September 1942. The inflow of the share capital was steady and rose with the admission of new members and increase of transactions.

The Bank not only caters to the financial needs but renders other kinds of service to the members—ryots and labourers, tenants and landholders, agriculturists and artisans. Members having ownership in land are given loans on continuity bonds on first mortgages, short and intermediate loans for improvement of agriculture and necessities of life. Tenants are given short-term loans on standing crop with 2 sureties for cultivation expenses and payment of kist. Landless labourers are given loans in kind in the shape of rice, cloth and other necessities of life which are stocked and supplied by the Bank. Produce loans are given to cultivators to enable them to hold up their produce for a better market.

Borrowings.—The Bank is affiliated to the Ramachandrapuram Co-operative Central Bank and is financed by it. The Bank also received deposits from members and non-members alike, and deposits are freely offered by men of means both in the locality and outside. During the quarter ending 30th September 1942, the Bank received from depositors a sum of Rs. 15,424 and borrowed a sum of Rs. 10,900 from the Ramachandrapuram Co-operative Central Bank. The Central Bank is sanctioning loans to this institution on the security of its continuity mortgages. These mortgages are scrutinized in the Central Bank and after the financing bank is thoroughly satisfied as regards the value of lands and other particulars, the Rural Bank assigns these bonds in favour of the Central Bank by a registered deed in the same way as Primary Land Mortgage Banks do to get their loans from the Central Land Mortgage Bank. The financing bank sanctions upto 50 per cent of the value of the mortgaged property. Surety loans also are sanctioned by the Central Bank to the Rural Bank when the former is satisfied as to the repaying capacity of the applicants.

Borrowings Outstanding as on 30-9-'42.

	Rs.
Members' Fixed Deposits ..	6,300
Non-members' Fixed Deposits ..	32,642
Members' Current Deposits ..	3,359
Non-members' Current Deposits ..	4,465
Members' Thrift Deposits ..	1,887
Borrowings from Central Bank ..	45,767
Total ..	94,420

The Bank has also a cash-credit accommodation of Rs. 3,000 from the central Bank. The maximum borrowing capacity of the Bank is fixed at times the paid-up share capital plus Reserve Fund. The share-capital is Rs. 13,581. Reserve Fund invested is Rs. 10,768. Hence the maximum borrowing capacity works out to Rs. 1,94,792. There is still a margin of over a lakh of rupees to reach the limit of its maximum borrowing capacity.

Loans.—The Bank sanctioned an amount of Rs. 26,034 to its members under 1,188 loans during this quarter.

Loans classified according to purpose.

Purpose of Loans.	No.	Amount. Rs.
Supply of rice ..	1,067	9,639
Other family expenses ..	18	750
Purchase of cattle ..	2	270
Liquidation of petty debts ..	23	2,806
Cultivation expenses ..	57	6,304
Education ..	5	355
Purchase of land ..	3	650
Ceremonials ..	2	83
Petty trade ..	10	5,075
Purchase of sewing machine ..	1	100
Total ..	1,188	26,034

Loans classified as per security.

	No.	Amount. Rs.
Loans issued on standing crop and pledge of produce ..	4	2,855
On ever-continuity bonds on immovable property ..	66	6,204
Surety loans ..	1,118	16,075
Total ..	1,188	26,034

Loans classified as per period.

	No.	Amount Rs.
Short-term loans below one year ..	1,172	23,503
Below 2 years ..	5	725
Below 3 years ..	11	1,806
Total ..	1,188	26,034

Loans classified as per denomination.

	No.	Amount Rs.
Below Rs. 10 ..	876	9,519
Below Rs. 50 ..	226	6,506
Above Rs. 50 and Below 100 ..	42	1,785
Above Rs. 100 and below 250 ..	27	2,949
Above Rs. 250 ..	17	6,285
Total ..	1,188	26,034

Out of the 1,188 loans sanctioned during that quarter, 1,102 loans are below Rs. 50 amounting to Rs. 16,015. These loans were issued to Harijans and other landless labourers for purchase of rice, cloth and other articles of food. 1,067 loans for an amount of Rs. 9,639 are sanctioned specially for purchase of rice. In June and July, the agricultural labourers in this area have work in the fields especially during the transplantation season. In August and September, the agricultural labourers, both men and women, have no work in the fields. There are no subsidiary occupations for them. They are helpless during this period. During the harvesting season of November and December, they have again work in the fields and during this period they have good earning capacity. Owing to lack of work in the three months of August, September and October, they undersell themselves and borrow from landholders at exorbitant rates of interest. Then they become bond slaves for these petty debts.

Scheme of thrift labels.—With a view to rescue these agricultural labourers from the clutches of the agricultural capitalists, the Bank promulgated a scheme to advance loans in kind in the shape of rice and cloth for amounts not exceeding Rs. 10 to each member and collect the loans in

the harvesting season by the sale of thrift labels through the collection agents of the Bank. The thrift labels are introduced in this Bank to make effective collections from the wage-earners from their daily savings. Labels of several denominations from one anna to one rupee are printed in books and are perforated to be issued as receipts then and there for the amounts paid by members. Each denomination has its own colour and even the uneducated members can easily distinguish from the colour the value of each label. The collection agents daily submit the accounts of the sale of thrift labels in the evening to the Bank and these collections are posted to the various accounts of the members. There are two shandies (weekly markets) in this village. Generally these agricultural labourers attend these shandies and visit the Bank and verify their accounts. Each member is issued a pass-book. The collections are noted in the pass-book whenever they are presented. These savings are adjusted to the loan accounts of these members, as and when required by members. These thrift labels have become very popular among the agricultural labourers. The Bank sold nearly Rs. 10,000 worth of labels and it is a daily flow of money into the Bank. This system helped in educating the members in thrift and economy. Owing to the prompt collection of these daily savings from the labour class members, they are able to repay their debts by regular payments out of their daily savings. If these petty savings are not promptly collected, they would have been utilized by these members for drinking or some other vices. In the year the Bank distributed rice to the value of nearly Rs. 10,000 to nearly 1,100 members. Most of the surety loans are loans in kind. Each Harijan member of the Bank is supplied with half a bag of rice on the surety of two other members of their community. These Harijan members are divided into groups in their *cheries* in the several villages in the area of operations of the Bank. Twelve members form a batch. One of the twelve is chosen as their batch leader. The leader is held responsible for the collection of loan amounts daily out of their savings when they have work. There are three collection agents of the Bank. These collection agents daily visit the *cheries* and meet the members and their leaders. They collect their daily savings by the sale of thrift labels of several denominations ranging from one anna to one rupee. These loans in kind are collected in coin at suitable times in the year from the labour class members out of their daily savings from their earnings. The collections are prompt and there are no arrears of the loans sanctioned in kind. There has been steady progress in the loans advanced. From 75 loans amounting to Rs. 16,068 in 1937-38, they rose to 1,414 loans amounting to Rs. 93,281 in 1941-42. On 30-9-'42 the loans outstanding amounted to Rs. 1,02,000.

Progress of Sale of Thrift Labels According to Denomination up to 30-6-42.

	Rs.	A.	P.
One rupee	.. 3,379	0	0
Half rupee	.. 459	8	0
Four annas	.. 2,671	4	0
Two annas	.. 1,249	14	0
One anna	.. 540	5	0

Sale From 1-7-42 to 30-9-42

	Rs.	A.	P.
One rupee	.. 1,307	0	0
Half rupee	.. 210	0	0
Four annas	.. 59	0	0
One anna	.. 23	1	0

Collections.

July 1942	.. 228	0	0
August	.. 924	0	0
September	.. 447	1	0

Staff of the Bank:—The Bank maintains one Manager, 3 clerks, 3 collection agents, one shroff and 2 peons. The monthly cost of establishment amounts to Rs. 200/-. The Bank is able to maintain the staff out of its own resources. Without adequate paid-staff, the business of the Bank cannot be properly run and it is difficult for honorary officers to attend to daily routine. Owing to the increased transactions with a wide area of operations, the Bank is able to maintain adequate staff and attend to daily business and transactions regularly.

COLLECTIVE FARMING AND JOINT CULTIVATION

With a view to help the Harijan members of the Bank lanka lands of Thatapudi village in the bed of the Godavary river were taken on lease from the District Collector with the special sanction of the Government in the year 1939-40. These lankas were divided into 6 blocks and distributed among 60 Harijan members of Thatapudi village. One block of Ac. 153-18 Ootalanka was taken for one year for an annual rental of Rs. 650. Another block of Ac. 96-0 of the same village was taken for lease for 3 years for a rental of Rs. 1,200/- per annum. The whole lanka was jointly cultivated by these members. The Bank advanced the initial deposit to be paid into the Government Treasury,

1/3rd of the lease amount for these lankas—an amount of Rs. 620/-. An initial capital advance of Rs. 220/- was also given to the Harijan members for purchase of seed and other cultivation expenses. The rental for the first lanka of Rs. 650/- was paid away at the end of the Fasali, and the lanka was given up as the lease was only for one year. As regards the second lanka of Ac. 96-0, the annual rental of Rs. 1,200/- and local cesses were paid to the Government regularly out of the sale proceeds of the produce in the lanka. Tobacco, jowar, horse-gram, chillies are grown in the lanka. The produce raised in the lanka is collectively sold after the harvest. After paying the rental to the Government, the members distributed the profits among themselves. The Bank appointed a special collection agent during the harvesting season to watch the produce raised in the lanka. The produce was sold by him after the harvest and the rental realised. By cultivation of this lanka the members could find employment when they had no work in the deltaic villages. They could earn their daily wages by working in this lanka. The proceeds of commercial crops such as chillies and tobacco were sufficient to pay off the Government rental. The proceeds of food crops such as jowar and pulses were enough for their maintenance. The lease of the second plot expired by the end of 30-6-'42. The Bank again applied for another lanka of ac. 83-0 of the same village in the current year. The Collector fixed Rs. 1,500/- annual rental to this lanka and recommended to the Government to lease out the lanka to the Bank without public auction. The Registrar of Co-operative Societies was pleased to recommend to the Collector the grant of the lanka to the Bank.

In Jonnada, another village in the area of the operations of the Bank, 60 members were similarly helped for the cultivation of lanka lands given for lease by the Government to an extent of Ac. 150. It is divided into 5 blocks and each block given to 12 members for joint cultivation. In the first year 1940-41, the Bank advanced a sum of Rs. 4,308 for payment of lanka kist and purchase of cattle and seeds. The entire amount was collected out of sale proceeds of the produce raised in the lanka. This is the third year of the operation of the scheme.

The Bank made arrangements for the collection of its advances out of the sale proceeds of crops in the lanka. There are no arrears.

The lankas were hitherto enjoyed only by rich agriculturists. These lankas were being leased by open auction to capitalistic agriculturists. Even though Government had given preference to Harijans to lease out the lankas without auction for a fixed amount, the Harijans were not able to avail themselves of the opportunity properly as they had no

capital. After the liquidation of the Madras Christian Central Bank, the Field Labour Societies were not getting loans. The scheme of joint cultivation promoted by the Bank has proved of great value in improving the moral and material well-being of the Harijan community in these villages. The Harijan members are able to make an independent living out of their honest labour. Their standard of living is raised as they are able to save and make an honest living out of their labour in the lankas. Hundred and twenty Harijan families in the villages of Jonnada and Thatapudi were directly helped under this scheme of collective farming. Pledges were taken from the members that they would give up drink. Incessant propaganda through the paid-agents of the Bank had a great effect on these people in the matter of giving up the evil habit of drink. Granting of lankas to Field Labour Co-operative Societies is of no use to members if capital is not supplied for the purchase of seed, cattle and other cultivation expenses to raise crops in these lankas and if a strict watch is not kept over the produce. The community will be benefitted only when sufficient capital is advanced to them. The Rural Bank has given a practical demonstration in the last three years of how the Harijans could be helped.

There is a proposal to open a dairy in the lanka lands taken for lease by the Bank to supply milk and ghee to the members. There is plenty of grass in these lankas for cattle to graze. There is now restriction in the lease conditions that the lanka lands should be given out only to Harijan members of the Bank. Though the Harijan members are good at cattle rearing, they have had little experience in the preparation of ghee and other milk products. This business is better done by caste-ryots. The Registrar of Co-operative Societies has been requested to recommend to the Government to permit the Bank to start a scheme to open a dairy in the lanka with the help of the caste-ryots, maintaining 50 cows and buffaloes as an experimental measure. Loans will be advanced to members for the purchase of cows and buffaloes. The Bank will not undertake any risk by outright purchase of the products. It will arrange for the sale of ghee and butter produced by the members. After deducting the amounts advanced by the Bank for the purchase of cattle the sale proceeds will be returned to the members, or credited to their accounts in the Bank. This scheme will be tried after the permission of the Registrar is obtained.

Other Activities.—The Bank has purchased a Radio set with two batteries and also opened a Reading-room.

Special varieties of paddy seed were distributed to the members of the Bank by the Agricultural Demonstrator. One seed-multiplica-

tion propagandist was appointed by the Government in the Bank area. He is regularly carrying on propaganda in the villages in the Bank area, exhorting the ryots to use pure seed and grow more food by intensive cultivation with the help of oil-cakes and green manures.

The Bank is supplying rice and cloth especially to depressed class members. In the year 1941-42 the Bank sold 418 bags of rice valued at Rs. 4,430 to the depressed class members.

During the three months, the Bank sold 606 bags purchased at a cost of Rs. 9,613. The prices are increasing daily. The Bank is maintaining a rice depot keeping a margin of half-a-rupee per bag. The General Body of the Bank resolved to purchase Rs. 10,000 worth of rice and Rs. 5,000 worth of cloth this year. The cloth will be purchased and supplied during Dasara and Pongal festivals.

The General Body empowered the Bank to take up agency for supply of kerosene to members. An application was made to the District Collector through the Deputy Registrar of Co-operative Societies, Rajahmundry, to issue a licence to the Rural Bank to supply 60 tins of kerosene to its members who are nearly 2,000 in number. The licence is not yet issued by the Collector. Owing to the scarcity of kerosene in the villages, there is regular street fighting to obtain a bottle of kerosene. If kerosene is supplied to co-operative institutions, there will be a proper distribution and a good check on the profiteering middle men. The ordinary licence holders are not distributing kerosene to the poor people, as they have too many obligations.

The two main apprehensions of those who were opposed to the idea of a multipurpose society, with a fairly wide area of operations and on a limited liability basis were: (1) a multipurpose society being essentially a rural credit primary society will not be able to command adequate resources in the shape of deposits and accommodation from the financing banks, (2) the poorer and particularly the landless classes who join a rural primary society as members cannot obtain any credit from it unless the richer members who possess sufficient assets pledge their unlimited liability for the benefit of members who have no such assets. It may be legitimately claimed that the results of the experiment set out above demonstrate that these apprehensions are without foundation. Instead of the poorer classes who constitute the bulk of the members of the society being subjected to disabilities of the nature apprehended, they have derived more substantial economic benefits from the society than it would ever have been possible for them to obtain from an ordinary rural credit society. The success of a multipurpose society depends upon the method of approach to the social and economic needs of the members and on the ultimate aim that is kept in

view. The rural co-operative credit organization must be looked upon as an integral part of the larger programme of rural reconstruction or re-organisation of our rural economy on the basis of social and economic justice and more equal opportunities in life to all sections of the community. Indeed in the area of Alamuru Rural Bank the acute social malady of the haves thriving on the fruits of the labour of the have-nots while to the latter all avenues of independent living are shut out already shows signs of yielding to co-operative treatment. The efficacy of co-operation as a new force in the better ordering of rural economic life is making itself felt.

THE WAR AND DEVELOPMENTS IN CONSUMERS' CO-OPERATION

By

P. S. LOKANATHAN,

Very few even among co-operators seem to be aware of the rapid and almost revolutionary change that has taken place in the structure of the co-operative movement in Madras Presidency during the last few years and especially since the outbreak of the war. Co-operative credit and finance still continue, as they undoubtedly will for a long time yet, to occupy the first place in co-operative activity, but the extreme one-sidedness and lack of balance which characterised the movement in Madras as elsewhere are now tending to disappear. The non-credit activities of the movement are definitely growing, and the charge that co-operation always means co-operative credit and nothing else can no longer be made with justification.

To the redress of the balance nothing has contributed so much as the extraordinary and striking progress witnessed by the store movement since the war. The Vijayaraghavacharya Committee appointed so recently as 1938 had, beyond a brief historical review, not a word to say on consumers' co-operation, indicating the slight importance it attached to it. The number of stores in June 1939 was only 85. Within a year it increased to 236 and in the following two years the number of stores went up to 354 and 432 respectively, while at present there are 500 stores. Thus within a little over three years the number of consumer societies increased by nearly six times. Equally marked has been the rate of growth of school and college store societies which are a special feature of co-operation in Madras Presidency. From 94 in 1938-39 the number increased to 222 in 1939-40, to 254 in 1940-41, and to 267 in 1941-42. The volume of transactions in the store societies has also shown a considerable increase, from Rs. 35.63 lakhs in 1939-40 to Rs. 73.06 lakhs in 1941-42.

The war has certainly given an impetus to consumers' co-operation through the growing recognition that the public can be protected against exploitation and profiteering by the private merchants only through co-operative organisations. Attempts at regulation of prices without the machinery for enforcing control have often proved ineffective, and Government realised that side by side with their efforts at putting down pro-

fiteering by fixing what are known as fair selling prices of essential articles they must also help in the establishment of co-operative stores which will actually translate into practice the intentions of Government. The Department of Co-operation in Madras set itself to the task of increasing the number of stores with praiseworthy energy and the public were ready and anxious to join in the effort, being conscious of the urgency and benefits of such co-operation. The inauguration of stores was itself a check on profiteering in places where they were started.

The growth of primary stores was facilitated by the establishment in certain districts of co-operative wholesale societies for the first time in the Presidency. Until 1938-39 there was no society of the kind. In 1939-40 two were started of which the Madura District Co-operative Wholesale Society was the more important; in 1941-42 there were 8 wholesale societies, while to-day the number is 9 serving thirteen districts. This is a line of development most welcome to co-operators as stores in rural areas and small towns cannot get their supplies otherwise so easily and at fair prices.

Another feature of consumers' co-operation has been the remarkable growth in the number of workmen's stores, especially of stores connected with textile workers. There were a few workmen's stores before the war, e.g. the Buckingham and Carnatic Mills Stores, the S. I. Ry. and M. S. M. Ry. Stores, but these were not co-operative. After the war broke out a number of mill stores was organised by the Department of Co-operation in Madras, particularly in Madura and Coimbatore, the two important textile centres of the province. By June 1942 there were 33 mill stores catering to the needs of workers employed in several factories. Some of these stores receive considerable aid from employers by way of rent-free premises and subsidy. The Madura Mill Company, for example, has, besides giving very spacious premises for a nominal rent of Re. 1 a month and advancing working capital at low interest, been granting subsidies year by year with a view to enabling its workers to get rice and other articles at less than market prices.

Apart from the definitely working class stores, the ordinary societies have also set themselves out to cater to the needs of the public and not merely to the members. The lead in this direction has been taken by the T. U. C. S. which for some years past had been trying to enlist poorer sections of the population by enabling new entrants to pay their share subscriptions in small instalments and by selling inferior grades of articles so as to meet their requirements. But the war threw on the Society new responsibility and sales were thrown open to the public and not confined to members; and the by-laws were suitably amended for the purpose.

II

The value of the store societies was vividly brought home to the public and recognised by the Government on account of the successful way in which the T. U. C. S. faced the emergency situation in April 1942 when nearly all the wholesale and retail merchants had left the city, leaving the entire burden of feeding what remained of the city population to the T. U. C. S. Government had wisely provided for a contingency of this kind by entering into an arrangement with the Society. The scheme consisted of two parts; one was the stocking of certain essential articles of consumption in special godowns so as to meet a situation when temporarily the city might not be able to get its regular supplies on account of a breakdown of transport. The other was the arrangement to open a number of emergency shops in all parts of the city so as to ensure that in every municipal division of the city there would be at least one shop of the T. U. C. S. from which the public could buy their provisions. The dramatic suddenness with which a scare developed in the city and the way in which the T. U. C. S. faced up to it have been described elsewhere.¹ Its significance for us to-day lies in the revolutionary change it brought about in the attitude of the public and the Government towards consumers' co-operation. Government realised that they have in a co-operative organisation the means and instrument by which they can ensure effective distribution of articles to the public whenever there was scarcity. They were able to regulate and effectively to restrict the sale of articles by enforcing a loose kind of rationing. For example, the sale of rice was limited to Rs. 5 at a time to any one buyer. Later similar restrictions were enforced in the case of articles like kerosene oil, sugar and cheap varieties of boiled rice. The relations between the Government and co-operative societies became closer and got increasingly mixed up. Government have continued to extend the scheme of arrangements with the T. U. C. S. for further periods of six months successively and have proved themselves willing to assist the T. U. C. S. in every way by providing the necessary transport for moving the goods to the city and by advancing Rs. 1 lakh free of interest for the working capital needs of the emergency shops and granting a further sum of Rs. 2 lakhs at interest not exceeding 3¾ per cent.

The success of the T. U. C. S. emergency scheme has led to an appreciation of the wider possibilities of fruitful co-operation between the Government and co-operative societies. In the face of a possible

1. Emergency Service of the T. U. C. S. by K. C. Ramakrishnan. *Madras Journal of Co-operation*, May, 1942.

shortage of essential foodstuffs leading to profiteering and to the growth of black markets, it is felt that Government can extend its sphere of usefulness by arranging with all co-operative wholesale societies in the province to buy and store essential articles at the right seasons and thus prevent scarcity and excessive prices. Government are examining the proposal and it is hoped that ere long action will be taken.

The public's appreciation of the utility of the stores is exhibited in various ways. The departmental drive to inaugurate new stores coincided with the active demand of the public for their establishment. The increase in the number of members in the T. U. C. S. and other societies which is steadily growing month by month despite the fact that sales are not restricted to members shows their popularity. In times of high prices like the present it is perhaps not surprising that the stores which obviously sell at prices fixed either by the Prices Advisory Committee or by their own managing committees who are inspired by public policy should get an accretion of membership. Membership is drawn from widely different sections of the population with the result that the stores can to-day claim to be more representative than before, though the poorer sections are still outside the movement.

The large and sudden increase in the volume of business has forced the stores to tap different sources of supply and incidentally brought about a line of development which co-operators have been looking forward to for several years. It has been often a matter of complaint that the T. U. C. S. and other stores have not always been making use of sales societies, and bought goods directly from producers and merchants even where co-operative marketing societies existed which could meet their demands. Much of the criticism was, of course, unjust and based on ignorance. The critics ignored the fact that many of the sales societies were ill-organised and inefficient and could not guarantee to supply goods of the quality and at prices which could satisfy even the most reasonable consumer society. But whatever the causes it is true to say that neither the marketing societies nor the stores established the right kind of mutual contact and neither would seek out a solution that will be fair to both sides. In the result as Mr. S. A. Venkataraman, Registrar of Co-operative Societies, pointed out, "the movement is an aggregate of pieces rather than a whole of coherent parts. Consumers' and producers' co-operation have not yet achieved a dovetailed structure." The last three years have certainly marked a distinct improvement in the direction of bringing together the stores and producer societies. The T. U. C. S. alone bought a large quantity and variety of articles from the several co-operative sales societies and Federations in the Presidency.

Raw and boiled rice, dholl, chillies, butter, ghee, coffee, groundnut oil, coconut, and charcoal were some of the articles supplied by the sales societies. The society also bought fruits and vegetables from the marketing societies and got nearly the whole of its requirements in its piecegoods section from the Provincial and primary co-operative handloom societies. No doubt conditions have been exceptional. During the last few months co-operative stores were anxious to get goods from all available sources and were not too particular about quality or prices. The true testing time will come after the war is over and when more normal conditions are restored. But the contact that has been now established will not altogether go in vain; and provided there is genuine desire on both sides to effect a just solution of their problems it should not be difficult to reconcile their apparently conflicting interests.

Rural stores, partly out of necessity, have been more loyal to the wholesale than urban stores. The difficulty of securing the loyalty of primary stores arises on account of the fact that the wholesale societies are not able to get goods at prices lower than are possible to primaries. The attempt to compel stores to buy everything from the wholesale society is resented as the purchasing agency of the primary stores is able to buy in the open market more cheaply than even the wholesale. Not until the wholesale societies develop their business capacity better and prove their efficiency should compulsion be resorted to. At the same time, in the early stages of their career if wholesale societies are left high and dry without the support of the primary stores, the movement will suffer a serious set-back. Hence the task of co-operators should be to bring about a better mutual understanding between the two, and the proposal to associate representatives of primary stores on the board of management of the wholesale deserves full support. But any attempt at compulsory loyalty or at preventing primary stores from getting finance from central banks except through the wholesale society seems to be undesirable in existing circumstances.

III

Co-operative societies have always aimed at just and fair prices and in normal times are able to realise this aim by selling at market prices. Where retail market prices are either unfair or far above replacement costs, co-operatives can always force the market to follow their lead by their continued sale at prices fixed by themselves. The Rochdale principle of selling at market prices and granting a rebate on purchase is a sound one, as the alternative of selling below market prices and foregoing "divis" not only may lead to needless

friction with the private dealers but also to the abuse of resale to the public. That is why even where as in the case of a working class store like the Madura Mill Store in which there is a compact body of members well known to one another, sales below market prices have led to abuses. Hence co-operatives in India have in theory accepted the principle of sale at market prices as their guide; but in practice there have been wide variations. The market price in the case of several articles is not something definite and fixed but on account of lack of standardisation varies with the innumerable variety in which the articles are sold. Many societies have therefore fixed prices based on costs plus a little margin; and provided sales are confined only to members who may be expected to be loyal and honest the plan works out fairly successfully as the occasional high prices do not lead them to go elsewhere and low prices do not lead to a rush of buyers or to resale.

But in the abnormal conditions brought about by the war, the price policies to be pursued by the stores become a more complicated affair. Soon after the war broke out the commodity markets became panicky and the so-called market prices were not only soaring up but fluctuated day by day in an upward trend. Were the stores to follow the market in all its bewildering variations or to sell at the old prices until their existing stocks were exhausted and they were driven to buy new stocks at high prices? Where market fluctuations are the result of purely temporary factors, and speculation may not be expected to last long, the stores by continuing their old prices may bring about a steadying influence on the market. But the idea that consumer societies in India can control or regulate market prices and should always sell at their own cost prices irrespective of market prices—an idea widely entertained even in quarters where better understanding may be expected—is based on a complete misapprehension of co-operative theory and practice. The recent rapid rise in the price of rice and other essential articles has led to the criticism that co-operatives should not have followed retailers in their high prices but should have continued to sell at the old prices and thus have brought down market prices.

The fact of the matter is co-operatives have no such power, however willing they may be to bring down prices. In so far as the high market prices are the result of purely temporary speculative factors and may be expected to come down in a few days, the duty of the stores is clear. They should not profiteer like private merchants. But where high prices are due to more permanent factors, such as an actual or anticipated deficiency of supply or increase of demand, co-operatives have no choice except to follow the market prices. They have no control over supplies and are not producing goods themselves. All that they can do

is at best to sell existing stocks at low prices, the benefit of which will go to some hoarders or others who will resell at a high profit. After the stocks are depleted fast, the co-operatives will have to buy in the open market at increased prices and unless they are prepared to suffer indefinite loss, they must sell once again at market prices. Indian co-operatives have not organised production departments like the British societies and until they are able to command the sources of supply their power of fixing prices will be almost nil.

Even the T. U. C. S., the biggest store in India, finds itself unable to control the market in any manner. Its influence on the retail market is of a limited character. Its prices are the standard and guide for all buyers in the city and it protects the public from exploitation by the less scrupulous retailers. By its guarantee of weight and quality it has improved market practices. It has also been able to some extent to influence prices at the trading centres by its intervention to buy or withdrawal from the market. This is particularly noticeable in respect of rice in Nellore district from which the society gets the bulk of its rice. Its power of influencing prices will increase only if its turnover increases. At present despite the increased membership and increased turnover due to sales to the general public, only six per cent of the retail trade in rice in the city is in its hands, and in the case of other articles it is even less. Co-operative societies in India will have to travel a long, very long, road before they can think of enforcing their price policy upon even the retail markets. Even in the matter of improving trade practices their influence has not been appreciable. Butter, ghee, and oils may still be found to be sold in co-operative societies in an adulterated form. The legal protection against prosecution which societies enjoyed on account of their mutual trading character has been now removed, and rightly so. For if co-operative societies will not establish a testing machinery to detect adulteration before placing the goods at the counter, they deserve no sympathy. And yet even the premier co-operative society like the T. U. C. S. has yet to establish an organization for the purpose. It is still at the mercy of private trade. By directly producing gingelly oil, it has ensured its purity; but no device has been discovered to guarantee the purity of other articles. Either it should produce all such goods itself or should assist in the formation of co-operative producer societies from whom it can get all its supplies.

IV

The war has revealed the potentialities of the consumers' movement. In any scheme of price control, it would be impossible to ignore the value of co-operative stores. Government have found in the existence

of stores an agency through which they can enforce their price policy. The experience gained recently in respect of the sale of sugar, kerosene oil and cheap rice through the T.U.C.S. and other co-operative stores gives one hope that a plan of rationing and price control can be successfully worked out in the case of all essential article. The T.U.C.S. was among the foremost to press upon the Government to fix the maximum prices of rice and other essential articles and to guarantee to the producer minimum prices as well. Government have been rather slow to take action by direct methods but are depending on control of movement of goods and of transport to prevent further rises in price. Co-operators are also persuading Government to enter the market at the proper seasons to buy rice and other articles either directly or finance co-operative societies in the seasonal purchase of large quantities and store them. If this is not done, price control will break down in the absence of controlled supply. It has been now recognised that large and active co-operative stores are the best guarantee against the development of black markets.

Rationing of sugar, kerosene oil and cheap rice was attempted at Madras recently but greater success would have been achieved if the co-operative society was assured of a definite supply. The T. U. C. S. had a plan of rationing sugar and kerosene by which every one of its customers could get a limited quantity based on his requirements. Before however it could be put into practice, the need for rationing sugar disappeared, and Government evolved a scheme of their own for the distribution of kerosene through the agency of the oil companies. It is unfortunate that the services of the T. U. C. S. were not availed of for this purpose; but the rationing scheme works fairly successfully as Government were able to utilise the large staff of A. R. P. men in collecting data and distributing cards.

The T. U. C. S. has been permitted to open cheap rice depots all over the city on the basis that Government would agree to supply the rice and allow the society a small commission to cover its working expenses. Besides its 35 branches and 30 depots already opened, it is proposed to open another 40 depots exclusively for the sale of rice to the poor.

In these and other ways co-operative stores all over the Presidency have been displaying commendable enthusiasm in seeking to do service to the public in the very difficult conditions brought about by the war. They have had to face new problems and are not always well equipped for the task. Government have on the whole been anxious to assist co-operative stores by providing them with financial facilities and transport

priorities. But on account of the presence of certain vested interests, they are unwilling to go far in extending the area of fruitful co-operation with consumers' societies.

V

The developments in consumers' co-operation sketched in the foregoing pages impressive as they may be to superficial observers cannot but be a source of the greatest anxiety to students of co-operation, for the question forces itself upon us: Are these developments likely to survive the war? Will this rapid expansion of the movement be followed by equally rapid decline? Can co-operators do anything now to ensure that a little at least of the progress made by the movement is retained and consolidated? These are important and urgent questions, and some tentative observations may here be ventured.

It must be acknowledged that not all the new stores that have been opened recently have been started after adequate preparation. They were often the result of hurried activity and fleeting enthusiasm and are not likely to last even as long as the war lasts. Some of them have not a glimmer of the ideals of co-operation and adopted practices at variance with true co-operative principles. They will get short shrift; nor need one regret their liquidation. But there exist a number of other societies whose future will depend upon the extent to which from now they prepare themselves to meet the inevitable crisis after the war when membership will fall, turnover decline and profits dwindle. They should take early steps to consolidate the position already gained and strengthen their activities in all possible ways. Co-operative education and co-operative organisation are the key to success in the future as they have been in the past.

In the first place the societies should strengthen the links which have drawn new classes of customers to themselves. A very large number of the poorer sections have established some contact with the stores. Their needs and requirements should be studied, the kind of goods they want should be purchased and sold them at the cheapest possible price and their loyalty should be strengthened. Stores should therefore be more broadbased and serve different levels of the population. Membership should be made accessible to all by reducing the value of a share to Re. 1 payable, if need be, in two or more instalments.

Secondly, success will depend very much upon the ability of the stores to buy efficiently and take advantage of the large differences that exist between prices at seasons and those later. Market research is a sub-

ject which has not been the subject of any study by co-operative stores. Although the T. U. C. S. has been in recent years attempting to store certain articles like paddy, jaggery, tamarind, soapnut and others by seasonal purchases in bulk, more should be done in that direction. Even to-day very few societies have a full and thorough knowledge of the commodity markets in the different regions in the Presidency, and unless the fullest advantage is taken of the margins between certain periods of the year, societies cannot work at a profit.

Thirdly, the system of internal organization of many societies should be modified. Many of the stores depend upon the free and voluntary services of Boards of Directors, who are themselves workers elsewhere. They have neither the time and ability to understand the methods of business, nor can they be expected to become efficient businessmen. Even if they have the time it is doubtful if they should do work which should be legitimately done by the paid trained staff. The trouble in most co-operative societies is the meddlesomeness of the Directors in work which belongs essentially to the paid staff. Directors interfere too much in the internal management of the society whereas they should be concerned only with the policies and principles of business administration. Hence if co-operative societies are to be successful they should bestow greater energy on creating an efficient and honest staff who will manage the affairs of the society subject to the control of the Board of Directors. It must also be frankly stated that co-operative societies do not always get the right men on their board of management who are animated only by the desire for public service. Further, the constitution of several societies has provided for such a large number of checks and counter-checks that while perhaps serious abuses and dishonesty could be prevented no progress, speed or drive can be achieved. Not until the stores are informed and guided by the same principles of business management which have contributed to the success of large joint-stock businesses can they hope to achieve permanent results.

Fourthly, co-operation is as much a method of profitable production, as of efficient distribution. It should effect savings in production which are now lost to it. Recent events have shown that control of supplies is the only way by which it can protect its customers against exploitation by the retailers. Two courses are open to consumers' co-operatives. One is to undertake directly new lines of production as British societies have done. The other and in the circumstances of India the better way is for them to establish definite contact with large producers' societies by getting representation on their management and by directing them to produce to the requirements and orders of the stores. With a guaranteed

market the producer societies can go forward and undertake efficient production. By this process of mutual aid the unity of the co-operative movement can be strengthened, and workers, e.g. in the handloom, farmers, producers of dairy products can all be benefited.

Finally, the future depends upon the loyalty of all interested in co-operation to its ultimate principles. Co-operation stands for a noble ideal, and in its day-to-day activities follows certain well-known principles which have stood the test of time. These should not be sacrificed for temporary gains. The moral foundations of the co-operative movement should not be ignored, and success will be only temporary if co-operators merely pursue monetary gains, for in the game of purely material success private business can always score against co-operative societies.

REVIEWS

YEAR BOOK OF AGRICULTURAL CO-OPERATION 1942.—(Edited by the Horace Plunkett Foundation, Heffer & Sons, Cambridge).

The Horace Plunkett Year book, which endeavours to bring our knowledge of agricultural co-operation up-to-date, has been shrinking in size from year to year since the war began. It must be due not merely to the scarcity of paper, but to the dearth of human material to work at the various features which characterised the year books of the previous period and to the difficulty of securing data from the war-torn states of Europe and Asia. The current year book has no digest of co-operative law, no bibliography of co-operative literature and it has only a very short review section, which, besides a few brief notices of co-operative publications in America, contains only a single, but a brilliant, review by Dr. C. R. Fay of the new cheap edition of that great classic of the last decade, *Soviet Communism* by the Webbs.

The 1942 year book begins with a beautiful thumbnail sketch of Horace Plunkett by Prof. W.G.S. Adams, who had served under him in the Irish Department of Agriculture and could throw some fresh light and underline some special qualities of the great master. It would please Indian readers to know that Plunkett's interest extended to India and China, and but for his declining health he would have served on the Royal Commission on Agriculture in India—for which, however, he prepared a very elaborate memorandum on rural life policy.

Mr. Percy Redfern, a well known authority on Consumers' movement, discusses in a vivid manner the relation between the consumers' and agricultural producers' organizations for over a hundred years, with a great deal of sympathy towards the agricultural movement. He pleads for the removal of misunderstanding and for the joint establishment and maintenance of research and information bureau.

There is a very informing note (by the Foundation staff it must be) on the Emergency Legislation relating to agriculture in Great Britain (1939-41) which readers in India will find very topical because of the threatened scarcity of food stuffs since the fall of Burma into the hands of Japan. It will be a mild shock to them to note the sweeping and arbitrary powers vested in the Minister of Agriculture and the local War Agricultural Executive Committees who could, indeed, do anything with the land for the duration of the war and sometime after. At this distance

of time and place, the legislation strikes us as well-planned and comprehensive, compared with the haphazard feeble attempts made in India; but it has been criticised as piecemeal and opportunist.

How far agricultural co-operatives in Great Britain are genuinely co-operative, judged by the financial policy they follow, is the subject of a learned contribution by Mr. W. H. Jones. Application of these tests to Indian societies will cause many searchings of heart.

Mr. J. C. Knapp of the Farm Credit Administration (U.S.A.) traces succinctly the growth of large scale co-operative marketing, and supply societies in the United States, which now do business on a scale that we should call colossal in this country. Undertaking of side-line or multi-services by way of supply or processing, is a recent development in several societies. Among the most interesting and useful new services are the provision of cold storage facilities to farmers through 'frozen food locker plants' and the electrification of farms and farm houses. The account of the variety of co-operative credit institutions—for short, long and inter-terms—and co-operation for the rehabilitation of low income farmers will be read with keen interest in India.

Dr. N. Barou gives a compact and lucid account of collective farming in U.S.S.R.—its aims, achievements, difficulties met and overcome. The phenomenal increase in the productivity of land as seen in the yield of crops and of milk and meat is most impressive; so is the improvement in the standard of living of the farmer, as judged by the consumption of textiles, footwear, cosmetics and cultural goods, (books, musical instruments etc.) There is a tragic irony now attaching to this sketch, which was evidently done before the onslaught of the German army into Ukraine etc. How much of it is scorched earth, how much has ceased to be collective, because of a change in Government, cannot be known at present.

Mr. R. Boyd writes with zest of the revival of societies of paddy and rubber planters in Malaya and of their growing prosperity on account of the war demand. What their fate is at present in the Japanese regime, nobody can guess.

There is a critical account by 'a correspondent' of the Industrial Co-operatives in China, which we note are essentially a war-time organization meant to supply goods like army blankets, uniforms, medical supplies and small arms. Those which require heavy plant are located in rear zones, while those which can be quickly moved are 'Guerilla industries' located near the war zone. Difficulties—financial, economic, educational and political—are pointed out as hampering the growth, which evokes our sympathy, as they are similar to our difficulties here.

The most interesting and substantial contribution to this year book is that on the allotment movement in England and Wales by Dr. C. R. Fay and H. C. Fay. We get a delightful description of how the urban allotment movement (by which an urban worker is provided with a small piece of land which he can cultivate as his hobby and with the help of his family) provides a partial cure for some urban evils like unemployment, bodily and mental fatigue in factory or office work, and provides also some of the 'protective foods' for the family and how 'it is economically a pocket of liberty, for no food controller will stop a man for consuming what he raises for himself.'

Among allotment holders co-operative buying of garden requirements is said to have increased considerably in the last decade. Co-operative selling of produce is of little importance, since the main aim of allotment is to produce vegetables, flowers and fruits for family use rather than for sale. In fact even before the war, half the vegetables grown and over a third of those consumed in England were produced on allotments and private gardens. Now they supply a very much greater proportion of the country's needs. It is a pity that in India nothing like this movement has ever been thought of for the masses of urban workers whose love of land is by no means less. With the increasing restriction in transport, the plight of consumers of vegetables is pitiable, especially as they have to compete with the contractors for military supplies.

Though the *Year-Book of Agricultural Co-operation* has gone down appreciably in bulk, it has suffered little in quality. We have great pleasure in commending the volume to the attention of the co-operators in India.

K.C.R.

INDIAN ECONOMICS, VOL. II. By G. Jathar and S. G. Beri, (VI Revised Edition. Oxford University Press, Rs. 6).

This text-book of Indian Economics is deservedly popular with not merely the students in colleges all over India but with the laymen who have any inclination to study Indian economic conditions for themselves. The survey of the large scale industries is brought up-to-date. The effect of the war in stimulating further industrialization is noticed. In the chapter on transport (which deals mostly with the railways) attention is drawn to ship-building and aircraft construction facilities and to the prospect of building up an automobile industry in India. To the long account of currency and exchange is added a short note on price control, its pros and cons in a time of war. The futility of the steps so far taken in this direction could not have been foreseen when this edition was in the press.

The effects of the war on India's foreign trade have been presented in an impartial manner and the findings of the Gregory-Meek trade mission to the United States are recorded with some comments. In the chapter on finance and taxation, a little too much space is given to the tracing of the financial relations between the Central and Provincial Governments and not as much as we would like to a discussion of the issues involved in this and other problems of finance. As is natural, more attention is paid to the happenings in several fields in Bombay Presidency than in the rest of India.

This stout volume covering more than 650 pages of closely printed matter is offered for Rs. 6, which is a marvel of cheapness at present. Co-operators who care to be well posted with the economic background in which they have to work are sure to find a lot of useful material in this book.

—Editor.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

BENGAL

Extracts from the Report of the Registrar of Co-operative Societies, Mr. A. Ahmed, Esq., I.C.S. for the period ended 30th June, 1941.

Agricultural Credit: (i) Frozen Debts.—The agricultural credit movement continued to give anxiety to the department and to absorb most of its attention. A number of Central Banks are unable to meet their commitments to depositors; a large number cannot even meet the cost of their establishment without drawing upon their capital. Such has been the case now for some years. If the year is good and their collections improve these banks show signs of revival; when crops are below normal or prices are low they revert to stagnation. In the past various expedients have been tried to liquefy the frozen assets of these banks. Repeated concessions have been given to the members by way of remission of arrear interest due and in some cases even of part of the principal in the hope of stimulating repayments. These concessions generally failed to achieve their purpose, as indeed any concession which does not take into consideration the actual repaying capacity of the debtor must fail. A concession to be effective must be based on the actual repaying capacity of the debtor. If frozen debts are to be thawed they must be reduced to an amount which the members of the societies can pay. Nothing short of this will suffice. Unfortunately many of the Central Banks have not yet sufficiently grasped this cardinal fact and still look upon debt settlement boards set up to reduce debts to an amount which the members would be actually able to pay with disfavour and suspicion.

It is becoming increasingly clear that the agricultural credit movement in this Province has reached a stage when no mere tinkering will suffice. No measures that do not go to the root of its troubles will help to revive and rehabilitate it. The Co-operative Societies Act of 1940 which will come into force shortly will go to solve some of the administrative difficulties and enable societies more effectively to deal with recalcitrant members or wilful defaulters and to prevent a repetition of mistakes that were committed in the past. But the fate of the Central Banks is bound up largely with their ability to liquefy and recover the loans now lying frozen in their societies. Any scheme for rehabilitating them must therefore concern itself primarily with the problem of these loans. The most important thing obviously is to ascertain how far these loans are recoverable; in other words, what is the amount that the members can actually repay and what are their assets. Not until this is ascertained will it be possible to devise any satisfactory rehabilitation scheme to set these banks on their feet. It is with this end in view that Co-operative Debt Settlement Boards have been set up. They will not only facilitate the recovery of these loans by reducing them to an amount which the members can pay, but will also furnish the Central Banks valuable data as to the reality of their assets, data which, as pointed out above, are essential to the framing and execution of any rehabilitation scheme.

It is essential that this examination of the repaying capacity of individual members should be conducted with the greatest possible speed. Unfortunately

the work of the Central Bank Debt Settlement Boards now working has been slow. Steps have been taken to remedy this defect and proposals involving a large increase in the number of these boards have been submitted to Government.

But matters will not be left at that. It is intended meantime to reconstruct agricultural credit societies and to introduce other changes calculated to strengthen their financial position and improve their working. Proposals to this effect have recently been submitted to Government. Some of these proposals are far-reaching and somewhat unorthodox in character but, as stated above, the agricultural credit movement has come to a stage where it demands a realistic recognition and handling of its problems.

(ii) Short-term loans.—It is necessary to revise some of our ideas about the demand for short-term loans and the manner in which it could best be met. It is difficult to estimate the extent to which private supplies of rural credit have shrunk. But it is almost certain, however, that the shrinkage is not as great as is generally assumed. For in no year throughout the depression when the cultivators were unable to repay loans already contracted and creditors unwilling to lend or even after the setting up of debt settlement boards and the passing of other debt legislation, making money-lending less remunerative, than previously, has any considerable portion of the land remained uncultivated for lack of necessary finance in any part of the Province. This fact goes to show that there has been no serious shortage of credit in so far as the basic requirements of the agricultural population are concerned. It appears that money-lenders are still issuing short-term loans on the personal credit of the borrower though this type of lending is not on anything like the scale on which it went on before the depression set in. In this connection it may be noted that loans incurred after the 1st of January 1940 have been excluded from the operation of Debt Settlement Boards. Further, the restrictions imposed by the Money-Lenders' Act will ordinarily operate only when a debtor seeks the help of a court. Debtors who can be trusted not to force the creditor to a civil court or who are unable to do so, can be and are in fact being advanced short-term loans by money-lenders on personal security as in the past. The majority of the cultivators, however, can obtain the necessary finance only by selling or pledging property and it is because of this that while improvident borrowing has largely disappeared the demand for assistance from Government or co-operative societies has become insistent.

Obviously Government cannot meet the requirements of the entire agricultural population—a simple fact but one which people in this Province are inclined to over-look in their anxiety to help agricultural debtors or in their zeal for reforming the machinery of rural credit. To finance agriculture we must harness private capital. It is necessary therefore to devote increasing attention not to passing legislation likely to restrict or destroy private supplies of rural credit in the hope that the deficiency so caused will be supplied by Government but to improving the working of and strengthening credit societies so that private capital may begin to reflow into them and through them to the cultivators generally. Till it does so the necessity for Government to place funds at the disposal of co-operative societies for short-term loans will continue. But the supply of credit by Government should not be looked upon as an end in itself.

While it is the aim of this department to bring within the ambit of co-operative credit every cultivator who needs loans for agricultural operations as rapidly as

possible it has been found necessary to strike a note of caution in the matter of organising new societies. In the years 1939 and 1940 some 13,000 societies were organised and it appears that in their anxiety to help cultivators obtain cultivation loans, organisers have at times preferred to achieve speedy results rather than sound organisation. Departmental officers have been warned that new crop loan societies should be organised only where there is a genuine and spontaneous demand for such societies from the cultivators and that while such demand should be met as speedily as possible, under no circumstances should organisation be undertaken hastily or the mistakes committed in the past repeated.

On the whole the present system of issuing crop loans has so far been successful. In 1939-40 (financial year) some Rs. 20 lakhs was so issued (Rs. 13½ lakhs from Government and the rest by the Provincial Bank out of its own funds) and fully recovered. In 1940-41 (financial year) Rs. 45½ lakhs was issued as crop loans of which Rs. 40·12 lakhs was recovered in cash. The occurrence of this default is disquieting but it is ascribable generally to the disastrous fall in the demand for and the price of jute that year and the failure of crops in certain areas. Government have provided Rs. 60 lakhs in the budget for 1941-42, of this about Rs. 44 lakhs had been issued by the middle of September 1941.

The working of this system has, however, disclosed certain shortcomings. Firstly, it has become necessary to secure closer co-operation of the District Officers to avoid overlapping of finance, that is, (1) to prevent agriculturists from borrowing simultaneously from co-operative societies and from the district authorities, and (2) to ensure that wilful defaulters to whom crop loans are refused as a disciplinary measure do not obtain agricultural loans. Proposals to this effect have recently been put up to Government. Secondly, contrary to the expectations originally entertained, in the majority of the Central Banks the issue of these loans has adversely affected their financial position. When in 1939 Government decided to place funds at the disposal of the Provincial Bank for the issue of short-term cultivation loans to cultivators through co-operative societies they intended thereby not merely to help them to finance agricultural operations for which credit was otherwise difficult to obtain but expected that these loans would go to revive the agricultural credit movement generally. It was hoped that the issue of these loans through Central Banks would enable and encourage members to repay their old debts in an increasing measure and would at the same time leave these banks with some profit on short-term loan transactions. The expectation has not always been fulfilled. So far from improving recoveries of old loans, the issue of short-term loans has in the case of many banks had the effect of reducing them, partly because the collecting staff of the banks devoted its attention primarily to the collection of short-term loans and collection of old loans fell into the background, and partly because members seemed to think that in order to obtain crop loans again it was necessary to repay only the crop loans due and that it was no longer essential to repay old loans. Every effort is being made to disabuse their minds of this impression and to impress on the staff the necessity of treating the collection of old loans as of equal importance to that of crop loans. Further, it appears that a number of Central Banks have lost rather than gained by undertaking the issue of crop loans: their cost of collecting these loans has exceeded the profit derived from this business. It seems that if this business is to pay, Central Banks and the societies affiliated to them may have to raise the rates of interest charged on these loans. The matter is being considered by Government.

(iii) **Medium-term loans.**—Co-operative societies are as a rule confining themselves to issuing short-term loans not exceeding Rs. 25 per member, the actual amount is in most cases much less being determined by the requirements of each member and by his repaying capacity. Agricultural purposes for which medium-term loans are necessary are not covered by these loans. It is admitted that there is a considerable demand for medium-term loans for purposes such as purchase of cattle, ploughs and other agricultural implements. In view, however, of our past experience in respect of medium-term loans it is not intended to advise societies to issue such loans until the whole credit movement has been put on a sounder footing. In any case how far this business can be undertaken will depend on the extent to which private capital will be willing, despite past experience, to finance co-operative societies for this purpose and this in its turn will depend on the extent to which these societies can be reconstructed so as to command public confidence.

(iv) **Long-term loans.**—Long-term credit is being increasingly left to land mortgage banks to supply. Five Land Mortgage Banks have been working in this Province for the last 6 to 7 years. It is proposed to set up another 5 as soon as the question of financing them, for which proposals have been submitted to Government, is settled. The working of the existing banks, however, shows that there is perhaps not as great a demand or scope for long-term credit at the present time as is generally supposed. By June 1941, that is, during nearly 7 years of their working, these banks had received applications for loans amounting to only Rs. 30·56 lakhs. Of these, applications for loans amounting to Rs. 11·55 lakhs only could be accepted; others had to be rejected owing to insufficiency of title or of the security offered. Loans amounting to Rs. 8·53 lakhs had been actually advanced till then and it is of interest to note that about 91 per cent. of these loans were for the redemption of mortgages and prior debts. Only about Rs. 7,000 was borrowed for the improvement of land or the method of cultivation.

There are however several factors which have impeded the progress of these banks. The most important perhaps is that the banks were able to secure a comparatively small reduction in the claims of the creditors and that the loans issued by them carry interest at 8 per cent. This has led many prospective borrowers to seek instead the facilities offered by debt settlement boards, which secure larger reductions in the claims of the creditors and whose awards generally carry no interest. Steps have been taken to revive and improve the working of the Land Mortgage Bank Debt Settlement Boards and instructions have been issued that every application for loan should in the first instance go to this board for settlement before the bank can sanction the loan. This procedure will enable the bank to secure a greater reduction in the claims of the creditors in so far as the Debt Settlement Board has powers to deal with recalcitrant creditors, which a land mortgage bank has not, and should help thereby to popularise these banks.

Co-operative Marketing.—Particular attention is being devoted to the linking of agricultural credit with marketing. A considerable part of the crop loans issued in 1940-41 was realised in kind through the multi-purpose (marketing) societies specially those at Parbatipur, Hili and Pulhat in the district of Dinajpur. Very little, unfortunately, of the old loans was so realised. Increasing attention is being devoted to co-operative marketing and during the last 3 years some 33 multi-purpose societies have been brought into being, of which 22 were registered comparatively recently. In the year 1939-40 the Provincial Bank financed these societies

to the extent of Rs. 2.60 lakhs and in 1940-41 the loans issued by it to these societies amounted to Rs. 4.81 lakhs. The entire amount was recovered punctually. Detailed instructions have since been issued to rectify defects noticed in their working and a scheme has been submitted to Government for the expansion of co-operative marketing in the Province.

General Progress.—The total number of all classes of societies rose from 37,439 to 40,413, an increase of 7.9 per cent; and the total number of individual members of all classes of societies rose from 1,142,476 to 1,298,807, an increase of 13.6 per cent. The total working capital of all classes of societies rose from Rs. 2,127.92 lakhs to Rs. 2,140.15 lakhs, the percentage of increase being .5. Many of the old agricultural primary credit societies have been virtually in a process of winding up for the last few years. Loans due by members of these societies are being recovered and as a rule new loans are not being advanced to such members. Assets of the members in these societies in the shape of deposits, shares, etc., are also being increasingly set off against their dues. These factors explain the progressive fall in their working capital and why the working capital of these societies has not increased even when there has been a considerable increase in the number of societies and members.

Overdues.—In spite of considerable transactions in loan accounts there was no fall in the percentage of overdues to total outstanding loans due by members in agricultural societies. There was however a slight fall in the percentage of overdues of capital in non-agricultural societies.

In both agricultural and non-agricultural societies there has been during the last few years a continued decrease in the deposits held by members. The decrease in the deposits of members of agricultural societies is not, however, the result of any large scale withdrawals but is the result of paper adjustments against amounts due to these societies from the members. Non-members' deposits in agricultural societies have remained almost constant owing, largely to the inability of these societies to repay matured deposits. There has been, on the other hand, a steady and welcome increase in the deposits of non-members in non-agricultural societies.

What with the effects of the drought on the outturn of crops and the collapse in the price of jute, agriculturists, particularly in the predominantly jute districts, had a bad year. The price of paddy rose abnormally towards the end of the year but by that time the majority of the agriculturists had parted with their stocks and this rise in price so far from benefiting them considerably added to their difficulties. Distress prevailed in parts of Bankura, Malda, Faridpur, Burdwan, Murshidabad and Midnapore districts and scarcity had to be declared in Birbhum. The terrific cyclone rendered many people homeless and destitute in parts of Noakhali, Bakarganj and Tippera districts. In all these places except Midnapore relief measures were in operation. The adverse factors touched upon above naturally added to the difficulties of the agricultural credit movement and retarded its growth and recovery.

The Bengal Provincial Co-operative Bank, Ltd.—The number of members—all societies—rose from 179 to 184 during the year and its paid-up share capital from Rs. 18.68 lakhs to Rs. 19.40 lakhs.

The working capital of the bank was Rs. 2.89 crores against Rs. 2.88 crores in the preceding year. There was a fall of Rs. 6½ lakhs in fixed deposits but deposits

as a whole decreased only by Rs. 3 lakhs owing to increase under savings and current deposits.

Fresh advances by way of ordinary loans contracted to Rs. 1.44 lakhs against Rs. 3.26 lakhs of the previous year. Repayments from Central Banks were not satisfactory due to unfavourable agricultural conditions. 66.9 per cent. of the old loans became overdue against 60.1 per cent. at the end of the previous year. The increase in overdues is causing anxiety. The question is bound up largely with the question of recovering old loans from the individual members of the Central Banks indebted to it and has to be tackled at the root. The bank continued to enjoy from its bankers overdraft accommodation of Rs. 33.86 lakhs on the security of Government promissory notes, etc. The amount drawn at the end of the year was Rs. 27.28 lakhs. The bank earned a net profit of Rs. 2.13 lakhs as against Rs. .76 lakhs, of the previous year. The increase is largely due to the decrease in interest payable to depositors owing to withdrawals and decrease in rates of interest.

Central Co-operative Banks.—The number of Central Banks remained 121 as in the preceding year. The following table gives figures relating to the working of these banks:—

	1939-40.	1940-41.
1. Number of members—		
(a) Individuals	5,388	5,448
(b) Banks and Societies	30,321	34,162
	(Figures in lakhs.)	
2. Paid-up share capital	Rs. 54.70	Rs. 55.94
3. Reserve and other owned funds	81.65	89.08
4. Working capital	553.57	546.52
5. Loans and deposits received during the year from—		
(a) Societies	7.65	10.23
(b) Provincial or Central Banks	40.57	37.07
(c) Individual and other sources	98.72	78.92
6. Loans and deposits repaid to—		
(a) Societies	7.56	10.04
(b) Provincial or Central Banks	24.51	43.28
(c) Individual and other sources	109.68	83.61
7. Loans and deposits held at the end of the year from—		
(a) Societies	18.57	19.08
(b) Provincial or Central Banks	155.01	149.63
(c) Individual and other sources	243.64	232.81
8. Interest paid on loans and deposits	13.53	8.82
9. Cost of management paid	7.22	7.92
10. Interest received on investments	19.88	14.40
11. Loans—		
(a) made during the year to societies	55.94	50.57
(b) repaid by societies during the year	47.11	60.76
(c) outstanding at the end of the year	344.58	332.63
12. Profits	10.84	9.50

The number of members, paid up share capital, reserve and other funds, showed a satisfactory increase during the year. The increase in the number of members and share capital is due largely to the setting up of new crop loan societies. The fall in deposits from Rs. 243.63 lakhs to Rs. 232.81 lakhs is due principally to the fact that a large number of Central Banks have, owing to their inability to refund matured deposits, forfeited the confidence of the depositors. There is on the other hand an increase in deposits from societies. The working capital shows a decrease and out of Rs. 546.52 lakhs, Rs. 332.65 lakhs or 60 per cent consists of loans to societies.

Loans to the extent of Rs. 50.57 lakhs were disbursed to the societies against Rs. 55.94 lakhs of the previous year. The decrease is accounted for by lesser amounts advanced by the Central Banks out of their own funds as also by a slight decrease in the amount of crop loan issued through the Provincial Bank. The crop loan business accounts to a large extent for the comparative increase in loan transaction during the two years. Recoveries showed an excess of Rs. 10 lakhs over the amount advanced which considering the nature of the year was not unsatisfactory. The position as regards old loans however showed little improvement and will not show any real improvement until the debts of the members of the societies are effectively tackled.

Agricultural Credit Societies.—The following table indicates briefly the working of agricultural societies:—

		1939-40.	1940-41.
1. Number of societies	..	32,706	35,300
		(In lakhs.)	(In lakhs.)
2. Number of members	..	6.79	7.75
		Rs.	Rs.
3. Paid up share capital	..	52.52	53.85
4. Deposit from members	..	17.58	17.11
5. Loans from Central Banks	..	309.41	299.72
6. Deposit from non-members	..	12.18	12.04
7. Loans due by members	..	370.65	362.78
8. Reserve Fund	..	201.60	204.41
9. Other funds	..	.70	1.19
10. Working capital	..	594.84	589.16
11. Cost of management	..	3.63	2.83

	Profit.	Loss.	Net profit or loss.
1939-40	5.09	4.94	+1.15
1940-41	3.70	4.79	-1.09

The sharp increase in the number of societies and members is due largely to the organisation of crop loan societies.

It will be noticed that notwithstanding the increase in the number of societies there is a decrease in the working capital. This is accounted for principally by the decrease in the loans due to Central Banks. The reduction is also the result of

the scaling down of the debts of members by Debt Settlement Boards and the fact that the dues of the members are being increasingly adjusted against their deposits or share capital.

The Reserve or other Funds record a satisfactory increase. There is a drop of Rs. 9.62 lakhs in the loans due to Central Banks while at the same time liabilities of the societies have decreased in other directions which is a satisfactory sign. Owned capital including members deposits formed as much as 46.9 per cent. of the total working capital of the societies as against 45.8 per cent. of the previous year.

Loans due by the members decreased at the end of the year by Rs. 7.5 lakhs. Recoveries as a whole show a substantial increase of 9.84 lakhs over the previous year but this is due largely to increased recoveries on account of the increased crop loans issued during the year.

The position as regards old loans has on the other hand worsened considerably and almost the entire amount outstanding is now overdue. The outturn of crops was unfavourable, and there was a catastrophic fall in the price of jute while on the other hand the cost of living went up. The result was the societies failed to collect even the crop loans in full while as regards old loans recoveries were equally unsatisfactory.

There are of course other reasons which affected recoveries of old loans. Of these increasing propaganda by political tub-thumpers seeking to achieve popularity by advising members to withhold payment is perhaps the most important and the most difficult to check. An impression which concessions given in the past have helped to strengthen is unfortunately gaining ground that one has only to withhold payment to extract further concessions. A great deal is often heard of the inability of the members to repay their debts but an examination of individual cases shows that it is generally the well-to-do and influential members of a society who are withholding payment on the plea of inability to pay and in order to strengthen the case for remission, are advising other members to do likewise. The only effective way in which this can be countered is on the one hand to pay greater attention to the propagation of co-operative principles among the members and on the other to scale down the debt of each member to his repaying capacity. Every member who is unable to repay his loan in full must be induced to go to the Debt Settlement Board and all such cases must be settled as expeditiously as possible. Thereafter the awards should be enforced rigorously. Members should be warned that if they fail to have their debts settled by these boards they will be held liable for the entire amount due from them and steps will be taken under the new Co-operative Societies Act to compel them to pay it.

Land Mortgage Banks.—The number of Land Mortgage Banks remained 5 as in the previous year. Government have sanctioned the establishment of 5 more Banks to be located at Khulna, Burdwan, Rajshahi, Dacca and Feni. All preliminary arrangements have been made and they will start working as soon as the decision of Government which is expected shortly on the question of financing them is received.

The total of loans issued by these banks since they started working is now Rs. 8.53 lakhs for which properties worth Rs. 24.85 lakhs are mortgaged to them. The original debts of the members to whom the loans have been sanctioned amounted to Rs. 11.77 lakhs. These were settled at Rs. 7.88 lakhs. The reduction in the debt might have been greater but for the fact that the banks failed to avail themselves of the facilities offered in this respect by the Debt Settlement Boards attached

to them. These boards have been revived and reconstituted and instructions have been issued that in future every application for loan for the redemption of debts shall first be submitted to the Land Mortgage Bank Debt Settlement Board and considered by the bank only when a satisfactory reduction in the debt has been effected by the board.

There are several reasons for slow progress. The first is, as stated earlier in the report, the fact that the reduction in the debts effected by the land mortgage banks was comparatively small and that the loans issued by the banks carries interest. This has led many prospective borrowers to seek instead the protection of Debt Settlement Boards which effect a bigger reduction in the claims of the creditors and which generally do not award any interest on the debts so reduced. Another factor which has dissuaded agriculturists from seeking loans from land mortgage banks is the fear that they will not be able to obtain any more credit on the property mortgaged to the bank till the bank's loan is fully discharged. The borrowers of the bank are now however permitted to obtain crop loans from societies and section 96 of the new Co-operative Societies Act will permit them under certain conditions to raise a fresh loan on the security of property mortgaged to the Land Mortgage Bank. It is hoped that this will go some way to dispel the fear referred to above. The unwillingness of co-sharers to join in executing the mortgage of the properties offered by the applicant has also hampered the progress of these banks but this difficulty has partly been removed by the amended Bengal Tenancy Act.

Though the business of these banks has shown a welcome increase during the year, overdues have assumed disquieting proportions. For the first time since their inception three banks, failed to repay kists due to the Provincial Bank punctually and defaulted to the extent of Rs. 17 lakhs as principal and Rs. 09 lakhs as interest. This has been attributed to the heavy slump in the price of jute and the failure of the paddy crop in the areas served by these banks, but, I fear, is also due to the unwillingness of the banks to take deterrent action against defaulters. The necessity of dealing with defaulters promptly has been pointed out to these banks and the position as regards overdues has since the close of the year considerably improved.

Non-agricultural Credit Societies.—These societies comprise chiefly salary earners' societies and Urban Banks and their number increased by 6 to 614 with 2.80 lakhs of members and paid-up share capital of Rs. 127.14 lakhs. The reserve and other funds amounted to Rs. 76.03 lakhs.

The following statement will show some particulars of their working:—

	1939-40.	1940-41.
	(In lakhs.)	(In lakhs.)
	Rs.	Rs.
1. Working capital ..	616.30	637.96
2. Deposits from members ..	156.22	150.74
3. Deposits from non-members ..	250.91	275.14
4. Deposits from societies ..	4.14	4.62
5. Loans granted to members ..	361.78	348.25
6. Loans repaid by members ..	319.22	315.93
7. Loans due by members at the end of the year ..	528.16	560.06
8. Of which overdue ..	59.16	60.05
9. Percentage of overdue ..	11.2%	10.7%
10. Profit ..	12.79	14.36

Salary Earners' Societies.—The majority of the societies are salary earners' societies. They are definitely good societies recovering their loans punctually. This is due mainly to the keenness and enthusiasm displayed by the management and the general body of share-holders and the facilities they enjoy of recovering loan instalments due at source through pay sheets. Section 51 of the new Co-operative Societies Act should further strengthen their position in this respect. There is however a tendency in some of the societies to permit members to borrow up to the maximum limits allowed under the bye-laws and to borrow continuously by setting off previous dues by means of "paper transactions." This tendency should be checked for it is likely, if continued, sooner or later to land them in difficulties.

Urban Banks.—The Urban Banks are not working so well as the salary earners' societies.

Most of the big urban banks and salary earners' societies are competent to do business in inland exchange, collection of pay or pensions and interest on securities, shares, bonds and other scrips. Overdrafts against deposits may be granted to members and savings encouraged. The business of giving loans to merchants and traders on the security of agricultural produce may also be undertaken provided precautions are taken to guard against risks that this form of finance lends itself to, namely, theft, fire, adulteration, etc.

Important among non-agricultural credit societies are those organised amongst the scavengers of municipalities. They generally worked well during the year, being supervised by the staff of the municipalities concerned, though overdues were frequently noticed.

The Central Co-operative Paddy Sale Society.—This society generally deals in paddy and rice belonging to societies affiliated to it, other members of co-operative societies and non-members. The number of member societies was 12, the paid-up share capital Rs. 5,450 and reserve fund Rs. 10,353.

The following table will throw some light on its working for two years:—

	1939-40.	1940-41.
	(In lakhs.)	(In lakhs.)
	Rs.	Rs.
1. Deposits from societies ..	31	56
2. Loan from the Provincial Bank ..	19	20
3. Working capital ..	65	62
4. Purchase of members' products ..	2.71	3.77
5. Purchase of non-members' products ..	.93	1.24
6. Sale of goods to members ..	2.77	3.79
7. Sale of goods to non-members ..	.90	1.29

The society handled 1.30 lakh maunds of paddy and rice against 1.28 lakh maunds in the previous year. Its profit amounted to only Rs. 377 during the year. It sells members' produce at a small commission which leaves it only a small margin of profit for it has to advance against stocks large sums to the suppliers by borrowing from the Provincial Bank at a high rate of interest. The question of reorganising and expanding its activities is under consideration.

Agricultural Purchase and Sale Societies.—There are 78 societies against 73 in 1939-40 and the membership has risen to 42,528.

The following table shows the working of these societies:—

	1939-40.	1940-41.
	(Figures in lakhs.)	
	Rs.	Rs.
1. Paid-up share capital ..	2.46	2.82
2. Reserve and other funds ..	1.10	1.31
3. Loans and deposits from societies ..	1.21	1.29
4. Loans from Provincial or Central Banks ..	3.31	3.53
5. Working capital ..	8.54	9.87
6. Purchase of members' products ..	4.03	5.97
7. Sale of goods to members ..	3.69	6.44
8. Profit ..	.26	.43

There was a satisfactory increase in the paid up share capital, reserve and other funds, working capital, amount of business handled and the profits made. Some of the sale societies have passed the experimental stage but lack of necessary capital has hampered their development.

Multi-purpose Societies.—These societies differ only slightly in character from the foregoing societies. During the year their number rose to 33 from 16 and their membership was 44,228.

The following statement indicates the progress of these societies:—

	1939-40.	1940-41.
	(Rupees in lakhs.)	
1. Paid-up share capital ..	.12	.39
2. Loans from Provincial or Central Banks ..	.70	.82
3. Working capital ..	.84	1.26
4. Purchase of members' products ..	.04	.67
5. Sale of goods to members ..	.03	.33
6. Profit ..	.05	.13

These societies have made a promising start

Non-agricultural Purchase and Supply Societies.—There were 47 societies working during the year against 44 of the previous year. They had 5,700 members, paid-up share capital of Rs. 1.09 lakhs and reserve and other funds amounting to Rs. .51 lakhs. Their sales increased to Rs. 5.11 lakhs from Rs. 3.90 lakhs in the previous year, but the profit came down to Rs. .10 lakhs from Rs. .18 lakhs. The increase in sale is mainly accounted for by the transactions of one society at Calcutta, two at 24-Parganas and one at Rajshahi. The Bengal Chemical Co-operative Stores at Calcutta, the Sardah Police Training Co-operative Stores and the Raigaon Co-operative Medical Stores in Rajshahi, the Dhakeswari Co-operative Stores near Dacca and the Samabaya Bhandar at Santiniketan worked satisfactorily. The Ichapura School Co-operative Stores has opened a cloth department and acquired land for erecting a building of its own.

It is to be regretted that the stores movement has not shown much sign of progress inspite of the opportunities offered by conditions created by the way. Twenty years ago (30th June 1921) there were 90 such societies in the Province with sales to members in 1920-21 of over 12½ lakhs of rupees.

Milk Unions.—The general position with regard to Milk Unions is indicated in the table given below:—

	1939-40.	1940-41.
Number of unions ..	5	4
Number of members—		
(a) individuals ..	231	199
(b) societies ..	162	137
	(In lakhs.)	
	Rs.	Rs.
Paid-up share capital ..	.26	.25
Reserve Fund ..	1.42	1.33
Deposits from individuals ..	.14	.15
Deposits from societies ..	.33	.34
Loans from Provincial or Central Banks ..	.40	.39
Working capital ..	2.56	2.46
Purchase of milk from members ..	2.27	2.00
Sale of milk ..	3.17	3.71

The Calcutta Milk Union alone continued to do business on a big scale. It sold 43,947 maunds of milk for Rs. 3,55,508 against 40,244 maunds for Rs. 3,10,388 in the previous year. The total milk handled was 45,254 maunds against 41,459 maunds in the previous year. The daily average of milk handled was 124 maunds and the average wastage was 2 maunds 35 seers per hundred maunds, i.e., about 3½ maunds per day. The cost of management was reduced to Rs. 52,572 from Rs. 77,684 in the previous year.

The main problem of the union which has so far baffled solution is the high percentage of milk "wastage" associated with which is the question of dealing with the excess supply of milk during a part of the year and shortage during another. A new board has recently been elected and is now studying this question. It is hoped that a satisfactory solution will be found.

The management of the union under the old Board left much to be desired. A false sense of prestige made it reject departmental advice or help.

Milk Societies.—There were 223 societies with 10,626 members and paid-up share capital of Rs. 25,903. The working capital amounted to Rs. 1.53 lakhs of which Rs. .26 lakhs was borrowed from Central Banks or Unions. The working of these societies showed little change during the year. Three were put into liquidation. Of these societies, the group affiliated to the Calcutta Milk Union numbering 125 is the most important and account for the bulk of the figures given above. Some of these societies are also functioning indifferently.

Sugarcane-Growers' Co-operative Societies Union.—The following table gives the main figures relating to the two sugarcane-growers' unions of the Province:—

	1939-40.	1940-41.
Number of members (societies)	434	519
	Figures in lakhs.	
	Rs.	Rs.
Paid-up share capital	10	17
Loans from Provincial or Central Banks	95	70
Purchase of cane from members	63	67
Sale of cane to non-members	63	67
Profits	03	02

The number of individual members of the societies affiliated to these unions increased from 3,507 to 8,765 during the year.

The profits of these Unions are, however, illusory inasmuch as they are the result of subsidies received from the Government of India Sugar Excise Fund. But for this both unions have worked at a loss and, it is feared, they will continue to work at a loss until the mills adopt a more sympathetic attitude towards them than has so far been the case.

Agricultural Associations.—

There were 37 such associations with 9,882 members with a working capital of Rs. 1.32 lakhs of which Rs. .27 lakhs represented outside borrowings. With few exceptions these societies are functioning indifferently and are working more or less as credit societies. The question of reorganising some of these societies into Multi-purpose Societies is being considered.

The most important society in this group is the *Badarkhali Colonization Society* in the Chittagong district. During the year it continued to make excellent progress. The number of debt free members increased to 152 as against 262 members originally in debt. Collections during the year were Rs. .28 lakhs against Rs. .34 lakhs of the previous year. As the number of debt free members increases collections will naturally be less.

The society borrowed Rs. 3,000 from the Provincial Bank to advance cultivation loans to its members and repaid Rs. 9,600 to that bank leaving a balance of Rs. 4,554 against Rs. 10,609 due at the beginning of the year. The society stocked 4,200 maunds of paddy in its granary for issuing paddy loans to members. Several roads including the Badarkhali Chakaria District Board Momin Road have been constructed entirely by voluntary labour given by the members. In the colony primary education is free for both boys and girls and it maintains a free U. P. School. There are also night schools to impart the rudiments of learning to adults. A few years ago almost all the colonists were illiterate but now almost all of them can read and write. The society's weaving school continued to impart useful training to the students coming from the different blocks. Its charitable dispensary received grants from Government and other sources for the purchase of surgical instruments, medicines and furniture.

An interesting experiment in joint farming initiated by the Collector of Nadia, led to the establishment of the Jahangirnagar and Raipur Co-operative Joint Farming Societies. The members have pooled their holdings; the land contributed by

each member is taken as his share capital; the holdings are consolidated and cultivated jointly by the members who receive wages. The societies are still in the experimental stage. Their progress is being watched with interest.

Industrial Unions.—There were 10 Unions with 1,901 members of whom 202 were societies. Their paid-up share capital amounted to Rs. 2.12 lakhs and reserve fund to Rs. .22 lakhs. The working capital was Rs. 5.89 lakhs of which Rs. .91 lakhs was borrowed from Government and Rs. 1.99 lakhs from Provincial or Central Banks. They purchased goods worth Rs. .35 lakhs from members and worth Rs. 1.72 lakhs from non-members and sold goods worth Rs. 2.49 lakhs.

The Bengal Provincial Industrial Society raised considerable share capital by enlisting new members. It sold finished goods valued at Rs. 84,090 against Rs. 63,802 during the previous year. It obtained from Government a grant of Rs. 20,000 for meeting the cost of establishment, propaganda and purchase of samples, etc., and extended instalments for repaying the existing Government loan of Rs. 28,700. Both through its sales and propaganda it continued to popularise handloom products and supplied new designs to its members. On the year's working it earned a profit of Rs. 7,066 against Rs. 3,809 of the previous year.

The paid-up share capital of the Bagerhat Weaving Union rose to Rs. 1.58 lakhs from Rs. .93 lakhs during the previous year and the working capital to Rs. 3.05 lakhs from Rs. 2.21 lakhs. The union has an up-to-date plant and a sizing and calendering machine purchased out of the Government of India grant. The total number of power looms at work was 50. The Union has acquired a good reputation among consumers and goods produced by it found a ready market throughout the province. During the year goods worth Rs. 83,619 were sold against goods worth Rs. 71,084 sold during the previous year and the Union earned a profit of Rs. 3,429 as against Rs. 2,443 of the previous year.

The handloom staff maintained out of the Government of India grant held about 1,000 demonstrations to train members of weaving societies in improved methods of weaving and dyeing. It helped not only in standardising their products and introducing new designs but also in marketing their goods. The resources of the weaving unions are however limited and the abnormal rise in the price of yarn and dye stuffs made it impossible for them to purchase these commodities for their own use or for the use of their members on anything like the scale originally intended.

Weavers' Societies.—There were 354 societies with 5,443 members, paid-up share capital amounting to Rs. .39 lakhs and working capital to Rs. 3.98 lakhs of which Rs. 2.20 lakhs was borrowed capital. Almost all these societies have been functioning as purely credit societies and most of their borrowed capital is now locked up in loans to weavers. These loans amounted to Rs. 2.19 lakhs, almost all overdue. Coupled with the shortage of liquid resources thus occasioned, was the rapid increase in the prices of yarn and dyes owing to the War. This explains why these societies sold members' goods worth only Rs. 457. Nevertheless, the volume of sales by the members themselves on their own account was substantial. The staff maintained out of the Government of India grant for the improvement of the handloom industry helped weavers in this respect considerably by standardising and improving the quality of their goods and training them in improved methods of dyeing and weaving.

The Dhanikhola Milan Samaj Co-operative Silpa Sangha Samity in the district of Mymensingh received the second instalment of the Government grant during the

year. Seven automatic looms and 3 fly-shuttle looms were operated by this society. Besides cotton, it produced a quantity of silk and woollen fabrics. About 23 trained members of the society had been able to start small factories of their own.

Women's Industrial Societies.—The Dum Dum Women's Co-operative Industrial Home entered its third year of existence. Destitute *Bhadrolog* women were trained in the industrial school maintained by the Home and a marked improvement was noticed in the quality of their products. The Home produces mainly furnishing materials, waterproof lining cloth and other fancy articles. Its sales showed a considerable increase over those of the previous year, the improvement being due to the employment of agents, arrangements for keeping articles on consignment at important shops and increased purchases by the Provincial Industrial Society, Ltd. During the year 10 trained workers left the Home of whom some found employment as teachers in technical schools.

The Islamia Ideal Home Industrial Society, Ltd., was organised at Chittagong on the model of the Dum Dum Women's Industrial Home and registered at the close of the previous year. The membership of this society is open to Muslim women, whose principal vocation is weaving or who intend to take up weaving as a profession. The Home received a grant of Rs. 2,690 from Government of which Rs. 1,000 was earmarked as working capital and the balance was set apart for meeting the salary of one Instructor. It has been fortunate in securing a spacious building free of cost where its factory is located. There are 26 members now working 15 looms, which have been provided out of the Government of India grant. A peripatetic demonstration party was deputed by the Department of Industries to train the members in the art of weaving. There was no difficulty in disposing of its products.

Cottage Industries.—There were 11 societies at the end of the year dealing with miscellaneous cottage industries. These societies are generally functioning indifferently. The Co-operative Bishan Silpa Samity in Dacca is however doing well. It was registered in 1939 and of late has taken up marketing of buttons manufactured from horns by the members. The demand for these has increased on account of the war and the society had already supplied more than 40,000 gross buttons valued at nearly Rs. 25,000. It has recently been enlisted as an approved firm for the supply of buttons by the Director-General of Supply, Delhi.

No improvement was noticed in the working of the conch-shell makers' or cocoon rearers societies during the year. Eight of the former were put into liquidation in Dacca district.

Fishermen's Societies.—There were 124 fishermen's societies with 6,990 members, with a working capital of Rs. 2.91 lakhs, paid-up share capital of Rs. .55 lakhs and reserve and other funds amounting to Rs. 1.58 lakhs. The majority of these societies started as credit societies of which fishermen alone were members and came to grief. During the year loans due by members amounted to Rs. 1.38 lakhs of which Rs. 1.12 lakhs were overdue, a large part of which has become irrecoverable. Some notable results were, however, achieved by societies which undertook the actual business of fishing.

Anti-malarial Societies.—The activities of these societies include anti-malarial propaganda among rural people, supply of medicines, sinking of tube-wells, construc-

tion of roads and culverts and other public health activities. There were 1,098 such societies with .21 lakhs members. Their working capital amounted to Rs. .90 lakhs consisting almost entirely of members' deposits (Rs. .07 lakhs) and their own funds.

Eleven of these societies were affiliated to the Central Co-operative Anti-malarial Society which continued to conduct anti-malarial propaganda through its monthly journal "Sonar Bangla" and public speeches in the countryside.

Better Living Societies.—The activities of these societies include attention to public health, water-supply, devising ways and means for providing employment for the unemployed, the development of cottage industries and the settlement of village disputes. There were 552 such societies with .15 lakhs members and working capital of Rs. .32 lakhs.

In spite of the difficulties of finance some societies did very useful work. The Goyghar Society ran a charitable medical dispensary and the Bangari Society ran a free library and a primary school. The Khaguria Palli Sanskar Samiti in Noakhali and the Baliati Palli Sanskar Samity in Dacca districts maintained weaving schools and devoted considerable attention to public health activities within their areas of operation. The Dhupati Palli Sanskar Samity in Bakarganj district ran a lower primary school and constructed roads 1½ miles long.

Irrigation Societies.—There were 1,070 irrigation societies against 1,011 in 1930-40. The number of members increased from 21,624 to 23,072 and the paid-up share capital from Rs. 3.29 lakhs to Rs. 3.32 lakhs during the year. Loans from Government and members' deposits showed a slight fall being respectively Rs. .30 lakhs and Rs. .06 lakhs. Many of the societies have not yet become self-supporting, due primarily to the difficulty of collecting the dues from members and others benefited from the work and to the high cost of some of these works financed as they are largely with borrowed capital. The difficulty of collection will, it is hoped, be largely met when the new Co-operative Societies Act comes into force.

Co-operative Debt Settlement Boards.—The number of Co-operative Debt Settlement Boards was 106 during the year.

Progress so far has been slow. Only a small fraction of the members of rural credit societies have yet applied, far too many cases have been dismissed, far too few settled. Departmental officers in charge of these Boards have, I fear, not devoted to this work the attention that it deserved, though the many difficulties inherent in this work have contributed to the slow progress in no small measure. The extreme importance of this work on which largely depends the rehabilitation of the Central Banks is now being brought home to all officers with, I am glad to say, distinctly better results. A pamphlet containing comprehensive instructions on the working of these Boards has been issued to all officers, to assist those who are now in charge of these Boards and prepare others for some 300 more Boards that we expect to set up in the near future. Government have already sanctioned one hundred new Boards to be set up within this financial year.

The Bengal Co-operative Alliance.—The society's object is to broadcast co-operative ideas throughout the province and thereby further the advancement of the

co-operative movement. But despite generous assistance from Government its activities have remained limited in character and its financial position insecure. Its chief difficulty is to collect subscription from rural societies over whom it has failed so far to acquire even a moral hold, so meagre is their appreciation of the benefits it offers them. It publishes two admirable journals the "Bhandar" and "The Co-operative Journal" neither of which command the circulation they deserve and both constitute a heavy drain on its slender resources. Its printing press has, however, helped its finances considerably and it is hoped that co-operative institutions will patronise it in increasing numbers.

The question of reorganising the finances and the activities of the Alliance has recently been taken up with its directors.

Liquidation.—It must be confessed that the progress of the recovery assets of the societies in liquidation was and always has been disappointing. Not only recoveries are poor and slow but a disproportionately large percentage of them—as much as 20 per cent. in 1940-41—is consumed by establishment and other costs.

The recent amendment of the Bengal Agricultural Debtors' Act bringing debts of liquidated societies within its purview has made the process of realising the dues more easy but dilatory for in many cases members obtain long instalments.

As in previous years societies and liquidators had to purchase properties of defaulters in certain cases during the course of execution proceedings. The properties are in most cases unremunerative and a source of embarrassment. The ownership of lands involves certain duties and responsibilities which the societies or the liquidators are not fitted to discharge.

The entire system of liquidation will have to be overhauled and proposals to this effect have recently been submitted to Government.

MADRAS

Extracts from the Report of the Registrar of Co-operative Societies, S. A. Venkataraman Esq., I.C.S., for the period ended 30th June, 1941.

Review of policy.—The year 1940-41 may be characterized as a year of general expansion in many directions, or consolidation of the progress already made in certain special lines, and of a greater manifestation of the realistic sense of co-operators. Government have now passed orders on almost all the recommendations of the Committee on Co-operation. The more revolutionary among the proposals have not been accepted. The fundamental departure from accepted tradition and practice, in altering the basis of the liability in village credit societies, which the Committee recommended, has been rejected; unlimited liability will, as heretofore, continue to govern our primary village societies. The proposal that a voluntary pool of the reserve funds of primary societies in the area of each central bank, to be administered by a committee with the Registrar as trustee, should be created for the benefit of societies which come to grief owing to bad management or other causes, has also been rejected on the ground that the acceptance of it would seriously impair the soundness of village primary societies and put a premium on mismanagement. The suggestions that small village societies should be reorganized on a wider basis by

grouping a number of them together into one society, that the functions of agricultural credit societies should be enlarged so as to include all the economic requirements of members by the formation of so-called "multiple purpose" societies; and that village co-operative societies should, as a general rule, be permitted to lend to members on the pledge of gold and jewels, have also not been accepted. As regards central banks, the Committee's recommendations that the banks should be empowered to take coercive steps against defaulters of primary societies in case the latter failed to take suitable action; that they could undertake commercial transactions and banking business of all kinds; that the secretaries of central banks should be appointed liquidators of indebted societies; that it should be open to central banks to relax the individual maximum credit limit of members of affiliated societies; that the central banks should be formed into "pure type banking unions" composed of affiliated societies, individual shareholders being completely eliminated; that they should, on the other hand, be permitted to co-opt individuals to the board of management,—all these recommendations have been rejected wholly or in part. So also has the other recommendation, which sought to make the question of the future of local supervising unions a matter entirely for the discretion of the central banks. The proposal to form two apex banks, one for the Andhra districts and the other for the Tamil districts, has also been rejected. The recommendation that there should be separate co-operative societies for the scheduled classes has not also found favour with Government who have held that separate societies for scheduled classes should ordinarily be eschewed unless they are necessary for carrying on any particular activity, such as house-building, colonization, etc., or when local circumstances warranted their formation. The proposal that the Provincial Co-operative Union should cease to exist in its present form, and that four linguistic unions should be created instead, the Provincial Union being a mere federation of these four unions, has not been accepted. As regards administration, the Committee's proposal that the audit staff of the department should be separately constituted into a distinct branch has not been accepted; nor have the suggestions that the special staff of Deputy Registrars for land mortgage banks should be discontinued, and that Co-operative Sub-Registrars for land mortgage banks should be empowered to recommend loan applications up to Rs. 5,000. The proposal to curtail the Registrar's powers of supersession by making the concurrence of the financing banks obligatory has not been approved. This summary of the more important recommendations will indicate that, so far as the general structure of the movement and the methods of administration are concerned, no radical departure from the existing practice is contemplated for the present.

Finance.—Co-operative financing institutions continued to have a satisfactory year, the general position of village societies, central banks, urban banks and land mortgage institutions being sound. The level of deposits remained high, as in previous years; and the occasional scare consequent on the war failed to have any appreciable effect on the co-operative credit structure. The steady decrease in "overdues" has on the whole been maintained. There has been a consensus of opinion both in the department and outside that, for the ordinary credit structure, a margin of about two per cent was absolutely necessary if the financing institutions are to continue on satisfactory lines. A very large number of societies of all descriptions have already adopted this margin, with the result that on 30th June 1941 no fewer than 18 central banks, 4,014 agricultural credit societies and 336 non-agricultural credit societies had a margin of two per cent between their borrowing

but also to function as live centres of co-operative thought and activity in their respective areas. The creation of a College of Co-operation at Madras is also under the active consideration of Government.

Prospects.—Some progress has been made this year in the linking of consumers' stores with producers' societies. Nearly a hundred stores purchased goods worth about a lakh and a half of rupees direct from sale societies, weavers' societies, milk supply societies and other producers' societies; and the products of weavers' societies are to an increasing extent being marketed through stores. An effective way to minimise friction and produce agreement was for stores societies to be given a limited representation on the committees of marketing societies and for advisory boards consisting of representatives of both categories to be formed for reconciling the interest of the Institutions concerned.

Conclusion.—A realistic survey of the movement should convince anybody of the limitations of honorary service and of the urgent need for a trained and adequately paid staff, especially in banking, agricultural marketing, and other forms of specialised non-credit work. However willing an honorary worker may be, it often happens that he has neither the training nor the time to discharge his duties efficiently; and business must be conducted as a full-time job by men with the necessary technical equipment. It seems to me that the most important desideratum for the future is, besides an all-round improvement in the literacy and education of the people, a constant stream of trained men, adequately paid, to run co-operative institutions. Some steps have already been taken in this direction, and I hope it may be possible in the near future to ensure that all important co-operative societies will have such a staff. The cry is being frequently raised that officials interfere too much with the work of societies and that they should keep their hands off and intervene only in the last resort, when things are well-nigh hopeless. It seems to me, however, that it is much better to prevent evils creeping into societies and to set matters right in time, than wait till it is too late and then conduct a statutory postmortem. On the department has been cast the statutory duty of safeguarding the interests of the public and the proper working of societies; and this duty cannot be satisfactorily discharged by waiting in the ante-room till societies think fit to call it in. Unfortunately, however, any action taken by the department to set the affairs of a society right, or to advise its governing body to remove elements which are likely to wreck it, is pointed out in interested quarters as unwarranted intrusion into its domestic affairs. It is surprising, nevertheless, to see in how many cases the very persons who raise the cry of official interference ask the Registrar to go much farther and nominate the entire board of management of a newly started society and thus deprive the general body of its franchise on the plea that only such a course would save the society from initial factions and disputes. I am glad to say, however, that there has been a general awakening of the rank and file of the movement to the real facts of the situation, and an increasing recognition on their part of the truism that, unless it is cleared of elements which have developed vested interests, progress is bound to be almost impossible. The department can never regard itself as divorced from a movement with which it is so closely connected. It must pursue in future, with no less vigour than in the past, its duty of enlightening the "average co-operator."

General Progress.—The following statement shows the number of societies of various types, excluding the provincial banks, central banks societies, and unions, for the last four years—

	1937-38	1938-39.	1939-40.	1940-41.
Agricultural credit societies ..	10,520	10,926	11,191	11,058
Land mortgage banks ..	101	112	119	119
Non-agricultural credit societies ..	1,070	1,131	1,168	1,171
Sale societies and marketing societies ..	132	147	167	177
Agricultural stores and trading unions ..	7	9	6	5
Milk-supply societies ..	39	51	88	104
Milk-supply unions ..	4	6	15	17
Irrigation societies ..	12	13	14	15
Agricultural demonstration and improvements societies ..	35	39	42	43
Land reclamation societies ..	10	10	9	7
Sugarcane growers' societies ..	15	15	14	14
Consolidation of holdings societies ..	5	16	22	26
Scheduled castes non-credit societies ..	289	291	297	301
Colonization societies ..	2	3	4	6
Stores ..	73	85	236	254
College and school students' stores ..	89	94	222	354
Weavers' societies ..	132	173	191	194
Cottage industries societies for women ..	9	22	25	21
Other cottage industries societies ..	28	46	63	68
Buildings societies ..	127	126	122	117
Labour contract societies ..	18	22	23	27
Fishermen's non-credit societies ..	28	28	32	34
Better Living societies ..	50	54	51	53
Thrift societies for women ..	22	19	18	13
Total ..	12,835	13,461	14,170	14,251

Membership.—The membership in societies rose by about 3 per cent from 1,165,000 on 30th June 1940 to 1,196,543 on 30th June 1941.

Working capital.—The total working capital of all classes of societies rose from Rs. 2,404 lakhs to Rs. 2,510 lakhs, an increase of 4 per cent.

Transactions.—The total amount of loans outstanding against members has increased from Rs. 1,801 lakhs to Rs. 1,855 lakhs, that is, by about 3 per cent. There has been a slight fall in the transactions of agricultural credit societies and an appreciable increase in the business of agricultural non-credit societies. While the loans outstanding against members in the credit societies have fallen by about Rs. 29 lakhs, they have increased by about Rs. 29 lakhs in the non-credit societies, particularly sale societies. Evidently, the ryots are to an increasing extent availing them-

and lending rates. Another direction in which the financial strength of central banks has been increased is by the recent rule under which they have to allocate one-third, instead of one-fourth, of their net profits to the reserve fund until the reserve fund and other reserves equal their share capital.

Administration.—A real beginning has been made in the direction of effective supervision of societies by extending the system of 'territorial' inspectors to nine districts. The new system has for its aim the concentration of all functions in one inspector, who will deal with the society as a complete entity and will act as the 'friend, philosopher and guide' of whom we hear so much in co-operative talk. Audit alone will be done by a separate agency. The system has obvious advantages in that the average villager looks to only one official for help and guidance in all matters affecting the society instead of being bewildered by a variety of inquisitorial visits from different individuals. The results in the nine districts where the scheme is in force are quite promising. There are now no fewer than 24 Deputy Registrars in the department who have had a fairly intensive training in the methods of joint stock banking in Madras and Bombay. This should prove a great asset to the department in the coming years. It is not possible, as things are, to expect a Deputy Registrar to run more than one district; the very magnitude of the work militates against efficiency. I have recently submitted proposals to Government for the abolition of the system of Assistant Registrars in certain districts and for sanctioning one Deputy Registrar for each district in the province.

Liquidation.—A vigorous drive was kept up in connection with the liquidation of societies which were hopelessly insolvent and could not be revived. A considerable acceleration in the rate of progress was effected, the affairs of as many as 439 societies being finally closed during last year, as against an average of 209 in the three previous years. The existence of a large number of societies under liquidation, where the proceedings drag on year after year, in certain cases for over ten years, has been a constant source of weakness to the movement. They diverted attention for an indefinite time from more important positive work in the districts, and it has been my policy to drive my liquidation staff to the limit of their endurance in order to see that these proceedings are terminated within a reasonable time. Judging from the progress made in one year of intensive activity in this respect, I am not without hopes that the problem of liquidation will be cut down to reasonable dimensions in the course of the next few years.

Supervision and management.—It seems to be generally agreed, that there is no need whatever to make a radical change in our central banking structure. Our banks are, in general, reasonably sound institutions. Many of them are as good as the major scheduled joint stock banks; and they have weathered the lean years of depression in a remarkable manner. They are congenial to the genius of this province, and I should look upon any attempt to break them up into small banking unions, with a good deal of apprehension. It cannot be denied, that, except in certain districts, the supervision exercised by our central banks over the village societies has not, in general, been very effective; in most cases, there is hardly any supervision worth the name; in a few instances, what little there is tends to take the form of an attempt at autocratic control and the running of village societies to suit the desires of the party in power in the central bank. The urgent need of the hour seems to me to assist the development and consolidation of healthy local co-

operative opinion which would guide the societies in its area and act as a counterpoise to the centralized co-operative opinion of the financing bank. The representatives of a union on the committee of a central bank should be elected by the general body of the union from among the members of its governing body. A vigorous drive should be launched to revive and strengthen unions, the services of territorial inspectors being utilized for this purpose. The number of members on the governing bodies of unions should be small. No delegate from a society which is in default to the financing bank should be entitled to sit on the governing body of the union. The average number of societies in the area of a union should be between 30 and 40. A supervisor and a territorial inspector should be sufficient for each union area and they can do intensive work, in collaboration, for the revival of the societies in that area. The supervisors should be appointed by the central banks, but should work under the control of the unions. The powers of suspension and removal of supervisors should vest in central banks, but the unions should have power to inflict all other punishments. The supervisors should ordinarily not be transferred by central banks without the consent of the unions. No supervisor should be in charge of the same area for more than three years. The annual budgets of unions should be sanctioned by central banks; within the budget allotment, however, the unions should have power to incur every expenditure.

Special Features of Expansion.—Loan and sale societies have done remarkable business in the advance of loans on the pledge of produce. This, in fact, has been a special feature of this year, and no less than about a crore and a half of rupees has thus been lent by sale societies to their members; and it is becoming increasingly clear that there is a great future for this line of business, which is apparently proving very popular with the ryots. The construction of warehouses and godowns on modern lines—damp-proof, fire-proof and rat-proof—has also gone on apace during the year. Almost all of them conform to exacting modern standards. Government have recently liberalized their rules to enable more village primary societies to take up the construction of village godowns; instead of contributing one-fourth of the cost of godowns as a free grant, the limit has now been raised to half the cost. I am glad to say that many village societies have begun to take advantage of this offer.

Education.—The usual classes under the auspices of the Provincial Co-operative Union were continued, but a special drive was also launched and kept up at high pressure throughout the year for the education of these members. One Educational Inspector of the Department in each district visited a number of societies in turn, assembled panchayatdars and as many members as possible and taught them how to keep accounts, besides discoursing on the general principles of co-operative methods and practice. There is general agreement that these classes have been more successful than one dared to hope in the beginning. Over 50,000 persons received the training and there has been some real awakening of interest on the part of villagers in the actual running of their societies. It seems to me that, when the Government of India's co-operative education grant is withdrawn, the system of Educational Inspectors should be permanently retained. Government have accepted my proposals for the establishment of three permanent institutes, at Rajahmundry, Tanjore and Coimbatore, and a fourth one to run at Anantapur every alternate year. The institutes are autonomous bodies with an independent organization; and they are expected to serve not merely as a training ground for co-operative employees

selves of the credit and other facilities afforded by sale societies and are borrowing less from credit societies.

Overdues.—In the year, there was a fall in the percentage of overdues in central banks, land mortgage banks and in agricultural and non-agricultural credit societies, while there was a rise in the percentage in agricultural non-credit societies.

The following statement shows the percentage of overdues under principal in central banks, agricultural societies and non-agricultural societies during the past five years:—

Year.	Central banks.	Agricultural societies.	Non-agricultural societies.
1936-37	51.15	58.76	21.90
1937-38	50.20	55.45	20.86
1938-39	42.21	47.17	19.94
1939-40	35.35	40.58	16.86
1940-41	33.03	38.93	18.62

Non-credit institutions, in general, have recorded another year of steady and satisfactory progress.

Resources.—The percentage of owned capital (share capital plus reserve fund) of the societies to their working capital has slightly fallen in the Madras Provincial Co-operative Bank and the district central banks; in the case of other types of societies the percentage has slightly risen. In the Madras Provincial Co-operative Bank and central banks, though the percentage has slightly fallen, there has been no reduction in the total amount of the capital owned by them; on the other hand, there has been an increase. The fall in the percentage was because the owned capital of the banks did not increase in the same ratio as their borrowings; such fall is not necessarily a sign of weakness but a result of the increase in their business.

In agricultural societies, while there was an increase in the proportion of members' deposits to total deposits from individuals, there was actually a fall in the amount of such deposits. There was a reduction in the amount of deposits held by non-members also.

As for non-agricultural societies, the steady increase in the amount of deposits held by members as well as non-members during the past few years was maintained. The proportion in which members and non-members held the deposits, however, remained the same as in last year.

In central banks, out of Rs. 154.57 lakhs held in deposit by individuals, Rs. 27.98 lakhs, that is, 18 per cent, were held by the individual members of the banks. On an average, each member held as deposit Rs. 690 against Rs. 692 last year.

Short-term and medium-term loans.—In agricultural societies, 54.37 per cent of the total loans was for periods less than one year, 3.84 per cent for periods ranging between one and two years, 32.34 per cent for periods between two and five years

and 9.45 per cent for periods exceeding five years. In non-agricultural societies the corresponding percentages were 26.30, 19.89, 40.73 and 13.08. The Committee on Co-operation had suggested that Provincial and central banks as well as primary societies should confine their operations to short-term and medium-term loans and that the latter type of loans should normally run for five years, in exceptional cases to seven years, and in no case beyond seven years. On an examination of the financial position of central banks I found that, in 18 of the 30 banks, their medium-term and long-term investments in loans exceeded their medium-term and long-term resources. I, therefore, suggested that Government might frame a rule restricting the period of medium-term loans by central banks and societies to three years and empowering the Registrar to fix, by a general or special order in writing, how much of the resources of a financing bank or credit society should be for short-term and for medium-term credits. Government have published the draft rule for criticism.

Purpose of loans.—Much the larger part of the loans issued by agricultural societies was, as usual, for productive purposes. Both the amounts and the percentage of such loans to the total loans issued have increased. The steady fall in the loans for non-productive purposes is also satisfactory. I cannot, however, congratulate the persons who are in charge of the management of these societies for having advanced as large a sum as Rs. 35.23 lakhs for the redemption of prior debts. Land mortgage banks specially formed for relieving ryots from the burden of their prior debts have now been in existence for over a decade and I see no point in other societies continuing to issue loans on a large scale for the same purpose. I need hardly state that one of the main reasons for the persistence of overdues is the issue of loans for the discharge of prior debts by credit societies. I hope that as a result of the several schemes now in operation for teaching the panchayatdars and members of societies the principles of co-operation there will be a perceptible improvement in this respect. Urban credit societies should use a larger proportion of their funds to give loans to artisans, small traders, etc., for developing their business.

Value of loans.—In agricultural societies the proportion of the loans issued for sums exceeding Rs. 250 is steadily on the increase. From 53.94 in 1938-39 the percentage increased to 56.32 in 1939-40 and to 59.22 in 1940-41. This is not a very satisfactory feature. In non-agricultural societies, too, the percentage of loans for sums exceeding Rs. 250 is still high, though it has fallen from 52.25 in 1939-40 to 49.72 in 1940-41. Both in agricultural and non-agricultural societies the percentage of loans for sums less than Rs. 50 was less than 14 per cent of the total loans issued by them. Co-operative societies have been formed mainly for the benefit of persons of limited means, and this cardinal fact should not be ignored.

Security for loans.—In agricultural societies, the percentage of loans outstanding on the security of produce and finished products has increased from 16.84 to 25.26, while that of loans on the mortgage of immovable property has fallen from 42.15 to 38.43. While these are undoubtedly satisfactory features, the fall in the percentage of loans on personal surety is not a happy sign. Societies which claim to be really co-operative in character should issue more loans on personal security and less on the mortgage of immovable property. There was, however, some improvement in this direction in non-agricultural societies.

The War.—The policy of starting primary and wholesale stores with a view to safeguard the interests of consumers against the conditions brought about by the

war was continued, and 124 primary stores and one wholesale store were started during the year. On 30th June 1941 there were 354 primary stores in the Province, and 3 wholesale stores at Madura, Tinnevely and Coimbatore.

Organization—General survey.—Four hundred and thirty-six societies were registered in the year in the Province. Of these, 68 were registered in Madura alone. One hundred and seventy-six of the societies registered during the year came under the category of "Non-agricultural—Purchase and Sale." Of this number, 41 were in Madura, 18 in Coimbatore, 15 in Ramnad and 12 each in East Godavari and Tinnevely. Among the non-credit societies registered during the year, stores societies stood out prominently, their number being 124. Other important types of societies registered were students' stationery societies (32), milk-supply societies and unions (21), sale societies and other agricultural marketing societies (20), weavers' societies (13), consolidation of holdings societies (8), and co-operative canteens (7).

Marketing and controlled credit.—The scheme of controlled credit was in operation during the year in all the districts except Anantapur, South Arcot and Nellore. 54,864 acres of land were brought under the scheme and 918 societies issued loans to the extent of Rs. 10,30,183. The cotton improvement scheme introduced in the Madura and Ramnad districts was worked in the Palni, Periyakulam and Aruppukottai areas. Seeds of pure Co. 2 and K. 1 varieties were supplied to the ryots, through co-operative societies and the total area covered was 3,072 acres. A greater area will be gradually brought under the scheme.

Electric motor and power pump supply.—An interesting experiment in the supply of electric motor pumps to ryots for irrigation purposes has been started in North Arcot. The North Arcot District Co-operative Electric Motor and Power Pump Supply Society was registered and started on its work during the year. The society supplies motor and power pumps to members by purchasing them wholesale, and recovers their cost in a period of seven years. It has up to now supplied 13 pumping sets to members at a cost of Rs. 8,011.

Consumers' co-operation.—The policy of starting stores' societies in important centres to check the profiteering tendency of retail shopkeepers was continued during the year, and the number of stores has steadily increased. At the end of the year there were 354 stores working in the Province, and the sales effected by them during the year reached the remarkable figure of Rs. 58,33,390. Co-operative buying has more or less established itself with consumers in urban and semi-urban areas.

A third wholesale store has been started at Coimbatore, to serve the primaries in the Coimbatore, Nilgiris and Malabar districts. The starting of another "wholesale" at Rajahmundry to cover the East and West Godavari districts is under contemplation.

The Madura-Ramnad Co-operative Wholesale Stores has completed its second year of working. Its purchases during the year totalled Rs. 5.64 lakhs, and its sales Rs. 5.84 lakhs. The "wholesale" had in the beginning to contend with a number of practical difficulties in its working, and it did not also resort to scientific buying at the producing centres at the appropriate time. This resulted in a little loss, but the business has now been mastered and I expect its work will now go on with a swing.

Its experience has provided useful lessons for the other 'wholesales' subsequently started.

The Tinnevely Central Stores actually commenced business only this year though it was registered and started on its work in 1939-40. It was able to collect a share capital of Rs. 13,045 and effect sales to the extent of Rs. 1,98,482.

The Coimbatore Central Stores was registered and started on its work during the year. It has made a good beginning and sold goods worth Rs. 60,485. Recently, its management has been reconstituted by giving greater representation to the mill employees' stores which furnish the bulk of its business.

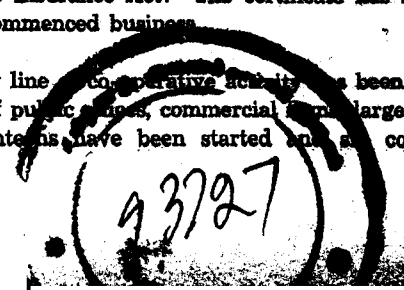
There had been differences between the Central Stores and the primaries in respect of business relating to the supply of finance, purchase of stock etc. It was suggested that for ensuring the smooth working of the wholesale and primary stores, much the larger part of the representation on the Board of Management of the wholesale stores should go to the primaries which did a decent volume of business. It was also suggested that primary stores should ordinarily obtain all their main requirements from the wholesales, that in special cases the primaries might be permitted to purchase stock from outside but with the previous consent of the wholesale, that the wholesale should take back any stuff supplied by it to primaries in case it is returned because of its inferior quality, that primary stores should be exclusively financed by the wholesale stores and central banks should not give them any advances, and that wholesale stores should train the staff employed in the primaries, the control of the staff being left to the primaries themselves. I am advising the wholesale and primary stores to adopt these suggestions.

Sixteen more stores were started during the year for mill workes in towns, and the total number of such stores is now 31. The mill authorities continued to give their full support to the movement. The Madura Mill Workers' Stores again deserves special mention. It had a membership of 4,320 and a paid-up share capital of Rs. 34,830. Its sales during the year amounted to Rs. 2,81,801. The management of the mills has generously placed at the disposal of the stores a spacious building at a nominal rent of Re. 1 per mensem and has also given it a handsome subsidy of Rs. 15,000.

During 1940-41, 32 municipal inferior employees' societies purchased cloth, food-stuffs, etc., worth Rs. 66,572 for distribution among their members and it is estimated that such purchase and distribution resulted in a net saving of Rs. 905 to members. One society in Madura district alone purchased and supplied to members articles worth Rs. 26,000.

Fire and General Insurance Society.—It has so far collected a share capital of Rs. 3,08,000 and has also made the necessary initial deposit with the Superintendent of Insurance. The society could not, however, do any insurance business during the year pending the receipt of the certificate of registration from the Superintendent of Insurance under section 4 of the Insurance Act. The certificate has since been received and the society has just commenced business.

Co-operative Canteens.—A new line of co-operative activity has been the starting of canteens for the employees of public offices, commercial and large industrial concerns, etc. Seven separate canteens have been started and a co-operative



stores have been running canteens as a subsidiary activity. These canteens altogether did business to the extent of Rs. 88,217 and earned a total net profit of Rs. 3,302. They constitute one line of public health activity in urban areas.

Co-operative Milk-supply Unions and Societies.—These societies usually have large quantities of surplus milk during the monsoon months. They convert it into milk sweets or ghee but this is not profitable. There is a large demand for table butter and tinned cheese for supply to the Army, and attempts are being made to see whether co-operative societies cannot profitably utilize their surplus milk in this direction. I am asking the bigger milk-supply unions like those at Madras, Coimbatore, Madura and Kodaikanal to try the manufacture of table butter and cheese from their surplus milk, and my Dairy Expert has also demonstrated to the Coimbatore Milk-supply Union the proper method of preparing Cheddar cheese. If the attempts prove successful, milk-supply societies and unions will be taking up a useful line of activity.

Another disability under which milk institutions suffer is the lack of fodder in summer months. To get over the difficulty, the ensilaging of grass has been attempted as an experimental measure, by the Kodaikanal and the Bellary Milk-supply Societies under the guidance of the Dairy Expert. To enable the societies to do this work on a large scale, I have proposed to Government that they may be permitted to remove monsoon grass in forest areas free of cost. The proposals are under their consideration.

Madras Provincial Co-operative Bank.—The deposits from individuals rose from Rs. 78.29 lakhs to Rs. 96.47 lakhs during the year. The deposits from central banks and societies also rose from Rs. 65.35 lakhs to Rs. 83.03 lakhs. There was a slight fall from Rs. 63.53 lakhs to Rs. 61.96 lakhs in the deposits from joint-stock and other institutions and local hoards. The total borrowings, however, increased from Rs. 228.56 lakhs to Rs. 241.48 lakhs. The entire borrowings were by way of deposits. The working capital of the bank also increased from Rs. 264.91 lakhs to Rs. 279.45 lakhs. The owned capital was Rs. 37.98 lakhs, i.e., 15.7 per cent of the total deposits. The bank continued to have the overdraft accommodation of Rs. 37 lakhs allowed by the Imperial Bank of India.

There was a further increase in the volume of loans given by the bank to central banks during the year; the loans totalled Rs. 119.77 lakhs as against Rs. 99.82 lakhs in the previous year. The loans on the pledge of produce alone amounted to Rs. 92.13 lakhs as against Rs. 62.35 lakhs in the previous year.

The loans outstanding against Central Banks at the end of the year amounted to Rs. 99.56 lakhs. The banks kept their obligations to the Provincial Bank, and there were no overdues at the end of the year.

The Bank continued to finance the Vuyyur Agricultural Industrial and Credit Society and the Madras Officials' Automobile Co-operative Society. It also financed the Madras Handloom Weavers' Provincial Co-operative Society in respect of marketing and yarn advances to primaries. The total advances made by the Provincial Bank during the year to societies other than Central Banks amounted to Rs. 16.57 lakhs, and Rs. 11.9 lakhs were outstanding at the end of the year. The advances to individuals amounted to Rs. 5.27 lakhs, and Rs. 2.57 lakhs were outstanding. The Bank earned a net profit of Rs. 2.53 lakhs.

The Bank continued the scheme of subsidies to Central Banks for the development of sale societies and their marketing operations. The total subsidy given during the year was Rs. 25,500 for development of sale societies and Rs. 4,485 for marketing. The bank also gave a subvention of Rs. 3,725 to five Central Banks; which undertook a special scheme of overhaul of societies approved by the Provincial Bank and the Registrar, and employed a special staff for the purpose.

The Madras Co-operative Central Land Mortgage Bank.—The by-laws of Primary Land Mortgage Banks and the Central Land Mortgage Bank provide for the issue of loans for land improvement, but loans have, so far, been given almost exclusively for the liquidation of prior debts. The Central Land Mortgage Bank has now taken up the financing of land improvements also. As regards the necessary funds, the Bank has estimated that, for some time, its own resources will be sufficient and that the necessity to float debentures for this purpose for shorter periods will not arise in the immediate future. As the issue of loans for land improvements is a new venture and bears no resemblance, both in the matter of investigation of loan applications and in their disbursement, to the loans hitherto issued by Primary Land Mortgage Banks for the discharge of prior debts, the Central Land Mortgage Bank has set about framing rules to regulate their sanction and disbursement.

Primary Land Mortgage Banks.—There were 119 banks at the beginning of the year, and no bank was either registered or dissolved during the year. The 119 banks cover 19,159 villages. Loans were issued in 5,590 villages.

The loans taken in the year from the Central Land Mortgage Bank amounted to Rs. 40.55 lakhs while repayments were made to the extent of Rs. 18.21 lakhs. The total outstandings at the end of the year stood at Rs. 240.90 lakhs. As in the previous years, there were no overdues to the Central Land Mortgage Bank either under principal or under interest.

During the year, 2,827 loans totalling Rs. 42.17 lakhs were issued to members as against 2,838 loans for Rs. 42.57 lakhs issued in 1939-40. The slight fall in transaction was partly due to the fact that applications for loans exceeding Rs. 5,000 were not entertained by the banks, and partly because of the rise in land values, which encouraged ryots to discharge their debts by disposing of a part of their lands without approaching the banks for loans. The collections made from members in the year amounted to Rs. 17.36 lakhs, leaving a balance of Rs. 246.90 lakhs outstanding at the end of the year.

Urban credit—Non-agricultural credit societies.—These societies generally did not make any marked progress during the year. While the number of societies remained almost the same as in the last year, their membership fell by about 2 per cent, and the loans outstanding against members also came down by about 1 per cent. There was, however, an increase in the working capital of the societies by 2 per cent. Though the total borrowings of the societies during the year rose by about Rs. 2 lakhs, the loans taken from central banks fell by more than Rs. 7 lakhs. The deposits received both from members and non-members were more than in 1939-40 particularly those from members which increased by about Rs. 8 lakhs. The societies did not find any difficulty in raising from the public the necessary funds for their business even in the uncertain conditions created by the war.

Co-operative Marketing and loans on produce.—The transactions of sale societies during the past three years are exhibited in the following statement:—

Year	1938-39	1939-40	1940-41
Number of members ..	27,548	36,787	45,637
	Rs.	Rs.	Rs.
	(In Lakhs).	(In Lakhs).	(In Lakhs).
Loans issued during the year ..	95.86	107.30	142.56
Value of stock at the beginning and that received during the year ..	179.05	230.52	303.21
Value of stock released without sale	52.13	109.34	124.04
Value of stock sold ..	45.87	44.75	46.57
Net profit ..	0.43	0.67	0.67
Net loss ..	0.11	0.20	0.20

During the last two or three years there has been a very rapid increase in the volume of loans given by co-operative societies on the pledge of produce stored with them. Both the Madras Provincial Co-operative Bank and the Central Banks have been doing an extensive business in this line and have invested large sums of money in it.

The Madras Provincial Co-operative Marketing Society which was started in 1936 with the object of stimulating and co-ordinating the work of sale societies and arranging for the sale of their surplus produce in Madras or in other markets, has made some progress, but only in a limited sphere. It has not yet taken up wholesale marketing except in the case of 'Sathugudi' oranges; it has been mainly functioning as a retail society in respect of articles of domestic consumption like rice, dholl, ghee, etc., and its transactions in this respect are mostly confined to Madras. In 1940-41, the total value of the articles sold by it was only Rs. 2.35 lakhs. It seems time for it to take up the co-ordination of the various sale societies with regard to wholesale marketing of their produce.

Primary and wholesale stores—The following statement shows a summary of the transactions of primary stores societies for the last three years:—

Year.	Value of goods on hand at the beginning and those bought during the year.	Value of goods sold.	Net profit.	Net loss.
	Rs.	Rs.	Rs.	Rs.
	(In Lakhs.)	(In Lakhs.)		
1938-39 ..	25.03	23.77	68,003	12,062
1939-40 ..	39.46	35.62	83,972	15,835
1940-41 ..	61.92	58.33	1,26,367	56,042

The Triplicane Urban Co-operative Society continued to be the premier primary store in the Province. It had 30 branches, 6,547 members and a share-capital of Rs. 87,203. The value of goods sold by it during the year was Rs. 11.57 lakhs, i.e., Rs. 1.93 lakhs more than in 1939-40. The working of the society resulted in a net profit of Rs. 17,905.

Societies for handloom weavers.—The statement below shows the transactions of primary weavers' societies in the last three years:—

Year.	Value of raw materials purchased.	Value of finished products sold to the public.	Net profit.	Net loss.
	Rs.	Rs.	Rs.	Rs.
	(In Lakhs).	(In Lakhs).		
1938-39 ..	3.22	7.37	16,319	27,348
1939-40 ..	4.84	11.19	39,378	34,161
1940-41 ..	6.52	14.06	53,219	20,963

The Madras Handloom Weavers' Provincial Co-operative Society had at the end of the year a membership of 181 weavers' societies, 87 individuals, 9 firms, 48 central banks and other co-operative societies, and one institution, and it had a paid-up share capital of Rs. 63,425. During the year, the society received from Government a subvention of Rs. 93,041, of which Rs. 40,676 were given to 135 primary weavers' societies for meeting their establishment charges and the purchase of weaving appliances and the balance was utilized for the working expenses of the Provincial Society, its two emporiums, 6 sales depots and the dyeing factory at Madura. The Provincial Society guaranteed the supply of yarn by mills to its primaries to the extent of Rs. 96,940. Cash credit loans for Rs. 19,209 were given to societies for the purchase of the raw material required by their members and for payment of wages. Loans were also given to the societies to the extent of Rs. 21,783 on the security of the finished goods kept by them in the sales depots. Owing to the inability of the Provincial Society to finance all primary societies to the extent needed by them, some of the primaries have been occasionally taking advances also from local central banks. Experience has, however, shown that this arrangement under which societies are given loans by two different institutions is not quite satisfactory. I am, therefore, advising Central Banks to give primary weavers' societies all the loans they require on the security of finished products, and the Provincial Society to confine itself to giving a guarantee to mills for the supply of yarn to the societies.

Central banks sanctioned advances to weavers' societies to the extent of Rs. 2½ lakhs during the year. The Provincial Society has recently appointed a standardization assistant to regulate production in societies, as well as 8 marketing officers who have guaranteed sales up to a fixed minimum of Rs. 10,000 a month. To increase the sales, arrangements are also being made to supply the requirements of

departments under the Local Government as well as the Army, as far as possible. The posts of supervising officers have been abolished and the supervision of the societies has been taken over by the department. As for the change in the constitution of the Board of the Provincial Society, Government have approved the proposal to include on the Board of Management experts representing spinning mills and the cloth and yarn trade.

Co-operative milk-supply societies and their progress.—The transactions of milk-supply societies and unions in the past three years are given in the following statement:—

Year.	Number of members.	Value of milk produced or purchased.	Value of milk or milk-products sold.	Net profit.	Net loss.
<i>Milk-supply societies.</i>					
		Rs.	Rs.	Rs.	Rs.
1938-39 ..	1,613	2,69,777	2,73,612	1,082	986
1939-40 ..	3,082	3,79,620	3,89,779	2,984	1,168
1940-41 ..	4,199	6,12,106	6,44,129	5,127	2,609
<i>Milk-supply unions.</i>					
1938-39 ..	53	2,88,198	3,44,838	3,396	1,093
1939-40 ..	118	3,91,346	4,73,348	5,800	1,890
1940-41 ..	292	5,77,171	6,88,650	8,385	5,949

For the year 1941-42, of the twenty-four tenders put in by milk-supply societies and unions for the supply of milk to Government hospitals and jails, only nine were accepted. The rates tendered by most of the societies which did not secure the contracts were below the real market rates but they were not accepted as private contractors had quoted still lower rates. I have been impressing it on these institutions that they should try to increase the number of individual customers rather than mainly depend on these institutions for bulk orders to build up their business.

Insurance Societies.—There were three insurance societies at the end of the year. The South India Co-operative Insurance Society issued during the year 1,745 policies for Rs. 17.42 lakhs and paid claims amounting to Rs. 41,938. At the end of the year 8,028 policies for Rs. 70.87 lakhs were in force. The amount in the life fund on 31st December 1940 stood at Rs. 7.24 lakhs.

Sugar-cane growers' societies.—The Vuyyur Sugar-cane Growers' Union in the Kistna district, with a membership of 746, issued loans to members for Rs. 71,422 and distributed to them manure worth Rs. 42,490. The union has been acting as a feeder society to the Vuyyur Co-operative Agricultural, Industrial and Credit Society. This society worked its factory for 129 days in the year and produced 8,954 tons of sugar at a cost of Rs. 23.61 lakhs, as against 77 days, 4,505 tons and Rs. 10.34 lakhs, respectively in 1939-40. It sold sugar for Rs. 17.17 lakhs and had

stock on hand, valued at Rs. 6.43 lakhs. The directors of the society have proposed to sell the factory as a going concern and the general body has agreed to the proposal. Its survival as a co-operative society, is, therefore, problematical. The Hospet Sugar-cane Growers' Society in Bellary sold to the India Sugars and Refineries, Limited, cane worth Rs. 90,419. As the affairs of the society were not being managed properly, I have recently superseded its committee under section 43 of the Act. The Coimbatore Sugar-cane Growers' Union issued crop loans to members to the extent of Rs. 5,755, besides supplying them with manure. It also marketed about 7,000 tons of sugar-cane and 1,500 pounds of jaggery. The Coimbatore Sugar Manufacturing Society which was started in September 1940 did not do any work during the year. Recently, however, it has purchased a sugar factory at Podanur at a cost of Rs. 1,35,000 and is now devoting its attention to the collection of the necessary share-capital for meeting this expenditure.

Fruit Growers' Societies.—There were 16 societies of this type at the end of the year, of which the Kodur Fruit Growers' Society in Cuddapah was the most prominent. This society had 306 members. During the year, it exported the produce of its members, chiefly oranges, limes, mangoes, melons and betel-leaves, to the extent of Rs. 1,63,408 and earned a commission of Rs. 7,230. For arranging the sale of fruits it had paid agents at Anantapur, Hindupur, Hyderabad and Bangalore. A large quantity of fruits was also sold through the Provincial Marketing Society, Madras. The Chittoor Mango Growers' Society the Palacole Fruit Growers' Society in East Godavari, the South Kanara Fruit Growers' Marketing Society and the North Malabar Fruit Growers' Society did some work. The rest did not do anything tangible.

BIHAR

Extracts from the Report of the Registrar of Co-operative Societies, Mr. M. M. Philip for the year 1940.

General Progress—Registration of societies.—The total number of working societies of all kinds including the Co-operative Federation and the Provincial Co-operative Bank stood at 8,288 as against 7,762 in the previous year. 34 registered societies, which are not working, have been excluded. There was a net increase of 526 societies, most of them being Canegrowers' Co-operative Societies. The department continued to follow a very cautious policy in the organisation of new credit societies.

Classification.—A statement showing the percentage of classification of societies audited during the year under report is given below:—

A (Model)	.. 1.04	D (Bad)	.. 21.12
B (Good)	.. 7.86	E (Hopeless)	.. 4.31
C (Average)	.. 65.67		

The Bihar Provincial Co-operative Bank.—The working capital of the Provincial Co-operative Bank, further decreased from Rs. 91,29,546 to Rs. 89,66,000 due to refund of deposits. The paid up share capital, however, remained the same as in the previous year, viz., Rs. 5,84,400. This is the seventh year in succession during

which no dividend could be declared for want of any distributable profits. The statutory Reserve Fund increased from Rs. 4,55,905 to Rs. 4,77,400. The Reserve for contingencies stood at Rs. 3,60,542 as in the previous year.

The decrease in the total amount of deposits of all kinds excluding Government loans and the over-draft from the Imperial Bank of India was Rs. 8,97,000 leaving a balance of Rs. 44,42,090 (Rs. 35,08,000 from individuals and Rs. 9,34,000 from Banks and Societies) at the close of the year against Rs. 53,39,000 in the previous year.

Out of the balance of Rs. 23,80,000 of the Government loans outstanding against the Bank at the end of the previous year nothing could be paid during the year under review. The balance of Rs. 10,000 out of the Government loan of Rs. 30,000 advanced to the Bank for financing of Canegrowers' Co-operative Societies was, however, repaid in time.

The Bank continued to follow a very cautious policy in the matter of fresh financing. No fresh loans except some short-term loans to 8 good societies of the defunct Gaya Central Co-operative Bank and to the Paharia Societies were given to any Bank or Societies.

The Bank continued to be handicapped by increasing overdues in the loan accounts of central co-operative banks and societies. The total demand on account of principal from Central Banks and societies during the year including the overdues of the previous year was Rs. 43,93,000 out of which a sum of Rs. 80,000 only could be realised leaving a balance of Rs. 43,13,000 as overdue. Out of Rs. 9,21,000 due as interest Rs. 59,000 only was realised during the year leaving a balance of Rs. 8,62,000 as overdue.

The total amount of loans against fixed deposits stood at Rs. 79,000 on the 31st December, 1940 against Rs. 1,30,000 on the 31st December, 1939. Nothing out of these loans was overdue.

On the working of the year under review the Bank made a profit of Rs. 1,60,000 including the sum of Rs. 1,21,000 brought over from the previous year. The year's profit was, therefore about Rs. 40,000 against Rs. 3,000 in the previous year. This rise in the year's profit was due to the calculation of interest on investment in some of the Central Banks on which no interest was calculated before due to their bad financial condition.

Central Banks and Unions—General.—The number of Central Banks and Unions continued to be 53. The aggregate paid up share capital on the 31st December, 1940 was Rs. 15.95 lakhs against Rs. 16.07 lakhs on the 31st December, 1939. There was a decrease of Rs. .12 lakhs against Rs. .15 lakhs in the previous year. The working capital also decreased by Rs. 5.58 lakhs from Rs. 160.73 lakhs on the 31st December 1939 to Rs. 155.15 lakhs on the 31st December, 1940. The paid up share capital and reserves represented 10.2 and 9.2 per cent respectively of the working capital. The total statutory Reserve stood at Rs. 7.45 lakhs being 4.8 per cent of the working capital. The proportion of owned to borrowed capital was 1:4.

Deposits.—The total deposits held by Central Banks and Unions which stood at Rs. 78.49 lakhs in the previous year decreased by Rs. 5.24 lakhs leaving a balance

of Rs. 73.25 lakhs at the end of the year under review out of which Rs. 4.98 lakhs was held by societies and the balance of Rs. 68.27 lakhs by individuals (Rs. 5.61 lakhs by members and Rs. 62.66 lakhs by non-members).

Collection—Principal.—The total collection on account of principal which amounted to Rs. 4.68 lakhs represented 4.2 per cent of the total demand against 3.6 per cent in the preceding two years.

The combined percentage of collection of principal and interest comes to 5.9 against 5 and 5.4 in the years 1939 and 1938 respectively.

Advances.—The banks advanced to their affiliated societies Rs. 1.93 lakhs against Rs. 1.84 lakhs advanced in the preceding year.

Agricultural Societies.—The total number of working agricultural societies of all types was 8,016 against 7,486 with 1,94,000 members against 1,79,838 in the preceding year. The paid up share capital and the working capital amounted to Rs. 10.65 lakhs and Rs. 138.83 lakhs respectively against Rs. 10.71 lakhs and Rs. 142.55 lakhs in the preceding year. The statutory reserve and the other funds stood at Rs. 25.95 lakhs and Rs. 1.40 lakhs respectively against at Rs. 25.93 lakhs and Rs. 1.33 lakhs in the previous year. The percentage of owned to borrowed capital was 37.6.

Primary credit societies with unlimited liability.—The number of this class of societies decreased from 6,606 to 6,571 and the membership from 1,52,745 to 1,49,704. The working capital and the reserves stood at Rs. 137.26 lakhs and Rs. 27.04 lakhs respectively against Rs. 141.24 lakhs and Rs. 26.99 lakhs in the preceding year. The total amount of loans advanced to members during the year was Rs. 2.26 lakhs against Rs. 2.06 lakhs advanced in the previous year.

Statement showing the demand, the collection and the overdues.

	Total demand.	Collection.	Percentage of collection.	Total outstanding at the end of the year.
	Rs.	Rs.		Rs.
Principal	92,05,416	6,77,676	7.3	85,27,740
Interest	89,79,966	6,34,584	7.6	83,45,382

Grain golas.—The number of grain golas was 23 as in the preceding year. The membership increased from 8,429 to 8,461. Cash and grain to the value of Rs. 3,253 were advanced to the members against Rs. 5,456 in the previous year and the total repayments amounted to Rs. 3,600 against Rs. 4,835 in the preceding year. The total amount outstanding was Rs. 39,167 out of which Rs. 13,558 was overdue.

Cane-growers societies.—As a result of the policy of caution expansion followed during the year under review 1,488 Canegrowers' Co-operative Societies and 32

Co-operative Development and Cane Marketing Unions functioned during the crushing season 1940-41 against 1,096 canegrowers' societies in operation in the last crushing season. These societies claimed a total membership of 37,144 canegrowers in 1940-41 with an average of 25 per society. The Canegrowers' Co-operative Societies supplied to Sugar factories 87,99,673 maunds of cane against 66,75,576 maunds in the preceding year. Due to the restricted production of sugar, the societies were not able to sell their entire cane to sugar factories. Over 20 lakh maunds were converted into Gur by indigenous methods. The Cane Department assisted the members with indigenous bullock-driven crushing machines and pans as far as possible. Efforts were also made to ensure the disposal of a portion of gur manufactured by these societies.

From reports received, it appears that 95 per cent of the cane planted by members of Canegrowers' Co-operative Societies is now grown in lines according to the methods recommended by the staff employed under the Sugarcane Improvement Scheme. The number of manure pits and compost heaps has increased considerably. There are now 5,036 manure pits and 3,698 compost heaps. Members of these societies have taken up green manuring of the cane crop enthusiastically. There are 768 sets of improved agricultural implements in Canegrowers' Co-operative Societies. The ideal is to induce every Canegrowers' Co-operative Society to equip itself with a set of improved agricultural implements consisting of a Bihar plough, a Ridging plough and a three or five-tined cultivator. Vigorous propaganda has been undertaken for replacing the older varieties of cane with higher sucrose yielding varieties recently introduced. The acreage under cane of these improved varieties (Co. 299, Co. 313 and Co. 356 cane) in Canegrowers' Co-operative Societies in 1941-42 has been estimated at nearly 25,000 acres. Only less than 7 per cent of the acreage under cane in those societies is reported to be still under older varieties.

Non-agricultural Societies—General.—The number and membership of non-agricultural societies decreased from 215 to 211 and 35,068 to 34,914.

Provincial Societies.—The number of these societies was 9 as in the preceding year. The Provincial Civil Service Co-operative Association with 367 members had the largest amount of working capital which stood at Rs. 3,40,396. The share capital and the Reserves of the Association amounted to Rs. 67,333 and Rs. 24,024 respectively and it earned a profit of Rs. 5,164 on the year's working. The Police Officers' Co-operative Society Ltd., with 1,884 members owned the highest share capital amounting to Rs. 98,060 and earned the largest profit on the year's working viz., Rs. 9,870. The working capital and the Reserve stood at Rs. 2,12,569 and Rs. 48,081 respectively. The Posts and Telegraphs Co-operative Society which had 2,520 members earned a profit of Rs. 7,864 on a working capital of Rs. 2,48,844. The share capital and the Reserves amounted to Rs. 81,587 and Rs. 22,233.

Employees' Societies.—The number of employees' societies increased from 72 to 73, the membership increasing from 21,335 to 22,115. The share capital, the working capital and the reserves amounted to Rs. 18,07,536, Rs. 44,68,451 and Rs. 5,01,302 respectively and the societies earned a profit of Rs. 1,44,509 on the year's working.

People's and Traders' Banks and Urban Societies.—The number and membership of these societies decreased from 11 to 7 and 2,934 to 2,544. The aggregate

working capital, share capital and reserves stood at Rs. 6,44,043, Rs. 90,382 and Rs. 96,915 respectively and the societies earned a profit of Rs. 10,471 during the year.

Weavers' Societies.—The number of Weavers' societies of limited type was 9 as in the preceding year. There were 685 members. The working capital, share capital and the Reserves of these societies amounted to Rs. 38,614, Rs. 13,125 and Rs. 12,516 respectively and the societies earned a profit of Rs. 1,517 during the year. These societies sold their products at the exhibitions held at Patna and Laheriasarai and the sale proceeds amounted to Rs. 1,597.

Societies for depressed class.—There were 24 societies for depressed class. The membership stood at 748, working capital at Rs. 41,176, share capital at Rs. 4,135 and reserves at Rs. 13,693 and the societies earned a profit of Rs. 544 during the year.

Stores.—The number of co-operative stores was 6 as in the previous year. The Christian Co-operative Stores, Domchanch, with 127 members and a working capital of Rs. 9,647, share capital of Rs. 5,061 and reserves of Rs. 4,586, earned a profit of Rs. 3,946. The Ranchi Accounts Office Co-operative Stores, which had 184 members, had a working capital of Rs. 39,125, share capital of Rs. 3,330 and reserves of Rs. 11,315 and earned a profit of Rs. 1,995 during the year.

CO-OPERATIVE CONFERENCES AND MEETINGS.

THE 31ST ANNUAL GENERAL MEETING OF THE BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD. EXTRACTS FROM THE SPEECH OF MR. R. G. SARAIYA, CHAIRMAN. 26TH SEPT, 1942.

The Hon'ble the Commerce Member recently met representatives of the commercial communities to discuss the price control problem. I would earnestly request him to consult also representatives of agricultural communities and to utilize existing co-operative organizations, such as marketing societies, purchase and sale unions, primary societies, central and provincial banks, to ensure that the farmer gets an adequate price for his produce on the farm, and adequate supplies of his bare necessities at his cottage.

Briefly surveying in the principal events in the working of the Bank during the year, he said that the most striking feature of the year's working was the considerable increase that had taken place in the deposits held by the Bank. This is not a phenomenon peculiar to this Bank, but extends to all banking institutions in India. As elsewhere, the increase is greater in respect of demand liabilities than of time liabilities. As between deposits from individuals and from co-operative institutions, the increase is evenly spread. As against the total deposit liabilities of Rs. 2.40 crores, the Bank holds ample liquid resources aggregating to Rs. 1.70 crores in the form of cash and balance with banks, investments in Government and other trustee securities and in deposits with approved banks, the proportion that these resources bear to the total liabilities being a little over 7 per cent.

The Co-operative Movement cannot be deemed to have been organically linked up with the Reserve Bank of India unless satisfactory arrangements are devised for the discounting of agricultural co-operative papers. The lines on which this could best be done under the provisions of the Reserve Bank of India Act were under discussion by us during the year, with the Agricultural Credit Department of the Reserve Bank, on the one hand, and with our affiliated central banks, on the other.

You will notice that, as compared with the previous year, our debenture liabilities show a fall from Rs. 12.80 lakhs to Rs. 6.50 lakhs. While Government have refused to bear the entire loss incurred by the Bank in the land mortgage department, they have sanctioned a contribution of Rs. 24,000 for meeting these losses. The department has now been closed and its accounts have been merged into those of the Bank as a whole. The accumulated loss and the discount on debentures have been written off against the balance in the Sinking Fund which has been released with the repayment of the first two series of debentures.

In my previous year's speech, I had occasion to refer to the Bombay Agricultural Debtors' Relief Act. This Act has been made applicable to six talukas in the areas served by the Bank in two of which the Co-operative Movement is practically undeveloped. Although the Debt Adjustment Boards were established in January 1942, they have not yet made enough progress in their work to enable the Bank to gauge the effect of the provisions of the Act on its working. The question of the

grant of remissions to debtors by societies has been discussed with the Registrar of Co-operative Societies and the lines of the instructions to be given to them have been agreed upon. Government have framed a rule under the Bombay Co-operative Societies Act prescribing that societies should grant only such remissions as are approved of by the Registrar. Along with this, the question of the grant of crop finance in areas where the Act applies has been discussed in all its bearings with the Registrar.

Notwithstanding the remissions in interest to the extent of Rs. 25,000 granted during the year, it is somewhat satisfactory to find that the profits for the year are higher than in the previous years. This is mainly due to the large use made of the funds at the disposal of the Bank in advances against agricultural produce. The bulk of these advances are to individuals who are not members of local co-operative societies or banks. The Bank is very anxious to see that such business develops on a large scale among members of societies, particularly from the ranks of producers themselves. Where such proposals have been received they have been encouraged by the Bank; but I believe that for these efforts to succeed, a more energetic policy of developing local units for marketing and of granting subsidies to such units for tiding them over their initial periods of development, and for the construction of rural warehouses should be embarked upon by Government, as in the Province of Madras.

The improved position in respect of profits justifies, in the Directors' opinion, the payment, as recommended, of a dividend of 3½ per cent. that is higher than in the previous year by half a per cent. Although with the creation of the investment reserve, the book value of the Bank's investments in Government securities is less than the market value, in pursuance of the policy adopted two years ago, the Directors propose to set aside an appropriate contribution for bringing the value of the premium securities gradually to the face value before the dates of their maturity.

EXTRACTS FROM THE THIRD ANNUAL REPORT OF THE BOMBAY CO-OPERATIVE BANKS' ASSOCIATION. (1941-42.)

Membership and Constitution.—Out of 13 central financing agencies in the province (including the Bombay Provincial Co-operative Bank Ltd.), twelve which joined the Association at its inception continued their membership during the year under report. The number of member urban banks is 27, there being an increase of three to the membership in the year.

Activities of the Association.—Various questions of general policy affecting co-operative banking were considered by the Association during the year. Many of these were referred to the Association for opinion by the Registrar. Wherever necessary, these were referred to member-banks for an expression of their views and the opinions of the Association were formulated only after full consideration of such views. One of the most important of these questions was the grant of remissions to co-operative societies under the Bombay Agricultural Debtors' Relief Act. Questions relating to crop finance were also discussed with the Registrar.

Training Class.—Arrangements for the training of the staff of central financing agencies were entrusted to the Provincial Co-operative Institute, Bombay.

Bombay Province Co-operative Banks' Conference was held in the hall of the Poona Central Co-operative Bank on 23rd and 24th May and was attended

by representatives of 56 banks. The Registrar and the Officer, Agricultural Credit Department, Reserve Bank of India, were also present.

Arrangements for Audit.—Government were moved by the Association to reduce the scale of audit fees, but have not yet seen their way to do so. However, during the year arrangements were approved of by Government for the formation of a panel of professional auditors who would replace Government auditors for A and B class urban banks and salary-earners' societies in Bombay and housing societies which are not indebted to Government.

Voting by Employees of Co-operative Societies.—The attention of the Association was drawn by the Registrar to undesirable practices that had sometimes been noticed in connection with voting by employees of co-operative societies at the general meetings of such societies. The Executive Committee invited the opinion of member-banks on the steps to be taken to check the evils that might arise and the question was placed for discussion at the Banks' Conference.

Scale of Expenditure in Banks.—In the course of discussions on the Bombay Agricultural Debtors' Relief Act, the Registrar emphasised the need for reducing the expenditure of central financing agencies so as to enable them to bring down the lending rates of interest for agricultural borrowers to within the scale prescribed in the Act. Detailed information was obtained from member-banks and certain comparative data were collected with regard to the position in the Province of Madras. It is proposed to have a further discussion on the subject with the Registrar in the course of the current year and thereafter to offer suggestions, if necessary, to member-banks.

Miscellaneous.—Among other matters which engaged the attention of the Association during the year reference may be made to the following:—1. Exemption of co-operative societies from the Excess Profits Tax; 2. Recognition of approved urban banks as an agency for the purpose of making investments of the pension and provident funds of local authorities; 3. Revised form of quarters finance statement for urban banks; 4. Draft rules framed for the purpose of investigation of legal title and valuation of properties offered as security for advances by co-operative banks and societies.

EXTRACTS

THE BOMBAY PROVINCIAL CO-OPERATIVE INSTITUTE

Professor V. G. Kale in the course of his article in the *Bombay Co-operative Quarterly*, September 1942, on the re-organisation of the Bombay Provincial co-operative Institute says:—

A narrowing of the sphere of the Institute's activities was believed to be necessary in the interests of economy and efficiency. This departmental view was reinforced by the needs of a comprehensive scheme of rural development planned and undertaken by Government. Branches and propaganda officers of the Institute would be superfluous under the scheme into the structure of which that organisation and its activities had to be fitted. With the creation of the Provincial Rural Development Board and of District Development Boards, the stage was set for a remodeling of the Institute.

The Institute was, under the old constitution, a unitary body; it is now a federation. The scope of its functions was comprehensive; it is now restricted to co-operative education. Two important concessions have, however, been made. Individual co-operators can be members and are represented on the Executive Committee, and the Institute may function as a focussing centre of non-official opinion on subjects affecting the movement and for representing it in proper quarters. It is unnecessary to stress the importance of these provisions. To bring out clearly the significance of the important functional changes, the objects of the Institute embodied in the old by-laws and the new ones, are set down side by side.

The changes now effected, it will be noticed, (by a comparative study of the old and the new objects) are fundamental, being—structural and functional. The ideology reflected in the statement of objects in the old constitution viz., "to bring about the moral and material improvement of members of the Institute and of co-operative societies by supervision and other means and to bring them together for common endeavour and to create a community of interest among them" finds no place in the new constitution. The aim of those who framed the by-laws of 1926, both officials and non-officials, obviously was to transfer to representatives of co-operative institutions the initiative, the duties and the responsibilities of self-government and the task of expanding, guiding, regulating and improving the movement in the Province and to leave to the Department only the function of keeping a general watch and seeing that the co-operative law and rules were properly observed. This was a move in the right direction, as it would have brought our movement in a line with the developments in western countries by correctly drawing the line between non-official and official spheres. It would have laid the responsibility for the well-being and progress of the movement on people who ought to shoulder it. From this point of view, the new constitution of the Institute is obviously a retrograde move. Organised co-operative opinion will no longer have the initiative, the authority or the opportunity to formulate policies, devise improvements or exercise internal control. There will be no integration of activities and no unitary drive and moral force. Institutions will move in their own orbits without intimate ties binding them together in one common endeavour. Education being the predominant function of the Institute, edu-

cation committees will be the only links connecting the boards of supervising unions and through them the societies to the provincial centre.

Alternative courses had, in fact, been suggested when the organisation of the Boards of Supervising Unions were under discussion, but they did not commend themselves to the powers that be. It is not, however, only the feeling that what cannot be cured must be endured that has reconciled workers prominently associated with the Institute to the constitutional change; they have also been influenced by the desire to play a helpful part in the working out of the comprehensive scheme of rural development undertaken by Government, of which co-operation was made a vital integral part. Everything, therefore, depends upon how the experiment is carried out and ultimately turns out.

There is no reason, however, why one need feel pessimistic about the future. If the men endowed with the necessary enthusiasm and strong co-operative faith are not forthcoming, it will not be the fault of the new constitution but of non-official co-operators themselves. It is not so much the nature of tools as the use made of them that should count. The inspiring goal is there and Bombay has built up a tradition of constructive work achieved by devoted non-official co-operators, of which any Province may feel proud. The future is thus full of promise, provided people concerned rise to the height of their opportunities.

CANEGROWERS' CO-OPERATIVE SOCIETIES IN BIHAR

By C. A. MACLEAN, C.B.E.; M.C.; I.A.S.

Progress.—At the end of the previous year, numbers of Societies and Unions were 1,488 and 32, and in the course of the year 1941, these were increased by 598 and 18; bringing the totals to 2,086 and 50 respectively. The total membership at the end of the year stood at 49,106.

Cane Supply.—As the result of reduction in the acreage under cane in 1941-42, following excessive production in 1940-41, the societies supplied only 43.68 lakh maunds of cane to the factories, representing 14 per cent of the provincial crush for which they received 16.49 lakh rupees. The commission earned by the societies amounted to Rs. 44,990 compared with Rs. 1,22,374 in the previous season. This is partly due to reduction in the quantities of cane supplied to the factories, and partly due to reduction in the rate of commission from 3 to 2 pies per maund.

Agricultural Improvement.—During the period, the Cane Development staff distributed free of cost 7,300 maunds of cane seed, 160 maunds of fertilisers, 266 maunds of castor cakes and 38 maunds of sanai seed amongst the societies. Eight hundred and eighteen sets of improved agricultural implements were placed with the Co-operative Societies. Cane cultivation was demonstrated on 3,037 plots and 1,749 compost heaps were made. The members purchased 8,747 maunds of fertilisers and the societies also purchased 85 sets of implements. In addition, the members, on their own account, prepared 2,885 compost heaps and green manured 452 acres. The societies manufactured gur to the value of Rs. 1,43,500.

Owned Capital.—The owned capital of the societies, at the end of the year under report, amounted to Rs. 1,40,000 while the Unions owned Rs. 14,460. The declared policy of the department is to discourage borrowing from outside; but still a sum of Rs. 41,803-10-9 was due for recovery in the past crushing season of which a sum of Rs. 32,822-5-6 was recovered during the year.

War Efforts.—It is gratifying to note that the societies contributed Rs. 1,641-5 to the War Funds. They also invested Rs. 6,960 in Defence Savings Certificates.

Training.—Attention was paid to the training of the members of the Cane-growers' Co-operative Societies. Peripetetic classes were held at nine centres at which 1,100 members and office-bearers received training in book-keeping and in co-operative principles. Under the auspices of the Mass Literacy movement, 154 centres were working and these were attended by 6,295 members.

Conclusion.—It is not claimed that either on the marketing or on the development side the societies achieved all that they should achieve, but the progress so far has been quite encouraging and holds promise for the future.

CO-OPERATIVE NEWS AND NOTES

The Research Department of the British Co-operative Union compiled interesting figures relating to the trade, membership and capital of the 1059 retail Co-operative Societies in Great Britain for 1941. According to these figures the total sale of the retail Societies in 1941 reached the record amount of £302,246,329, an increase of £3,365,339 on 1940. The increase in money value is due to rise in price for, as a matter of fact, there was a reduction in the volume of the goods sold. The membership of the societies increased to 8,773,255, an increase of 56,361 on 1940. This increase was notable for it was achieved in spite of the transfer of a large proportion of the civilian population into services and the unsettlement of the remaining owing to war-time conditions.

In spite of the curtailment of their economic activities, the Danish and the Dutch Co-operative Movements expanded their cultural activities during the war. The Co-operative organisations in these countries are demonstrating their faith in the future of co-operation by spreading the co-operative idea and preparing officials and employees for their post-war tasks.

In regard to the post-war industry, Sir George Schuster, a former Finance Member of the Government of India, warned the Industrial co-partnership Association in Britain that, if profitmaking continued after the war to be the primary motive of those at the head of the industry, it would lead to the loss of the very things for which they are fighting—the workers' demand for partnership in the industry, security of employment and proper standard. He further stressed on the great danger of rigid state control being imposed on the industry at every point if each concern attempted to run its own affairs according to its own single interests.

Long-term loans at 4 per cent per annum for the construction of godowns will now be given to all co-operative organisations in Bombay Province which undertake the work of marketing agricultural produce or and storage and supply of agricultural and domestic requirements of their members. The amount of the loan granted will be determined by the Registrar of Co-operative Societies and Director of Rural Development and will be limited to two-thirds of the cost of construction, subject to a maximum of Rs. 2,000. The concession was formerly given to multi-purpose societies and sale or supply societies to encourage them to build godowns adequate to their needs.

The Government of Bombay have introduced an amendment in the Bombay Co-operative Societies Act, which provides for a summary procedure for the recovery of the defaulted instalments of land mortgage banks. The amendment provides for the Registrar granting, on application by a land mortgage bank a certificate for the recovery of the instalments through the procedure prescribed for

the recovery of land revenue. When such a certificate is granted, it will be open to the Collector to take precautionary measures such as are provided for in sections 140 to 144 of the Bombay Land Revenue Code 1879 to facilitate the recovery of the dues.

The Government of Madras have adopted a new policy for the uplift of landless labourers (Harijans in particular). Colonisation has been started in six centres in Salem, Tanjore, and West Godavari districts within the last ten months. A total cultivable area of 3,130 acres has been assigned for cultivation. In ten other centres, pending completion of the survey of land to be assigned and split into convenient blocks, Government have instructed Collectors to allot land to prospective colonists for immediate cultivation, in pursuance of the "Grow More Food" campaign. A Press Note on the progress of the new colonisation schemes shows that in all existing centres societies have worked satisfactorily. They have reclaimed waste land, constructed wells, and also built houses with the aid of loans or small grants from Government.

But there are serious obstacles to be overcome, especially the opposition of non-members who endeavour to dissuade prospective colonists from joining the societies and, in one place, tried to obstruct survey operations. Each colonist should be given sufficient land to support himself and his family and, of course, the necessary finance to improve and cultivate the land. The average holding in some of the colonies seems too small, while the maximum loan of Rs. 50 allowed for a member is inadequate to enable him to put his holding to the best use. Both the size of the average holding and the amount advanced should, therefore, be suitably increased.

YEAR-BOOK AND DIRECTORY OF INDIAN CO-OPERATION 1942.

Some Press Reviews

1

This co-operative year-book and directory, the first of its kind in India, meets a long felt need for an authentic and up-to-date account of the entire field of co-operation in the Provinces and States of India. It is not sectional like the Peoples' Year-Book published by the British Consumers' wholesales, or the *Year-Book of Agricultural Co-operation*, published by the Horace Plunkett Foundation. It deals with producers' as well as consumers' organisations and with industrial as well as agricultural societies. In fact, there is none of that cleavage in the Indian movement, partly because of the lop-sided development of co-operation in India. Ours is predominantly an agricultural credit movement. Space has been set apart in the year-book for an account of all types of non-credit activities, more than in proportion to the part they play. The plan of this comprehensive work is well conceived and the veteran co-operator, Mr. Ramadas Pantulu, has been ably assisted by a worthy band of provincial editors and a loyal compiling staff.

The All-India Section, which is a fourth of the whole volume, contains some useful general articles bearing on co-operative finance. The General Editor leads off with a brief and helpful survey of the movement in all its phases: Mr. V. L. Mehta of Bombay follows with a full, factual account of the relations between the Reserve Bank of India and the co-operative movement. Another contribution, again more informative than argumentative is by Dr. B. V. Narayanaswami Naidu of the Annamalai University on the problem of rural indebtedness and the measures taken to deal with it in India. We get a full chronological account of the working of the All-India Co-operative Institutes' Association by Mr. Bashir Ahmed Khan, its Secretary, and a similar account of the Indian Provincial Co-operative Banks' Association by Mr. V. M. Thakore, its Secretary. The year-book has been published under the auspices of these two federal organisations of the movement. We get a list of all the co-operative journals published in various parts of India and a list of the principal financing and other co-operative institutions in the country. We get an idea of the strength of the co-operative departments in the Provinces and States, Maps showing the density of co-operative banks of different types and tabular statements giving some details of the strength of co-operative societies are helpful; but we wish there were a larger number of such statements giving more details of different types of societies. The "who is who among co-operators in India" arranged in order of Provinces and States is indeed a happy idea since it serves the purpose of introducing the several co-operators to one another from different places.

Parts II and III deal in detail with the history and working of various types of societies in the Provinces and States respectively. Much of the matter is summarised from the contributions received from writers, official and non-official: It has had in some cases to be supplemented by notes, especially on the general features of the area and population of the region and on the retrospect of the move-

ment therein. Still the impression left on the mind of the reader is that the treatment is not even. This is because of the uneven development of the movement itself in different areas and of the variety of contributors. The General Editor has taken care to eliminate expressions of personal views especially on controversial matters, on the sound principle that the year book should aim at recording facts rather than offer expositions of principles and practices of co-operation, which is done by the *Indian Co-operative Review*. We get a full and reliable account of agricultural credit societies and financing banks—long-term and short-term. We are struck with the progress of urban credit societies everywhere: Agricultural purchase and sale societies are functioning well only in a few provinces. The consumers' stores make a poor show except in Madras and Mysore: There are interesting accounts of special types of societies in certain provinces and States. A short account is given on co-operative education audit and supervision in each Province and State. It is not easy, nor is it necessary, to furnish a more detailed account of every phase of co-operation in each area in an all-India year book.

We fervently hope that this year book is only the first of a series, and that the all-India co-operative associations will see to it that it is continued year after year. We have only a few suggestions to offer for its improvement. A few comparative studies of the working of the more important types of societies in all the provinces and States would be welcome in the preliminary all-India section. A digest of co-operative law and recent enactments affecting co-operative societies would be a very useful addition. Short reviews and notices of books and reports dealing with co-operation and allied subjects would be very much appreciated by students of co-operation. All this would, of course, mean a large, well-paid and loyal editorial staff—the importance of which has yet to be recognised by the all-India Co-operative Associations. They have, however, rendered a great service to the co-operative world by recording the services of "unostentatious and willing workers" who have done the work without any remuneration: No wonder that for a massive and well-got-up volume of 720 pages, the price fixed is only Rs. 5, which is a marvel of cheapness.

—The Hindu

2

It was in 1932 that an attempt was first made, by Prof. H. L. Kaji, to bring out a publication in the nature of a Year-Book on Indian Co-operation. The present has been published after an interval of about a decade, in pursuance of a resolution of the Joint Session of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial co-operative Banks' Association. The efforts of Mr. Pantulu in the preparation of this Year-Book, in the face of difficulties in collecting the enormous material supplied to him are evident in almost every chapter of the book.

The volume consists of three parts: In the first, the All-India Section, wherein contributions from academicians and publicists figure, problems of co-operation embracing the whole of India, as one unit, are dealt with. The Editor himself has commenced the section with an interesting survey of the Co-operative Movement, Questions connected with the relations between the Reserve Bank and the Co-operative Banks, are discussed by Mr. Vaikunth L. Mehta of Bombay. Dr. B.

V. Narayanaswami Naidu examines Co-operation in relation to Rural Indebtedness. Mr. J. C. Kumarappa gives a sketch of the working of the All-India Village Industries Association. In "The Economics of Khadder," Dr. Pattabhi Sitaramayya explains how the economics of Khadder consists in "doing the largest measure of good to the largest number of people." An account of the origin, membership and activities of the two sister Co-operative organisations I.P.C.B.A., and A.I.C.I.A., the history of the Co-operative Organisations in India, and a Who-Is-Who among the Co-operators are also appended.

Since articles dealing with problems like Rural Credit, Urban Credit, Consumers' Stores etc., on an All-India basis, however comprehensive, cannot be expected to be as detailed, informative and vivid as a regional treatment, and since the progress of Co-operative Movement in each Province and State has each a lesson of its own to teach, which other Provinces and States cannot afford to neglect, Part II, treating of Co-operation, Province by Province in British India, and Part III, presenting the facts relating to Co-operative progress in the Indian States have been added.

Readers, specially research students, will miss the Subject Index in this publication.

—*The Indian Express.*

3

"This all-informing publication on Indian co-operative work generally will be welcomed throughout India and beyond it. Not only is it really the only work of its kind, it is also the first in the range of activities it seeks to cover. It deals from A to Z in co-operative endeavour in this country. That it is issued under the general Editorship of the Hon. Mr. Ramdas Pantulu is the best guarantee for its all-comprehensive character and accuracy. The fact that he has been actively helped by Provincial Editors, who are all connected with the great movement all over India, make it thoroughly authoritative in regard to facts and figures. Besides general articles of all-India interest, the details relating to the movement in the different Provinces and the leading Indian States are to be found here set down in a methodic fashion. While Mr. Ramdas Pantulu leads off on the movement in India, we have a valuable article on the Reserve Bank of India in its relation to Co-operative Banking by that well-known co-operator Mr. V. L. Mehta. This is followed by other notable articles, among which must be mentioned one on the Economics of Khadder by Dr. B. Pattabi Sitaramayya. Another article of more than ordinary interest is one on the Co-operative Press in India. The "Who is Who among Co-operators in India" is likely to be useful to all interested in the movement. Altogether, a most welcome addition to the Indian annuals' list. Possessing all the elements that go to make a sturdy annual, we feel it will live for a hundred years and more, taking it for granted that all co-operators and co-operative institutions will financially support it continuously. The Hon. Mr. Ramdas Pantulu deserves to be warmly congratulated on the conception and successful execution of the idea."

—*The Mysore Economic Journal.*

4

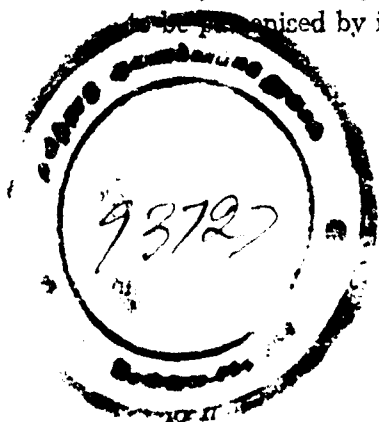
It is only natural that workers in the co-operative movement in the various Provinces and States in India should be confronted with problems of their own arising from the peculiar conditions in which their co-operative institutions have developed and that they should attempt to find suitable remedies to overcome their difficulties. It is equally natural that in the midst of this diversity of conditions and of efforts to meet them, the necessity should be felt of a central representative organisation which would bring non-official workers together so as to enable them to exchange notes and take common counsel with a view to shape policies and guide activities along proper lines. This essential work is being done by the two All-India Associations. Meetings and conferences are held under the auspices of these bodies and literature is published, which is informative and educative. A useful and valuable publication contemplated by these Institutions was a Directory and Year-Book of Indian Co-operation and the large volume before us is the outcome of this idea.

The value of such a Year-Book cannot be over-estimated, and the General Editor deserves to be warmly congratulated on the very useful volume he has produced. This is the first work of its kind in India and every one acquainted with the manifold difficulties which the editor of a compilation of this character has to face, will readily acclaim the Year-Book as a creditable performance. It is, of course, possible to improve the publication in more than one direction and the Editor himself is not unconscious of its deficiencies, and as the Year-Book will be revised and brought up-to-date at intervals, it may be confidently expected that the defects will be removed and improvements will be made along approved lines.

In a brief introduction, the Editor has explained the design of the book and the purpose which it is intended to fulfil. The volume is divided into three parts. The first of these contains a number of articles on different aspects of co-operative organisation contributed by well-known writers. These are calculated to create in the general reader interest in the co-operative movement. Mr. Pantulu leads with a good survey of co-operation in India, broadly reviewing the development of co-operative organisation and activities in various spheres and throwing out suggestions for improvement. Mr. Vaikunth Lal Mehta writes on the Reserve Bank of India and co-operative banking and indicates the lines on which the relation between these two should be regulated so that the object of the Agricultural Credit Department of the former may be fulfilled in practice to the advantage of the latter. Rural indebtedness is the subject of Dr. B. V. Naidu's article. It is followed by contributions

from Messrs. J. C. Kumarappa, B. Pattabhi Sitaramayya, V. M. Thakore and Bashir Ahmad Khan. Then there are brief accounts of the Indian Co-operative Press, Departments of Co-operation, co-operative organisations and statistical tables and maps of Provinces and States. This first part of the book appears, on the whole, to be rather thin and needs substantial improvement in the next edition. "Who's Who among Co-operators in India" is, of course, a valuable section and will be found useful for reference. The second and third parts of the book are devoted to instructive detailed descriptions of the constitution and working of co-operative institutions in British Provinces and States. To students of the co-operative movement in India those carefully compiled accounts will be extremely helpful and workers will find in them considerable food for reflection and inspiration for action. Sifting, selection and final presentation in proper form of material supplied to him cannot obviously have been easy for the General Editor and he has done his job satisfactorily. The size of the volume has outgrown the original estimate and intention, but Rs. 5, the price for a volume of seven hundred pages, particularly in these days of paper scarcity, is moderate. The book deserves to be patronised by institutions and individual workers.

'The Bombay Co-operative Quarterly'



ACKNOWLEDGMENTS

Scientific Agriculture, Ottawa.
Consumers' Co-operation, U.S.A.
Agricultural Economics Literature,
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The Co-operative Review, Manchester.
The Countrywoman, London.
The Co-operative News, Manchester.
Co-operative Information (I.L.O.),
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The Nagpur Agricultural College,
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The Madras Journal of Co-operation.
Indian Journal of Economics.
Rural India, Bombay.
Indian Journal of Social Work,
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The Co-operators' Bulletin, Jammu.
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nal, Trivandrum.

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- IV. The Indian Rustic: by Mr. J. L. Raina, B.A., M.R.A.S. (London), Assistant Registrar, Co-operative Societies, Kashmir State. Foreword by Professor H. L. Kaji, M.A., B.Sc., I.E.S., J.P., Vice-President, All-India Co-operative Institutes' Association, 1935. Price Re. 1.
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deposits	.. 1,76,36,902	2,15,02,633	2,41,46,411
Net Profit	.. 2,36,144	2,38,206	2,53,398
Amount transferred to Reserve			
Fund	.. 75,000	75,000	75,000
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