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EDITORIAL NOTES

OURSELVES—PROGRAMME FOR 1943

With this issue we complete the eighth volume of the Review. We have been endeavouring to present our readers in each issue with materials which may help the specialised study of a select topic, and from our experience we find that this feature of the Review is generally liked by our readers. It is our intention to pursue the same course in future. But the success of our effort in this direction obviously depends upon the measure of response we may be able to receive to our appeals to co-operators in the several Provinces and States for contributions on specified topics. In view of the fact that co-operators all over the world are now mainly pre-occupied with schemes for evolving a new economic order based on the essential principles and methods of co-operation, we shall give prominence in the pages of the future issues of the Review to contributions from co-operators in India and abroad bearing on the place of co-operative organisation in the war and post-war economy, with special reference to Indian conditions. We earnestly invite contributions of this character. We have already published in the last three issues expository articles on the effects of the war on the co-operative movement in India and the lines on which the movement should be reorganised in order to enable Indian co-operatives to make their own contribution to the new world economic order. Accounts of constructive efforts that are being successfully made in other countries to organise agriculture and small scale industrial enterprises on co-operative basis so far as they may help Indian co-operators to explore the possibilities of similar measures, will be among the topics that will receive our special attention. It is with this view that we have published in this and the last issue very instructive accounts of what is taking place in China, one by Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank on 'Wartime Democracay in China" and the other by Dr. J. Henry Carpenter, Chairman American Committee, China Industrial Co-operatives; on "Industrial Co-operatives in China."

An important problem in the programme of post-war economic reconstruction and reorganisation of our co-operatives will be the linking up of the co-operative consumers' societies with producers' organisations. We are glad to publish in this issue a very instructive article on the subject by Mr. K. C. Ramakrishnan of the Madras University who has made many notable contributions in the past to the pages of this Review. We shall try to pursue this topic further. Stated briefly our aim in the coming year will be to furnish our readers with expositions of schemes for re-organisation of our co-operatives so as to utilise them to integrate credit, production, marketing and distribution. We expect that the pages of this Review will reflect a new world outlook in which the motive of production and distribution will undergo a radical change, not in the interests of any particular class but of all people.

We apologise to our readers for the delay that has occurred in the year that has just expired in bringing out the issues every quarter as punctually as we used to do, owing to causes which were to some extent beyond our control. We shall endeavour to serve our readers more punctually during the coming year. But we hope our readers will make due allowance to the new difficulties created by war economy, particularly in regard to the timely and adequate supply of the required quality and quantity of paper for printing the Review and extend their indulgence to us. We desire to acknowledge with grateful thanks that in the year that has just expired we received an increasing measure of support and patronage from the reading public and the distinguished contributors to our pages. We hope and trust that similar support and patronage will be forthcoming even in much larger measure in the next year.

INTERNATIONAL CO-OPERATIVE DAY—INDIA'S POST-WAR STATUS

The 20th International Co-operative Day, according to the convention adopted in India, was celebrated on the 7th (first Saturday) of November 1942. We have received reports of the celebrations from various Provinces and States. As due publicity was given to them in the regional co-operative journals and the press and in view of the need to economise space, we have not tried to compile a co-operative chronicle of the meetings from those reports. Accounts of the celebrations of the day in several other countries in Europe and Asia have also appeared in the International Co-operative Press. In addition to the resolution sent out by the International Co-operative Alliance an inspiring message by Mr. R. A. Palmer, Vice President of the Alliance, was

also read at the celebrations both in India and abroad. The proceedings of the meetings naturally reflected the gravity of the present world situation. The threat to democracy that has overtaken the world by the Nazi and the Fascist aggression was taken by co-operators all over the world as a challenge to co-operation as well and the necessity to rescue co-operation from such a threat was taken to be an integral part of the resolve of the free countries to defend democracy—not democracy which has been the hand-maid of a capitalistic system, but a genuine type of democracy based on real ideals of human freedom and social justice. Therefore while every freedom loving country voted for "a complete suppression of the Fascist and the Nazi regimes and the autocratic Statism which they represent", reiterated at the same time its faith, with increased vigour, in the co-operative movement as an aid to build up a lasting peace both nationally and internationally. Mr. Palmer who gave a strong lead in the matter said: "The time has come for us, co-operators, to refuse to compromise our co-operative principles in any way whatsoever, but to make known our pride in them and urge the practice of Co-operation in every economic enterprise, be it of a national or an International character."

A persual of the resolutions passed on the occasion in the several countries, however, discloses the fact that while the International character of the movement was stressed by all, issues which were peculiarly national and policies dictated by internal economy were not overlooked. For instance, the celebrations in Switzerland were "characterised by the emphasis laid on the country's self-sufficiency effort and, more particularly, the drive to expand the cultivation of land in which the solidarity of the whole nation expresses itself in direct action." A marked difference is also noticeable in the sentiments expressed on the occasion by co-oeprators in countries enjoying self-government from those living in countries which are still struggling for a full expression of nationhood. The resolution passed by the co-operators of Szechuan (China) is significant more for what it implies than what it says. In the concluding sentence of the resolution the Chinese co-operators say: "This new world must be different from the one we know. It will be a world of co-operation in which the lofty ideas of democracy, equality, freedom, social and economic justice, mutual help, universal peace and world fraternity prevail. There will be no room for isolation, no room for selfish policies, for unneighbourly policies. There will be but one village street from Edinburgh to Chungking." In these words the co-operators of war torn China pour out their hearts in regard to the political and economic treatment which was meted out till now to the great Chinese nation.

India which is really a part of the British Colonial Empire has her own peculiar problems in common with countries similarly situated and to whom political and economic freedom is still an object of future goal. Dr. J. P. Warbasse in a notable contribution to the pages of the *Review of International Co-operation* on Co-operative World Organisation After the War, puts the problem of countries like India in very apt and significant language. He says "Among the exploited colonial peoples, the co-operative method changes the nature and the results of their efforts. Instead of exploitation in the interest of others, they labour in their own interest to produce for themselves, and to use the resources of the lands upon which they work for the elevation of their own standard of living and culture. Co-operation does not make for imperialism." Hopes have been held out that the eight point declaration known as the Atlantic Charter is a programme addressed to all nations and that it includes India in its scope and that India along with self-governing countries will enter the new world order based upon freedom, equity and co-operation. But while, fortunately to the gratification of all those who desire to see peace and freedom established once more on earth, signs of a decisive victory for the United Nations are becoming unmistakably clear, the prospects of their winning the peace after victory in order to implement the aim of building human freedom on broader, firmer and non-imperialistic foundations, are becoming dim and befogged.

India has no doubt an indisputable claim for her rightful place among the free nations on earth in the new world order and is also determined to become free and play her proper role in the future world economy. But India like other countries which are determined to achieve their freedom must realise that the effects of the war on her national life will not leave her antiquated economic dogmas and standards unaffected. The post-war years will by no means be easy or comfortable time for her and she will have to make many readjustments in her social and economic structure. An intensive drive for removal of social disablities which now impede her advance and for self-sufficiency should be important parts of the programme of her post-war reconstruction. She is peculiarly fortunate in the variety of her natural resources, almost unlimited opportunities for work for her people and splendid prospects of economic development to successfully tackle the task of making her self-sufficient *provided she becomes self-governing and possesses a national Government.* India's drive for self-sufficiency will not be in conflict wih the international ideals of the movement any more than the similar programme of the Swiss co-operators for their country. If she sets about the task in the right spirit and pursues unflinchingly the principles and practice of co-operation, she can achieve much. Let us not be under any illusion that a political or economic miracle waits round the corner at the termination of the war successfully to the United Nations. Old world separatisms, with all that they stood for, will try to persist and it is futile to expect a spontaneous world revolution in which a wave of universal brotherhood will sweep away those separatisms. India must work out her own political and economic emancipation, on her own lines. We are gratified to find that in this endeavour the international co-operators in general and the British co-operators in particular are solidly behind her and are prepared to help her to solve the issues of peace, order, freedom, social welfare and collective security as a member of a great co-operative commonwealth.

SOCIAL INSURANCE AND CO-OPERATORS

The text of Sir William Beveridge's report on Social Insurance and allied services which is published as a White Paper and placed before the British Parliament has not yet reached India. It has evoked wide interest both in Britain and America. Press summaries of the plan have also been published here and give us some idea of the scheme. The scheme aims at guaranteeing "freedom from want" to every man, woman and child in Britain. While the scheme assures the social security as of right and not charity, it is based on conditions of service and contributions. The plan ensures a basic minimum income to everyone in need, irrespective of the cause of the need, with adequate benefits for unemployment, sickness, accident, disability or retirement. The assurance of a national minimum income does not however contemplate conditions resulting in stifling individual incentive to earn more than the minimum social security. Some idea of the magnitude of the benefits of the new scheme can be gathered from the actual proposals to increase the weekly payments to the unemployed and disabled people. For instance, a man with wife and two children will get 56sh. weekly compared with the existing rate of 38sh. for unemployment and only 18sh. for disability. Similar increases are proposed in the children's allowances, retirement pensions and the like. It is claimed that the attack is sought to be made not only on want but on disease, squalor and idleness. The scheme is essentially the outcome of a new world outlook which recognises that abolition of want is a practical post-war aim and that planning for peace will assist the war effort. Sir W. Beveridge gives his reasons for the view that a plan for social security must be prepared during the war.

The question remains whether the State should be allowed to cover the entire field of social insurance or whether there should be any scope for co-operative and other kinds of private enterprises. No doubt there is bound to be some amount of opposition from certain vested interests to the scheme. It is however gratifying to note that the Co-operative Insurance Society of Great Britain at Manchester, which is the biggest co-operative enterprise in the field of insurance, has expressed its general agreement with the fundamentals of the scheme. That ought to set an example for co-operative and mutual insurance concerns working in various countries. In India unfortunately the anti-social principle of "struggle for existence and survival of the fittest" with its distressing corollary that the misfortune of the unemployed is the personal concern of the unemployed and that he is himself to blame for not being able to find a job still holds the field. The Government and the public in India have still to give practical proof of their conversion to the more humane and reasonable view held all over the civilised world that unemployment is not an *individual* problem but a *social* one and that it is the duty of the State to give unemployment relief to those who are willing and able to work but unable to secure it. The Government of India in 1920, in connection with the consideration of the recommendations of the first session of the International Labour Conference held in 1919 at Washington, expressed their emphatic opinion that no system of unemployment insurance was practicable in India at that time. The question again came under investigation by the Royal Commission on Labour in India and the Commission reached the same conclusion as the Government of India did. The lapse of two decades does not seem to have brought about any tangible change in their attitude.

Sir William Beveridge gives us some idea of the cost of the scheme to Britain. He puts it at £697 millions in 1943, rising to £858 millions in 1965. His proposals for building up the social insurance fund are based upon adequate contributions being made by the State, the employer and the employed. The State can only find its quota of contribution by substantially raising the burden of taxation on the rich, particularly the income tax, and the State alone can enforce on the employers and the employees a legal obligation to make the contributions. So a scheme of social security of this nature is obviously possible only if the State steps in. Co-operators while opposed to State interference not only with the organisation and management of the structure of production and distribution but other spheres of national business activities as well, however, concede that in certain cases the responsibility of the State in order to promote the vital interests of the public at large must be allowed to override the claim of co-operative organisations. Social security schemes on a nation-wide basis clearly fall, in our opinion, under this exception. The contemplated scheme is in effect a programme of a new order of general social security and is founded on fundamental principles of co-operation. We reserve a detailed examination of Sir W. Beveridge's scheme for a future occasion, when the full text of the report is available to us. In the meantime we urge on co-operators in India not only to interest themselves but also to popularise schemes of social security as the success of co-operative enterprise ultimately depends upon the rising of the standard of living and outlook on life of the people who wish to organise themselves on a co-operative basis and the promotion of a sense of self reliance and a spirit of mutual aid among them.

EMPLOYEES IN CO-OPERATIVE INSTITUTIONS

The question of ensuring the employees in co-operative institutions greater security of tenure and reasonable conditions of service, in regard to pay, promotion and prospects, has been much to the forefront for the last few years. The Madras Committee on Co-operation received a deputation of the representatives of the non-official co-operative employees' association and after a careful examination of the proposals put forward by them formulated certain recommendations bearing on the subject. The Registrar of Co-operative Societies, Madras, has recently framed two special sets of by-laws relating to service conditions of employees of central banks and of societies other than central banks. These by-laws prescribe *inter alia* 1. qualifications for eligibility to appointment to several grades of posts in the central banks and societies, 2. the kinds of leave to which the employees are eligible, 3. nature of the disciplinary action that may be taken against the employees and the authority competent to take such action and 4. conditions relating to the institution of employees' provident fund and the grant of gratuity. For the present the Registrar is content to recommend to the co-operative institutions concerned the desirability of adopting these proposals and incorporating them in their by-laws. He has not recommended to the Government the enactment of statutory rules to enforce these proposals. The Madras Committee on Co-operation suggested the framing of statutory rules to give effect to their recommendations and to enforce them in the first instance in all central banks and limited liability societies (including urban banks and land mortgage banks) whose loan transactions amount to Rs. 25,000 and above. Our contemporary, the *Madras Journal of Co-operation*, endorses this view and urges that "some method must be found by rule under the Act to make it obligatory on the part of at least certain classes of co-operative institutions to embody these by-laws."

When the subject came up for discussion at the joint meeting of the Standing Committees of the two All-India Associations held at Bombay on the 18th and 19th January 1941, the opinion among a majority of the delegates present was against inviting any direct intervention on the part of the Provincial and State Governments in the matter of regulation of the conditions of services in co-operative institutions. It was generally felt that the primary responsibility of placing the non-official services on a more satisfactory footing rested primarily with the Provincial Co-operative Banks, Institutes and other Federal Institutions. At the same time it was also felt that when necessary the assistance of the Provincial and State Governments concerned in this behalf might be sought. After a very lively discussion the following resolution was adopted by the meeting:

"This meeting urges on the Provincial Co-operative Banks, Institutes and other Federal Institutions, with the assistance, where necessary, of Provincial and State Governments concerned, the necessity of placing non-official services in co-operative institutions on a more satisfactory footing than at present by ensuring for employees security of tenure and reasonable conditions of service in regard to pay, promotion and prospects and with a view to achieve these aims this meeting suggests the following measures:

(a) Minimum educational and technical qualifications required of employees in different classes of societies and grades of employees should be prescribed.

(b) Rules should be made to fix the scales of pay of different grades of employees and to regulate the procedure for promotion from one grade to another.

(c) Provincial banks, central banks and larger urban banks should as far as their financial resources permit institute schemes of contributory provident fund for their employees.

(d) Provision should be made for the grant of casual, privilege and medical leave.

(e) Procedure should be laid down in regard to taking disciplinary action somewhat on the lines of the procedure laid down in respect of Government servants.

(f) An up-to-date record of services and conduct sheets of every employee should be maintained as in the case of Government servants."

The subject figured prominently on the agenda paper of the 29th Session of the Mysore Provincial Co-operative Conference, proceedings of which are published elsewhere. We drew special attention to the

importance of the subject in our Presidential address to the Conference and suggested at the same time that the Apex and central co-operative organisations should take the initiative in the matter in the first instance before the Government is approached to intervene with their legislative or rule making power. The subject was however not dealt with by the Conference but referred to the Mysore Co-operative Institute for ascertaining co-operative opinion on the various details of the scheme and to report to the next Conference.

We are on the whole in agreement with the course of action adopted by the Madras Registrar in throwing the responsibility in the first instance on the co-operative institutions concerned in regard to incorporating conditions of service suggested by him in their own by-laws. The question of Government interference will arise only in case the managements of the co-operative institutions themselves are unwilling to place their services on a more satisfactory footing. Enlightened self-interest alone, apart from other considerations on the part of the managements of the co-operative institutions, should dictate to them the need to make their services efficient and contented and it is impossible to achieve this end without placing those services on a more stable basis in regard to pay, prospect, promotion, and other conditions of employment. A satisfactory solution of this problem is long overdue. The efforts of the Departments of Co-operation to improve the working of the co-operative institutions controlled and guided by them will also largely depend upon the efficiency of the services in the institutions themselves for no amount of external control can improve their internal working. Viewed from every standpoint the need to tackle this question immediately and effectively is unquestionable. We therefore hope it will engage the attention of non-official co-operative organisations all over India without further delay.

INDUSTRIAL CO-OPERATIVES IN CHINA

BY

J. HENRY CARPENTER,

*Chairman, American Committee, China Industrial Co-operatives**

China is one of the most strategically important nations in Asia and in the future world order. This is unquestionably recognized by Government officials and the people of America. The similarity of ideals and purposes between China and America has led to the feeling of close friendship which is manifest during these years of supreme struggle and which, we are all assured, will continue after the peace has been consummated.

China's importance is in direct relation to its almost unlimited resources of natural wealth and man power and its potential industrial and trade expansion. But it is more. China is destined to be that nation which has the responsibility of leading Asia and in turn, because of its strength and economic value, must take its rightful place as a great world power. After the war Japan will undoubtedly be economically and militarily impotent. India, as great as she is, and as sure of inevitable independence as she may be, has yet to gain that independence and to develop a stable Government. There is no nation, but China, to assume the most exacting task of positive yet liberal and democratic leadership in building the future Asia.

To do this China must make vast and immediate strides towards its own potential greatness and freedom. It is axiomatic, however, that no nation can be great unless its people are great. No state can be free unless its people are free. To realize both basic greatness and freedom the people must not only be politically and religiously free, they must also be economically free. People must have security, they must have remunerative labour, they must have the sense of ownership and direction of their own enterprises, they must have release for their own ability, ingeniousness and desire to work. That nation which can find the way

*Report and Comments of Dr. J. Henry Carpenter on inspection of Chinese Industrial Co-operatives, Sept. 23 to Nov. 19, 1942 to Dr. H. H. Kung, President C.I.C.

to rule with the minimum of force, bureaucracy and espionage, to aid the people in finding their own security without undue pressure from official centers and over burdensome taxes, yes, to really build upon the very foundation of a truly free people, will be the greatest nation of our future world Because China has its industrial expansion still in the future, because China has gained its rightful release from extra-territoriality and future unfair advantage by other nations, because China has a sense of unity and high purpose, because in China there is develpoing a "new life"—China may become this great and strong nation. The very principles of Dr. Sun Yat-sen, which have become the rallying point for these rapidly changing national attitudes, are the very principles upon which the new China must and should be built.

The Northwest.—In the trip I was privileged to take to the Northwest, I was profoundly impressed by the possibilities of industrial expansion there and the trends towards a recognition of its future importance which was so clearly recognized by Generalissimo Chiang Kai-sheik in one of his recent farsighted statements. In the Northwest, cities were demolishing their walls and gates which had protected them, yet contained them for so many years. Stores and houses were being torn asunder as streets were widened and new modern buildings were erected. I had the thrill of looking into the upturned facts of ten thousand of China's best youth as they were gathered in the central courtyard on the Double Tenth in Lanchow. It was an honor to address them briefly and to bring them the greetings of American youth. I met and talked to many other groups of school children of industrial and military training corps. They were the future China.

It was an honor to talk with governors, military leaders, party officials, then magistrates, bankers, businessmen, and to realize the awareness of and conception they had of future national and world movements. While prosecuting the war effort they were at the same time leading in progressive thinking and action and making careful plans for future projects of reconstruction and expansion. With one accord they welcomed me with almost undue respect and made my stay with them one of comfort and pleasurable experiences.

The rolling hills, the towering mountains, the flowing rivers, the terraced farm lands gave new impressions each moment as we wound our way by truck for 1,500 miles over mountain passes, down tortuous gorges or through verdant valleys. What wealth of water power for manufacturing and electrical energy there was! These very mountains held treasures of iron, copper, coal, oil, silica, sulphur, limestone, nitrates and many other minerals. Thus industrial opportunity was almost unlimited, The people were ever-persevering and toiling. The men of the road, carrying heavy loads on their backs, pushing their barrows, pulling their carts, driving their mules or camels along the highways were strong and determined as they passed us in unending streams. The farmer, *plouging* with his patient ox, harvesting his crop, planting his seed, was everywhere apparent. Youth and age worked in factory or mill. The people thronged the cities and villages on market day or a holiday. Yes, the people as well as the resources are there.

Of course, one saw the poor starving refugees, the dying and the dead, the sweat and the exhaustion, the disease and the poverty. But, as realistic as these problems were, they were overshadowed by the results the people obtained and the sense of direction manifest.

The Co-operators and their leaders.—It was most revealing to see the co-operatives in action, to note the remarkable production achieved, often under most adverse circumstances; to discuss problems and developments with groups of thinking, experienced co-operative leaders in many fields of endeavour, and to find a growing movement of the people towards a more sound security and basic democracy. If China desires a staunch bulwark against extreme ideas of either the right or the left, a happy, employed, secure and democratically minded people are the best first line of defence. It will be stronger than the ancient Great Wall of China to keep back the hoards from the North.

The experience of meeting Lu Kwang Mien, the Northwest Director, who is such an efficient and deeply Christian leader of the co-operatives, was a real inspiration. To meet Rewi Alley, to see him advising and saving people there, pushing production over almost unsurmountable obstacles there, and to realize some measure of his devotion to and knowledge of China, was again a high privilege. I walked over hills, along railroad tracks, through narrow streets and openfields with these men. I rode on trucks with them and talked for hours as we sat squeezed together on the front seat. I was able to hear their stories of deep conviction and purpose, of their actual inmost experiences and utterly unselfish life they lived. Yes, I caught a slight glimpse of the depth and breadth of their very soul aspirations.

The people had caught some of this spirit also and thronged around them for advice and counsel. Kwang Mien was getting up at 5 a.m. to keep early appointments, or fighting for the rights of some unfairly accused associate. A young boy was brought to Rewi, sick and covered with the great running sores of scabies. With his own hands he washed the infections with antiseptic solution and covered thereon with sulphur ointment. He then took the boy with him to the Bilie School. I saw the lad a few days later. He was much improved, had a smile on his face, with his pluck and determination coupled with the technical education he will receive, another boy will be saved from disease and death. Another man will eventually be sent out to work for the new China.

It will be impossible here to give the names and the stories of other depot masters and their associates, of woman leaders and the spread of their influence, related to not only the spinning or weaving, but also back into the homes and the education of the children, of the Friends' Ambulance Unit young men who are giving their services so generously and wholeheartedly, of the college professors and chemists who are putting their services at the disposal of the institute and significant experimental enterprises; all of this added up and multiplied by the reality of achievement can only give a picture of the sum total contribution of those men who are leading in the Northwest.

The Co-operatives.—May I give you just a few impressions to indicate a brief picture of what I saw.

1. *Machine Shops.*—Here were expert engineers, refugees from the coast cities and trained in college, with years of industrial experience. Out of almost nothing they were making machines and tools to continue the output of coöperative or other production in the Northwest. Here was one making ten charcoal burners for the Bank of Communications. The materials came from old automobile fenders and sides, from scraps pipe, from white iron castings made in their own moulding and smelting rooms. The power to turn the lathes and planers was supplied by an old Studebaker engine and a charcoal burner for fuel, which was made in their own shop. In another, a superior water wheel was giving the power and electricity to surrounding buildings at night. They were making these water wheels for mill and factory around the community. They had poured a ten-ton casting for a new lathe to help production. Again, another shop was making looms. The principal material was hardwood. An interned German who could speak neither Chinese or English, and who was released for this service by the local magistrate, was busily planing and fashioning the wood stays and arms. The white iron rough cast wheels could not be tooled into gear. Thus the old brass cash, which was available in quantity and really cheaper than iron, was smelted down and carefully fashioned into gears and equipment for the "Iron looms". They were making spinning wheels, had developed a new and 20 to 30 percent more efficient twisting machine, that eliminated steel spindle which they could not get. They were producing carding machines with a very good substitute for the card clothing which was also unavailable,

Thus they were adapting and building small machines and large with scrap and pieces carefully salvaged and also with ingenuity and skill finding substitutes for the materials and parts they could not secure or make.

2. *The blanket program.*—There were large plants covering acres of ground, using 300 workers and a thousand or more women spinning in the homes. There were small weaving or spinning co-operatives which were just beginning and yet were producing. We walked six kilos from one city to caves in the side of the hill where Honan refugees were living. Here we inspected a co-operative started two years ago by eight refugees and a three thousand dollar loan. To-day they are feeding 100 mouths and have a net worth of $229,000. The old uncouth caves now are white-washed, have a wood front and are very neat and clean. There are six buildings on the compound erected largely by the men themselves. All are painted attractively and kept in order by the constant vigilance of all members. The workers wear neat uniforms made from cloth they have woven themselves. They have a playground and basket ball court; inter-group contests between the six co-operatives in the area are held. Together they have a primary school for their children. Thus these refugees, once starving and homeless, are now fed and living decently and are producing for China's great resistance.

Go with me again to an old temple. The kindly Taoist priest pointed out to us that old engraved stones which put its restoration back 800 years and its history as a place of worship a thousand or more before that. There were magnificent cedars, some 500 years or more old, towering over the buildings. Here at Chang-Sho-Sz (Long Life Temple) were 30 crippled soldiers. One had an arm off, another an eye shot out, a third on crutches. But all were joined in a weaving co-operative. Five men had been sufficiently recuperated to go back to the regular service. They had a send-off party, and by unanimous vote presented each soldier with $ 2,000.00, a total of $ 10,000.00; which was their fair share of the profits. The Chairman walked into headquarters one day with $ 12,000.00 of their capital loan. They had voted to pay back this much. "So that some other wounded soldier group could have the benefit of work and the joy of production, we are experiencing." Their net worth is $ 60,000,00 and they are producing $ 90,000,00 worth of army cloth a month.

Then we proceeded over to another village. They call it "Garden City". Here is a spinning and weaving co-operative made up of 47 girls, former warphans and those enlisted and in training for the women's army corps, all so splendidly run under the untiring efforts of Madame Chiang.

One of these girls at twelve was found wandering half naked, diseased and bewildered, not knowing her name nor her parents, feeling from poverty and war. She was taken in. Her brokendown system was given new life. Now, 15 years old, her face rounded out, her eyes clear, her hair grown in again, her mind educated, her hands and feet trained, she is an expert weaver and was chosen the leader of her group. These girls have two meals a day. They study, work and exercise by intervals. They make all the cloth for the uniforms of the Paochi School children. To see their bright intelligent faces, their strength and vigour of body, their discipline and yet their freedom, is again to see new China in the making.

The caves, the temples, the congested city dwelling, the country compound, all house these weaving and spinning and tailoring co-ops. Youths from 12 or 13 to matrons with suckling babes and old men and women to 78 are striving and working to make China's necessary consumer goods for both to-day and to-morrow.

3. *Leather and Shoe Co-operatives.*—Next go to the Mohammedan fur leather and shoe making co-operatives. Here were $ 50,000,00 worth of beautiful skins. How carefully they were being cured and then washed and made velvety smooth by expert combing and rubbing! Goats and fur pieces were being produced, fit for the most fastidious, and warm enough to keep out any winter blasts.

From other inferior skins they were tanning leather, brown, black, white, some soft and pliable, and other tough and strong, for shoe, belt or saddle. "Broadway shoes" were being produced, all formed and sewn by hand. An attractive and long wearing product, sold for $ 280,00 a pair. The saddles for the horses of army officers and "Sam Brown" belts or high boots, were part of the production of these expert workmen. In the Northwest Mohammedan, Buddhist, Taoist and Christians are working in close co-operative fellowship.

Much more could be written of blacksmith shops, pen making factories, umbrella manufactories, native drug stores, bone button and chop making, centers of iron and gold mining, of marketing and consumers stores, all run co-operatively and part of this widespread Northwest Movement. I have over 150 pages of personal notes and over 500 type-written pages of reports from different centers and institutions. These latter are now being misrefilmed for transmission to America and I am asking that through Geogre Fitch the originals be turned over to you. These, with my brief remarks, will help to increase your picture of this Northwest and other China development I have been able to see and receive reports from.

Co-operative Federations in the Northwest.—In the larger centers and areas the co-operatives have come together in a Federation. They have a central building or use a section of the depot offices for their activities. Three significant projects have come out of this united effort which I wish to mention in detail.

a. Medical and Clinical Aid.—In three large centers, Paochi, Lanchow and Shwangshihpu, there are clinics with highly trained Chinese physicians in charge. Each has a staff of nurses and dispensary workers. In these localities hundreds of co-operators have been examined and given medical aid and advice by these doctors. All co-operative members are treated free of charge, the financing coming from the social welfare funds of the joint Federation. An example of the problem and service may be given by the figures of the Lanchow Clinic. The table is the result of 474 members examined.

		Persons.	Per cent
Tooth trouble	..	233	56
Trachoma	..	200	49
Disease of Penis	..	125	30
Other eye trouble	..	118	28
Skin infections	..	45	11
Tonsils	..	25	6
Respiratory	..	18	4
Miscellaneous	..	28	12
Perfect	..	57	14

In the month of September they had 92 member patients.

In Paochi the co-operatives have put up the first Federation Hospital in the Northwest. In fact it is the only unit serving the 70,000 inhabitants of the town, and it has only 20 beds. It is built at the base of a beautiful terraced mountain slope, and before it runs a sparkling clear mountain stream. Being out of the city it is very safe from air raids (many co-operators have been killed or wounded in Paochi by air raids) and is in a most healthful spot. There is an attendant doctor, four nurses, a pharmacist and other necessary workers there. The staff surgeon is the doctor in charge of the co-operative medicine in the area. The whole place is most neat and clean. I slept in one of the rooms over night and would be almost happy to be sick there.

Thus this whole medical service and the continued inspection of co-operative sanitary conditions is most unique and effective. It is being spread to outlying villages and other centers as fast as money is available. All large co-operatives and centers have emergency equipment and medicines. I saw one in a cave, another in a temple and others in a corner of the chairman's office. This whole development is one of the most necessary and valuable results of Federation and the joint co-operative effort in the Northwest.

b. *Co-operative Treasuries.*—Again located in the larger cities combined Co-operative Treasuries in spacious buildings have been undertaken. Here the total capital of all the co-operatives is pooled to form a joint fund for marketing and supply business and for exchange of trade or cash between the various co-operative centers. Thus they can buy wool one week or cotton yarn the next. Each local co-operative gets the advantage of group buying and selling and yet always has its balances to draw on. The treasury finances the consumer marketing and supply stores as well as wholesale selling and buying. Pay rolls and other needed cash is secured by proper drafts on these treasuries and deposits made accordingly.

A feature to be carefully noted here is that formerly this money was all handled by individual co-operatives. The official banks saw little of it. Now all of these concerted funds are continually flowing through the banks and are making larger banking transactions. As this developes, banking interests will have correspondingly increased business. The very savings and increase in valuation and capital of these co-operatives increase the national wealth and security of the nation. It must be also recognized, also, that this comes from refugees and formerly poverty stricken people who now have sustenance, security and growing gross wealth which can never become competitive wealth, for it is spread among the total membership of the co-operatives. Thus these co-operative treasuries are a most important aspect of the people's movement through the co-operatives and a basic asset in building an economically free China.

c. *Education and Primary Schools.*—Under the Federations of the Northwest there has been undertaken by the Women's branch of the Federation a very valuable program of primary education. These schools are located in Lanchow, Shwangshihpu and in five centers in and around Paochi. Here children are being taught the regular primary studies by competent teachers paid by the Federation. They are also being well versed in the "Three Principles of Dr. Sun Yat-Sen" and sing lustily the party and national songs. They are also being grounded in democratic, co-operative principles. Each school has its own little co-operative organisation, which buys and sells all school supplies, cakes and sweets and other incidentals to the children who are all members and elect their own officers. The older children do part time apprentice work in nearby co-operatives. Playgrounds are a part of school equipment and games and plays are given at intervals by the children themselves. I witnessed a number of these plays in Shwangshihpu. They were largely centered on the war and anti-Japanese feeling, but ended in a note of triumph and brotherhood. Some are purely co-operative plays. They were all very well done. Thus the co-operators' children are all being given primary education and being taught useful trades at no expense to the state, but at the same time, are recognizing the state educational standards.

Recommendations and Suggestions.—From the above brief report and from my many happy and pleasant contacts in China, I would like to make some specific recommendations and suggestions:

1. *Capital.*—

Everywhere I saw the need, and was asked to do what I could to secure more capital for the co-ops. It has been surprising what they have done to save their own money and to build up reserves. Yet, the rise in prices and the decreased buying power of money has led to serious consequences in many local centers. When China needs so much production I saw 22 looms in one place with only 8 working, or 18 in another with only 10 working. Here were machines and people skilled in running them all idle, because capital was not available. Many places had to weave cloth, use up their stocks of raw material and then wait until they could sell to get the cash to buy more to start the machines again. Machine shops were held up on large orders because they could not pay at all or pay the prices demanded in the rising market. Thus production in many ways was being held up while people were without work.

This does not seem to me unsurmountable. The resources of the new government loan soon to be made available, the growing funds from England and America, with the best judgment and leadership of the Board of Directors and the Central Headquarters should readily solve this problem or materially allay it. Thus it is brought to your attention by way of comment and for earliest consistent action.

2. *A People's Movement.*—If ever the principle of Dr. Sun Yat-Sen that the industry and government of a nation should be based democratically upon the people, has been worked out in China, it is in these co-operatives of the Northwest. In fact, this is most noticeable in all sections I have visited. At the same time there has been a growing concern over arrests, interferences by certain unfriendly officials, or

those who want to use the movement for their own ends, and also the centralization of appointments and the type of men appointed. In my humble opinion, it is a most serious condition to thus hinder in any way this growing, sound, democratic movement. There are certain practices in "big business" and officialdom which are absolutely detrimental and soul-killing when applied to co-operatives.

There is, of course, a very important place that Government can take. The Chinese Government has already done much along the lines of capital advances, general promotion, expert guidance and has been a market for produced goods. This is so under C.I.C. and under the Credit Union and consumer development in charge of the Department of Social Affairs. This is most laudable and commendatory. It should continue and increase until there is such a strength in the co-operatives themselves that they can care for their own affairs under proper Government controls. Already in production, in banking, in people fed and given work, to say nothing of actual taxes of every kind paid, they have given Government large and increasing returns. All this must continue in the co-operative spirit and with co-operators who have come up " from the ranks " or the leaders. We give business men charge of business, bankers charge of banking, army men charge of armies, diplomats charge of foreign affairs. So we must give real tried co-operators charge of co-operative development. Only thus can the movement be left free and the returns continue. Under bureaucratic and dogmatic methods whether centrally in the regions or in the local co-operatives, the wells of energy will dry up and thus that basic co-operative essential will be lost.

To keep his freedom untrammelled, and to find the proper balance between centralization and decentralization, is the biggest task in the Industrial Co-operatives and the whole Co-operative Movement in China to-day. It will mean unimagined blessings for future China, while its loss will mean irreparable damage. Dr. Kung is and must continue to be the staunch leader in this matter of such great potential value. There are hundreds, yes, thousands, who will get along with Dr. Kung. May the " Peoples " principle be preserved.

3. *Industrialization.*—China must achieve after the war an unprecedented development of industry and world trade. This must be done so quickly that months and not years are taken as the time measure. To my mind there is no better way to secure such an immediate, quick development than through the spread of industrial co-operatives. Some big business, massive steel mills and the like, must of course be part of China's new economy. But, let us hope, China does not follow

all the faults of industrial development in other countries with the consequent slums and poverty of congested areas and the resulting vulnerability to air attack or enemy envelopment. The spread of industry has been the basis of Russian resistance. The United States and Britain are feverishly moving industry inland or to sources of supply, while they are trying desperately to solve the problem of slums, poverty and unemployment. To counter all this, the co-operatives offer an opportunity for smaller basic concerns, for spread of industrialization and for quick concentration near natural supplies of raw material. Cotton cloth should be woven where cotton is grown. So for silk and wool. Steel should be made where coal, iron and alloys are closely available as in the Northwest. Water-power electric energy should be used at its source. Here the co-operative because of their adjustability and their use of peoples where they are should and will, I am sure, offer great potential possibilities for the fastest possible completion of China's industrial ascendency.

4. *Education.*—As the report indicates and as we all know, education is an important factor in any ongoing process. In the co-operatives it has an added significance, for new persons are just born co-operators. They must be educated to be co-operators. This is not merely technical skill. It is the total co-operative spirit and outlook they must have. Thus the three agencies, the Institute, Bilie Schools and the training courses loom large in the co-operative picture. These services should be increased under proper relationships and controls, so that they can function freely and with highest educational standards and yet be entirely integrated into the total organization of C.I.C. Here again education and training experts should be in charge. They should be appointed by the Board of Directors and thus have the closest relationship to the whole movement and yet must be free from the problems and constraints of organizational machinery. I am confident that here also the Board of Directors of C.I.C. and the International Committee can come together in mutual agreement and set up the instrument to carry on this vital and essential part of the co-operative movement.

5. It has been disquieting to me and an unexpected problem to find the misunderstandings resulting from the use of American funds in China. The principal burden of my thinking and energy since coming here is to try to absolve this difference. There is no question, but that some accusations are true on both sides, though I venture to say that few, if any, of them were done in any spirit of forthright antagonism. It was rather the conscientious devotion to a growing cause and the almost blind determination to get things done that has led to lack of consideration, and clearness. This should and must be straightened out. The exchange of ideas on this matter has already cleared the air somewhat. Some are still suspicious and they have ample grounds for their feelings. Time, however, and the spirit of co-operation, are great healers. I am taking the various reports and ideas back to America for presentation to the leaders there. When Bishop Hall arrives here, I anticipate we may have our reactions in his and your hands and that he, with the many other individuals who are all so broadminded and sincere, can together work out a final solution.

There are two principles which must be kept inviolate in this matter.

a. China is a nation which has justly and rightly gained her freedom. This whole movement must be run in China's way and not American way or England's way or any former patronizing way. This world can only hold together on the basis of the recognition of national and racial rights.

b. There is just as great necessity, however, that there should be mutual respect and friendly relationships between all nations. No one nation can absolutely dominate or demand.

Thus if China is to receive funds from America and elsewhere for no matter what purpose, great industrial enterprises, vast relief needs, large educational funds and surely co-operative funds must be received and distributed without friction, but with the full right to designate projects to which contributions are to be made. No one in business, in Government or in personal or group gifts is going to write out a blank cheque and send it over here or anywhere else. The most careful budgeting and presentation of projects for submission to boards or agencies is absolutely essential. This is not lack of trust. In my long association with money raising, there is no other way to develop original interest and to thus secure large funds or grants.

I am confident this mutually friendly relationship can be worked out between those who desire to aid the Chinese Co-operative Development and the leaders of the C.I.C. here.

6. There is an internal aspect of the total movement I also wish to mention. It is that there would be great added strength and force of concentrated effort if all the co-operative interest and promotion agencies in China could work in closest mutual agreement. The lack of this agreement in America and other countries has been most detrimental. Where there is total unity, the movement is thereby magnified and friction negligible. I am glad to say I have found little or no friction

and a growing sense of understanding between the various groups here. I sincerely hope this may be increased in the future, so that credit, agriculture, consumers, marketing, producers, industrial and all co-operatives can work in unity, though keeping their separate identity as long as interest and best judgment demand it.

Finally, what a privilege and honor it has been to be in China in these distraught days, to see your perseverance, determination and your building for the future. My reception has been over-generous everywhere. I only hope to be able to repay partly in my time and energy put into interpreting and aiding the China cause in America. I leave with deep regret at not being able to stay longer in China, but I must admit there are three strong pulls on my heartstrings and a job where I earn my bread and butter instantly calling me. I leave feeling more than ever that co-operation is a movement of world-wide significance and of greatest potentiality not only now in winning the conflict, but in the future peace.

SUGGESTIONS FOR EXPERTS WHO COULD BE USED IN ASSISTING THE CHINESE INDUSTRIAL CO-OPEEATIVES MOVEMENT IN THE FIELD

1. **Paper.**—There is the need for an expert in paper in the field. A great demand in the Southeast for better paper and for improvements in process in several headquarters. Engineer Lang Wong at present with the Institute might be made available to work on this problem with the expert sent, thus assisting with his practical knowledge of the field.

2. **Iron.**—There is the need for an expert in the smelting of grey iron both in the Southeast and hoping and also in the Northwest at Shwangshihpu, Hweihsien and Lanchow. It would be helpful to have two such experts brought from America for a term of two years to assist in this work.

3. **Paochi Industrial Experimental Farm.**—The experimental farm at Paochi is in need of an expert who would assist in the work of production of sugar from sugar beet, of teasles for the woollen textile program, for the distillation of wood and for the growing of other raw materials as needed by co-operatives in the Northwest. The American Committee may well be able to recommend the person who would be available to assist in such work.

4. **Textiles.**—There is need for a textile machinery engineer for experimental work being carried out in Chengtu, in Shwangshihpu and Paochi for both cotton and woollen small unit machinery. The immediate work of copying the small unit Indian spinning set and improving on its design could be a first charge on his time.

These men could be sent through Lend-Lease, U.S.A., with the approval and written request of Dr. H. H. Kung, the President of C.I.C. These experts could be part of the special field staff as recommended in both the Industrial Co-operatives and the International Committee memorandum.

CO-OPERATION AND POST-WAR ECONOMIC RECONSTRUCTION *

BY

THE HON'BLE V. RAMADAS PANTULU

The questions that are uppermost in our minds to-day, in regard to the state of our industry, trade and commerce, are how to utilise, to the best advantage of the country, the existing machinery for production and distribution and how to reorganise, or plan for the future, the structure of production and distribution in the process of post-war reconstruction of our rural and urban economy. Problems connected with the manufacture, exchange and consumption of goods and commodities, which vitally affect the life of mankind, are among those which have so far baffled an effective and just solution in every country. Conditions created by the last and the present world wars have vastly complicated these problems. Every one is, however, agreed on one thing namely, that it is impossible to maintain the old economic national structure and that the creation of a new world order is inevitable. But naturally there is not the same unanimity on the question of how to create that new order; nor can it be expected. Those who envisage a new world order should not labour under an illusion that, on the termination of the present war, a big political or economic miracle waits round the corner. Pre-war nationalisms, with all that they stood for, will not vanish as it were by a post-war "spontaneous world revolution sweeping away in a tidal wave of brotherhood the separatism of centuries." Each country must work out its own political, social and economic emancipation in the light of its own circumstances and environment, aided no doubt by the revised ideals of self-determination and mutual co-operation and the new forces of political and economic democracy liberated in the process of implementing the war aims of the United Nations, if they are not to remain mere slogans of the war time. India must work out her own programme of national planning; she will have to overcome many obstacles in the process.

Apart from the almost impregnable barriers created by the doctrines of pre-war exclusive nationalisms and imperialisms, there are the equally powerful forces of capitalism which now reigns over the economic desti-

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nies of the world and which will resist to the last every effort to dislodge it from its citadel. Among the systems of economic organisation which are destined to play an important role in post-war reconstruction, *capitalism, socialism* and *co-operation* will each try to make itself felt. For a correct appreciation of the problem, it may perhaps be useful to state in a word how these three economic schools of thought stand in relation to the State as at present it functions in most of the free countries which enjoy varying degrees of democracy. While capitalism stands for a *static* state, socialism stands for an *expanding* state co-operation stands for a *diminishing* state. The State as we now see it in those countries, generally speaking, allows the largest scope for the exploitation of the consumers by capitalists, who now virtually control the machinery of production and distribution. Capitalism can thrive only under the protective wings of a state so constituted. That is why we find that even in the most advanced democratic countries of the West, the Governments and capitalists strongly lean on each other. The Governments are indeed well buttressed by the capitalists. Socialists on the other hand want an all pervading state control, or an indefinite expansion of the sphere of state action, over the whole field of the structure of production and distribution. Co-operators are definitely opposed to both these schemes of economic organisation. While some co-operative thinkers are totally opposed to any form of state interference with our structure of production and distribution, like that section of American Co-operators headed by Dr. J. P. Warbasse, others are for limiting such control to very narrow limits, with due regard to the overriding claims of the state in regard to certain concerns of general public interest. The position taken up by co-operation as an economic system is graphically put thus by an eminent writer: "Co-operation has proudly pitched its camp facing on the one side the Liberal school of classical economists and on the other the Marxian doctrines in the ascendant for the last fifty years." It is, however, mainly a movement which involves strenuous struggle against the existing social system built on the institution of merciless competition and individual profit-making. That system has already become so indefensible that those who are anxious to prevent its total extinction are advocating radical reforms in its principles as well as methods. Sir George Schuster, a prominent British capitalist, speaking very recently on 'post-war industry', warned the Industrial Co-partnership Association, London about the great danger of state imposing rigid control over the industry at every point, if profit-making continued after the war to be the primary motive of those at the head of the industry and if each concern attempted to run its own affairs according to its own single interests. It is evident

that he dreads the prospect of nationalisation or socialisation of post-war industry. Anyway he wants capitalism to shed some of its obnoxious features and adopt some of the vital principles of co-operation in the reorganisation of post-war industry. The state itself seems to realise in a much larger measure than it ever did before the need to meet the workers' demand for their due share in the fruits of industry and their claims as a matter of right to security of employment and proper standards of living. The scheme of compulsory state insurance against every form of personal want and insecurity, which is now in the process of being evolved in Britain, offers a direct challenge to all vested interests opposed to nationalisation or co-operatisation of social security services. The scheme proposes to put permanently a substantial load on the income-tax paid by the rich in order to enable the state to make its contribution to build up the social insurance fund. Mr. R. A. Palmer, Vice President of the International Co-operative Alliance, in his inspiring message to world co-operators this year, draws attention to some national trends in the war which testify to the wisdom of co-operative principles in the economic sphere. The application of the principle of limited dividends on capital in America, restriction of margin of profits on transactions in England and the spectacle of one country sending its surplus food and materials to another country which is in need of them during the war are the instances cited by Mr. Palmer. Evidence is thus accumulating daily of a wider recognition of the inevitability of adopting co-operative principles and methods to meet the changing conditions of world economy. I feel that there are more economists, statesmen and administrators in the world to-day who are drawn closer to the irresistible economic doctrines of co-operation. These are writings on the wall of time which one may read as one runs. Once capitalism in its present form is thus put out of our way, the relative merits of co-operation and socialism as more equitable alternative methods of economic reconstruction, can be better assessed in a new perspective.

The definite aim of co-operation is to bring about the economic emancipation of the masses by methods, which are characteristically its own. Co-operation is a part of the larger movement of national reconstruction based on the ideals of economic freedom achieved through associated effort of the most equitable kind. Indeed it is essentially a new social philosophy whose aim is to replace the existing economic practice by one which is more just, socially and economically. This is achieved by the adoption of principles and methods which are simple in conception but far-reaching, nay revolutionary, in their effects. Under a Co-operative Commonwealth, goods are not produced for profit but for consumption. It is not the producer that determines the quality and quantity of goods and commodities supplied, but the consumer. Industry, trade and commerce thus democratised transfer economic power and control over the means of production and distribution from the hands of capitalists and capitalist-ridden Governments into people's hands. But in Co-operation associated consumers will be the controlling authority, and not the state as in socialism. The capitalist myth of over-production of goods and commodities, while as a matter of fact at least one half of the population of the world is under-fed and insufficiently clothed, will be exploded. Swollen stocks were due not to *lack* of demand but to the *ineffectiveness* of the demand, which means the lack of purchasing power among consumers who are not adequately supplied even with the elementary necessaries of life—food and clothing. Co-operation aims at curing this crying social evil.

But it may be asked: "Have these ideals and aims of co-operation found any genuine echo in the hearts of the Indian people or has the State in India given any tangible indication of its faith in Co-operation at least as one among the agencies which can make a real contribution to the social and economic betterment of the people?" To my great regret, I must answer the question in the negative. I have often said in the past: " Co-operation, as we see it to-day, is not really associated with our national life in any sphere of action." It seems to me that our Provincial and State Governments have no faith in the Co-operative Movement or its potentialities as an effective agency even in the limited sphere of the organisation and development of our agriculture and cottage industries. Governments in India are not unaware of the purposeful use to which co-operation is put in other countries, for instance, in China and Palastine, to promote collective farming and organise small-scale industrial production, but are not somehow prepared to put Co-operation to similar use in India by suitable and effective help and guidance. Nevertheless I am sure that the future National Government of a free India, which will not be long in coming, will realise the potentialities of Co-operation in bringing about an orderly society based on equal opportunities in life to all sections of the community and on a more equitable and rational distribution of national wealth. It is this hope that must sustain the Indian Co-operators in their endeavour to educate the people in the principles and practice of co-operation and to keep aloft the co-operative flag without compromising its principles. We must have an undying faith in these ideals and continue to preach them till we compel their acceptance by those who will be responsible for post-war- reconstruction.

EFFECTS OF THE WAR ON THE CO-OPERATIVE MOVEMENT.

It is in this back-ground that we must try to ascertain the place of co-operative organisations in the war and post-war economy of India. It is difficult to give any clear and comprehensive idea of the reactions of the war on the Co-operative Movement in India. Such information as we have on the subject is scanty and scattered. But it may be stated with a certain amount of confidence that the co-operative institutions in India have not so far been adversely affected by the war. If the Central and Provincial Governments had adopted a better regulated policy and more effective measures in regard to price control, export and import restrictions and internal transport of goods and commodities, the economic position of the members of our co-operative societies would indeed have been far better than it was before the war in view of the sharp rise in the wholesale and retail prices of their produce. But the prices that matter to the agriculturist are not those paid by the urban consumer, but those that are obtained by the rural producer. The substantial difference that there is between the two is absorbed by numerous intermediate profiteering agencies. The producers who thus get less than their due share of the legitimate price for their products, at the same time, constitute the bulk of the consumers of manufactured goods, for 80 to 85 per cent of our population live in the villages and subsist on agriculture. The disquieting disparity between the prices of primary products obtained by the agriculturist and the cost of the manufactured goods consumed by him has put a serious limitation in his purchasing power. What additional purchasing power that is created on account of the easy money conditions and increase of currency in circulation is placed mostly in the deep pockets of the middlemen and dealers and not in the outstretched hands of the primary producers. Again loss of overseas markets for certain commercial crops like short staple cotton, jute and groundnut has also hit the growers of those crops. But for these and some other adverse factors our co-operatives should have thriven much better in the war.

Let us now make a brief objective survey of our actual achievements accomplished in spite of these handicaps. Three types of co-operative societies on the working of which the effects of the war may be usefully studied are the industrial societies, consumers' stores and credit societies.

Industrial Societies.—The Industrial societies have on the whole shown their capacity to take advantage of the opportunities afforded by the war to develop some types of cottage industries. The Defence Department and the Indian States Department derived through co-operative societies some of their supplies which prior to 1940 were derived mainly through contractors. The extent to which production by these societies was stimulated by the war must be ascertained from the provincial administration reports of the Departments of Co-operation and Industries. The information contained in them is not collected on an All-India basis. So all that is possible to do is to give some idea of the war-time activities of these societies in reference to one or two select provinces by way of illustration. In the United Provinces the military requirements manufactured by these societies include articles like *tat patti, niwar, kalins, tahmads*, gauze cloth; nets camouflage; coating and shirting cloth, jaconet, towels, *sarees*, comforts and knitted goods including socks, drawers, water-bottle carriers, tapes and sola pith hats required by Defence services. The extent of progress achieved so far is detailed in a pamphlet issued by the United Provinces Co-operative Industrial Federation. Nets camouflage alone, it is said, have brought to the villagers in these provinces over Rs. 7,00,000 within the half year ending with 31st December, 1941. The village folk have demonstrated their skill and intelligence in the manufacture of these articles. The U.P. Government, besides employing an additional special staff to promote the work of the societies, have placed at the disposal of the Registrar of Co-operative Societies, an interest-free advance of Rs. 12 lakhs to finance these "Co-ops." This effort, if sustained, will result in considerable expansion of output by these industrial societies in peace time.

In Madras and Bombay the type of industrial societies whose activities received an impetus by the war are the Hand-loom Weavers' Societies. In Madras, the Government not only made substantial grants for the encouragement of these societies but also issued instructions to all their consuming departments, including local bodies, to obtain their requirements through the Provincial Handloom Weavers' Society. They have further permitted a 10 per cent preference to be given to these products over the lowest tenders for the supply of hospital requirements in respect of certain kinds of cloth. The value of handloom products sold by the Provincial Handloom Weavers' Society has increased more than twenty-fold, from Rs. 49,000 in 1934-35 to over Rs. 12 lakhs in 1940-41. There is further increase in 1942.

But owing to the abnormal rise in prices and inadequate supply of yarn, the handloom weavers have not been able to benefit by the new demand created by the war. The spinning mills are not able to spare more than four hundred million lbs. yarn after satisfying their own requirements. Out of this, 120 million lbs. are now consumed by the Supply Department of the Government, thus leaving not more than 280 million lbs. of yarn, while the normal requirements of the Hand Loom Weavers' Societies are round about 450 million lbs. annually. It is doubtful if even this limited quantity of yarn thus available is conserved for use by handlooms in India or is being partly exported abroad.

Consumers' Societies.—There has been considerable expansion of consumers' stores movement, mainly as a result of the conditions created by the war. The progress is particularly notable in Madras. Owing to the unhealthy tendency to profiteer and the difficulty of deriving supplies of articles of food and household requirements, particularly by the poorer classes, which became aggravated by the conditions created by the war, the services which these stores can render became evident. In 1938-39, just before the war, there were in all 85 stores with sales amounting to Rs. 23·7 lakhs in the Province of Madras. At the end of 1940-41, that is on 30th June, 1941, the number of stores increased to over 300 and the sales to about Rs. 62 lakhs. There was thus quadrupling of the number of stores and trebling of the sales in the first two years of the war. In the year 1942 there has been further progress and wholesale stores are organised in some districts to help the primary stores. Besides groceries and household requirements, some of the stores are also distributing to their agricultural members and non-member agriculturists, feed, seed, manures; implements and the like. The expansion; however, was a hastily improvised measure and was not the result of adequate investigation into the prospect of the successful working of the new stores without state-aid, which is a purely temporary war measure.

An outstanding example of services rendered by the consumers' stores in India to meet the exigencies of war time requirements is that of the famous Triplicane Urban Co-operative Society in Madras. In addition to its 31 branches in the city, 30 more new depots have been opened in parts of the city not served by these branches. More depots are being organised wherever the need for them is felt. It is done at the invitation, and with the financial aid, of the Goverment of Madras to enable the store to buy and stock goods in bulk. It now caters to a much larger public than its 7,000 members and sells to non-members as well. The monthly sales in the branches and depots of the store ranged between Rs. 3½ and 4 lakhs for the last 6 months. Last year's average was about Rs. 1 lakh a month. The poorer classes in the city have undoubtedly been benefited by the extended services of this store.

There has been expansion of the store movement in other Provinces and states also, particularly in Bombay and Mysore, as a direct result of the exigencies of war.

The co-operative stores are being treated as bonafide dealers for the purpose of obtaining licences to distribute sugar, kerosene and certain other articles, whose sale is now subject to control by licensing order. But there is no move on the part of the Government to recognise the co-operative stores, where they exist and work efficiently, to be the main distributive agencies in respect of even essential domestic requirements.

It must, however, be said that unless these distributive stores derive their supplies for retail trade either from co-operative producers' societies or from the depots established by the Government, who should purchase the commodities at the producing centre, these co-operative stores have necessarily to depend on the dealers who stock and sell for profit and debase the quality to further increase their margin of profit. It is an anomalous position for co-operative societies to depend for their supplies on the very class of middlemen whom the movement is intended to displace. But making allowance for such handicaps, the reactions of the war on the store movement in India have on the whole been of a beneficial nature.

Credit Societies.—In regard to the co-operative credit societies all that may be said is that the war had no adverse effect. The Co-operative Banks, in common with the commercial banks, are enjoying the confidence of the investing public. The Co-operative Banks are, in some instances, considered to be safer than small joint stock banks by the depositors. It is remarkable that while there was some small tendency for withdrawals from banks after the collapse of France in 1940, the entry of Japan into the war and the occupation of Malaya and Burma had not even that feeble reaction.

The co-operative credit structure in India is federal in its conception. The 1,02,000 primary credit societies (rural and urban), the 600 central banks and the dozen Provincial or Apex Banks form integral parts of its machinery. The credit movement plays no insignificant part in the financing of agricultural industry and small-scale urban occupations. The credit societies have a membership of over 60 lakhs and a working capital of about Rs. 110 crores. It is true that all is not well with many of these credit societies, but attempts at weeding out the lifeless, and rehabilitating the weak, ones are beginning to bear fruit. In India the commercial banks do not finance the agricultural industry. These banks generally supplement the resources commanded by them in the chief money markets by drawing the surplus wealth of small towns and even rural areas into the cash chests of their head offices, and usually finance big business and substantial borrowers. The aim of co-operative banking system is just the opposite. It collects the surplus wealth of urban as well as rural areas and distributes it to the lower middle and poorer classes in the villages through its wide-speread financial distributory

system "spreading it in rills over a broad surface so that the irrigation may be perfect reaching every root to be watered."

The main defect of the Co-operative Credit Movement from the stand point of our national economy is that it is not yet harnessed to the real productive enterprise of the farmer. Even during the present war, when a loud propaganda is being carried on to 'grow more food,' the machinery of Co-operative Credit is not utilised to finance the cultivator for the growing, processing or marketing of his produce. The conditions created by the war have thus not had any positive beneficial effects on agricultural co-operation or the co-operative credit movement. Old slogans like 'Back to the Land' have already become obsolete. Unless agriculture, which is now a deficit economy, is converted into a surplus economy and the grievous absence of balance between our rural and urban economy is redressed, land will not attract new talent or adequate fresh capital. The future cry should be "Forward to the Land" after making the settlement on land an attractive proposition, economically and socially. In the process of post-war reconstruction of agricultural industry by a well regulated system of agricultural credit, many of the 100,000 rural societies could be so reorganised, with wider functions than merely credit, as to help the agriculturists to grow more food and cash crops to encourage co-operative farming, to promote the collective acquisition and co-operative use of the more expensive types of farm machinery and equipment and to establish a closer relation between the farm and the factory. The potentialities of the movement as a powerful factor in the post-war reorganisation of agriculture and cottage industries are immense, and co-operative banking is bound to find an important place in the scheme of our national planning, particularly in the sphere of rural finance and marketing.

Co-operation is after all business run as a service. Under its influence the economics of industry, trade and commerce become rooted in ethics—ethics of social and economic justice to all sections of the community engaged in the production and distribution of national wealth and fair deal to consumers. Whatever may be the ultimate form of India's political constitution, our voluntary co-operative organisation will be a powerful aid to national reconstruction. It will also help to hasten the process of the transfer of political and economic power and control into the people's hands. So build co-operatives in order to build genuine democracy and co-operatise India's industry, trade and commerce. India will then have an honoured place in the New World Economic Order.

URBAN CONSUMERS AND AGRICULTURAL PRODUCERS

By

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The linking of urban consumers' stores with rural producers' sale societies, which are both organizations of the economically weak, makes a natural appeal to the co-operator in India. That the scope for inter-trading is ample, as the aims of the two are complementary rather than conflicting, is among the commonplace opinions held in co-operative circles and reiterated at conferences, official and non-official. The Registrar of Co-operative Societies, Madras, in his administration report for 1939-40 regretted that "The movement was an aggregate of pieces rather than a whole of coherent parts and that a completely dovetailed structure had not yet been achieved in producers' and consumers' co-operation." In the next report he noted that some progress was made in linking the two and reconciling their interests and looked for further progress. To students of co-operation, the actual achievements might not yet look impressive by the side of those in western countries. But in India we see little of the ideological conflict between the two organisations, that we come across in those countries where either the one or the other type of co-operation is predominant.

The consumers' stores in Great Britain for long did not view with sympathy the growth of the organisation of producers, either industrial or agricultural. They were not only anxious to manufacture as many consumable goods as possible in their own or in the Wholesales' factories, but were playing with the idea of owning and farming land and raising the foodstuffs required by members. Consistent with their creed of production for use and not for profit, which they alleged was the aim of producers' societies, they actually carried on some farming in the home country, while the C.W.S. did it also abroad, but found it generally far from paying. The fact is that in most lines farming to be successful should be self-directed rather than done to dictation of the master—the most notable exception being the plantation industry in which the C.W.S. is maintaining some progress. As a general rule, the leaders of the British consumers' movement are now prepared to

grant that farming is better carried on by independent farmers or small holders from whose co-operative organisations foodstuffs might be purchased and to which they would supply house hold and even agricultural requirements through the Wholesale. The retail societies and the C.W.S. were before the war, buying a number of perishable foodstuffs—milk, fruit, vegetables, eggs—from local farmers' societies, while more than a third of their total imports of less perishable foodstuffs were bought from foreign agricultural co-operatives—especially wheat, butter, cheese, meat, dried fruits. They still liked to do their own processing—pasteurising milk, flour milling, jam-making—in preference to getting them done by agricultural co-operatives.

Recent Marketing Acts and other schemes of State production of agriculture unfortunately revived bitter memories of the old land monopoly and strained the relationship between the two movements. It is only natural that in a country of landlords and large farmers, the champions of the consumers' movement, which is still dominated by the industrial working class, should suspect that the benefits of agricultural producers' organization and its linking with consumers' stores would be reaped not so much by the labourers on land, as by rent-receiving landlords and capitalist farmers. In fact, the American Committee on Co-operative Enterprise in Europe (1937) observed: "It is in Britain that the poorest working relationship exists between agriculture and consumers' co-operatives".

The relationship between the organisations of producers and consumers was decidedly better in other European countries that the Committee visited. In Sweden,' the consumer co-operatives were studiously friendly to farmers' co-operatives" and bought from them whenever possible and helped them with finance. In Finland the two organisations strove together to lessen the spread between the price paid by the consumer and that received by the farmer. Labour felt an identity of interest with the small farmer and did not try to take all the advantage. In Switzerland, where "consumer co-operation is less a class movement than in any other country" and farmers also were thoroughly organised in co-operatives of their own, there was little conflict between the two federations (V.S.K. and V.O.L|G,) They bought jointly and bought from each other. They had agreed not to compete with each other in opening new stores, and they had set up a joint board of arbitration to settle disputes. In Denmark the consumers' societies were stronger in rural than in urban areas, and their membership was identical with that of various agricultural processing and marketing societies. Naturally the relationship between the two organisations was harmonious as the members knew intimately the problems of production and distribution.

The closer collaboration between the producers and consumers in these countries than in Great Britain might be ascribed to the more even development of co-operation between town and country and to the more even distribution of landed property, largely brought about by deliberate state action.

Now, taking the whole world into account, it was found before the war that agricultural co-operation was growing much faster than consumers' co-operation and was putting forth into the markets of the world produce valued twice as much as the goods supplied by consumers' societies to their members who were, however, fifty per cent more numerous than those of agricultural societies. The latter exerted a greater pull in the national market, because of their command of a larger percentage (45 to 90) of particular commodities offered therein by all producers. But consumers' societies could capture only 12 to 30 percent of the total retail trade of the country, even where they had developed well. More emphasis has accordingly been laid in recent years on the need to bring together the two organisations, if only to overthrow the hostile forces working for private profit—the capitalist speculators, brokers, merchants, etc., and to eliminate the waste due to competition, advertisement and needless transport and storage. The farmer is himself an ignorant speculator producing for an unknown market, which a well-developed consumers' movement can check by forecasting effective demand and placing definite orders in advance.

II

There has been nothing like a movement in India for the organisation of consumers even in urban and industrial areas. The British rulers of the country, though they came from the original home of consumers' co-operation, were more keen on providing co-operative credit to agriculturists and workers in small industries, and the first Co-operative Societies Act (1904) did not have any provision for the registration of stores. The workers even in the organised industries were far too ignorant and ill-paid to think of co-operative stores for themselves. When labour unions sprang up at the close of the last war, the leaders took little interest in co-operative organisation, in which success was bound to be slow and less spectacular than in the methods of strike and bargaining with employers. The employers of a few big mills began to sell foodstuffs and other necessaries for their workers at or below cost price, at a time of rising prices and profiteering. It

was a welfare activity and not co-operation. Until a few years back there were not more than a dozen mills in the whole of India, where workers had co-operative stores of their own. It was only during the last two or three years that employers in about twenty textile mills in Madras—notably in Madura and Coimbatore—have been persuaded to open co-operative stores for their workers. These stores are in their infancy and receive a lot of financial and other aid from employers, who really control them. There are a few railway companies—notably the B.B.C.I.Ry. and the S,I,Ry,—which have provided facilities for running of co-operative stores for their employees with branches in a number of centres along their lines. There are some unco-operative features in their working, which need not be gone into here. Suffice it to say that the controllers of these nominally co-operative stores could not be normally expected to go out of the way and seek their supplies from the new co-operative producers' societies instead of from well established merchants who had closer contact with them on account of consigning and receiving their goods by the railway.

By far the largest number of urban co-operative stores in India have been organised by the middle class educated men in Government service or in the learned professions in the cities and large towns. Many of them, especially those stimulated by the rise in prices at the close of the last war, died an early death. Among the outstanding survivals are the Triplicane Urban Co-operative Society in the Madras City and three or four societies in the larger towns of the province. Mysore State has three or four stores and Travancore one large store. South Indians in Bombay City have a well developed consumers' society, by far the biggest in that province. These are the only co-operative stores in the country of any considerable membership and transactions at all comparable with those of foreign consumers' societies.

Quite a large number of stores are now being organised in India, particularly in the Madras Presidency (where they are said to number nearly 500 now) to combat the tendency to profiteer, exhibited by private shop-keepers. How many of these war creations will survive the end of the war, it is difficult to prophesy. Even if we take into consideration only the long-standing stores, it cannot be said that the members of these stores, at any rate those on the governing bodies, have been moved by any strong conviction that the private profit of middle men should be eliminated, that dealings with wholesalers should give place to purchase from producers' sale societies wherever they are functioning. There have undoubtedly been expressions of opinion in general body meetings of some societies, of the T.U.C.S. in particular, that articles should be purchased as far as possible in producing centres in the season of plenty stocked in society's godowns and released for retail sale to members from day to day, in preference to more frequent purchases in consuming centres where naturally prices would be higher. This has been demanded more from the point of view of economical purchase by the stores and greater dividends to members, than from any over-flowing sympathy to agricultural producers. There is, however, no ill-feeling at all against the latter on the part of urban store members in this country, based upon ideological considerations, as we noticed in the west. If anything, there is a sentimental attachment in educated circles in favour of the producer on land. It is easy to build upon that sympathy and promote inter-trading, so long as it is not less economical for consumers and the sale societies are genuinely co-operative.

Societies for the sale of produce have been organised in India rather slowly and cautiously. Attention was drawn to the history of agricultural co-operation in Europe, which revealed that the marketing of raw produce (as distinguished from converted products like butter) was the most difficult of co-operative activities to run. It was distinctly laid down by a Committee of Enquiry at Madras in 1931, which examined how far co-operative marketing, for which there was then a clamour, could mitigate the effects of economic depression, that an essential condition of success was "production in a compact area, concentration and despatch through a bottle-neck to a distant market" whereas "production spread over a wide area largely for local consumption over an equally diffuse area, a common condition with food grains will render co-operative marketing unprofitable." The scope for the co-operative sale of paddy was said to be extremely limited; what the ryot wanted was loan on the pledge of produce to help him hold the produce for sale at a higher price.

It was subsequently felt that co-operative sale could be undertaken of paddy grown in deltaic districts and milled and despatched as rice to consuming centres at a distance. In Madras *pucca* sale societies were at first organised only for cotton and groundnut. Similarly in Bengal jute sale societies and in Bombay and Central Provinces cotton sale societies were organised. The Jute societies failed miserably due to mismanagement, while the Bombay cotton societies became the most famous in India. Societies marketing other agricultural products in Bombay (jaggery, chillies, areca-nuts, fruits and vegetables) do very little business compared with cotton sale societies. The co-operative commission shops of the Punjab stock and sell a variety of produce, but chiefly wheat and grain. In the United Provinces wheat, gram and oil seeds are sold but the most important are ghee societies about 700 in all, selling ghee valued at Rs. 2 lakhs. Sugarcane marketing socities are another important feature of the United Provinces, and they supply 70 per cent of the cane crushed by the sugar factory of the provinces. In Bihar there are over 800 sugar cane societies which market cane through 28 marketing unions. An orange growers' society in Central Provinces was sending wagon loads of oranges to cities in N. India. In Mysore, small quantities of paddy, arecanut, cocoanut, oranges and honey were marketed by co-operative societies. A wholesale society in Travancore is reported to have produced, graded and sold pepper, ginger, copra and turmeric. It is very doubtful if any of the above commodities found their way into the co-operative stores anywhere.

It is in the Madras Presidency that the extension of marketing activities has been greatest in the last four or five years. About fifty different kinds of dry foodstuffs and fifteen different kinds of fruits have been put on the market by the sale societies.—the most important of them being rice (milled and handpounded, raw and boiled) ghee and butter, dhal, jaggery, gingelly seeds, potatoes, mangoes, sathukudi oranges, limes, honey and eggs. On the whole the sales of all sale societies amounted to Rs. 175 lakhs in 1940-41.

It is not easy to find out from the report of the Registrar or the Provincial Marketing Society in Madras how much of the above agricultural products were taken up by co-operative store societies. Nearly a hundred stores were said to have purchased in 1940-41 goods worth Rs. 1.5 lakhs from *all* producers' societies, including weavers' societies. This total is but a very small fraction (2.5 per cent) of the stock in trade of the store societies, which amounted to Rs. 62 lakhs, while the value of goods sold by them in the year was Rs. 58 lakhs. Two district marketing federations—Tanjore and Nellore—and half a dozen primary sale societies (Shiyali, Chidambaram, Chingleput, Maipad and Allur) have established a reputation for rice all over the Presidency, and some co-operative stores and wholesales have been supplied by them. The *dhal* of Tirupputtur and ghee of Rasipuram have obtained similar recognition. A society which has established direct contact with the largest number of stores and other co-operative societies (exceeding 100) is the Kodur Fruit Growers' Co-operative Society, which supplies the well known Sathukudi oranges (to the extent of Rs. 1 lakh to the Provincial Marketing Society alone.)

A few District Co-operative Wholesales have been organised recently with the object of making wholesale purchases for all the stores in each district. Two are functioning already, one in Madura, the other in Coimbatore, where besides urban stores, which were catering only to a small number of educated middle class people in the district headquarters, new workers' stores have been established for the benefit of the large number of employees in the textile mills, and a number of stores have also been opened in the smaller towns and the bigger villages. Several of these do not seem to be working well in spite of credit facilities extended to them by central banks for purchase of their requirements from the district co-operative wholesale. The old urban stores buy very little from the new wholesales but resort to their old private suppliers in the local market for most of their goods, while a few articles are purchased from the sale societies all over the province. The Madura Mill Store found it worthwhile to buy from the Madura Ramnad Dt. Co-operative Wholesale for a year or so at the beginning, but with increasing membership and transactions seems to find it more profitable to buy from big private wholesalers who now seek its doors. The mill stores in Coimbatore are much smaller and have been so far dealing with the Central Stores (their C.W.S.), on whose board of management they are well represented. This central stores gets its supplies mostly from new co-operative sources. The Madura Ramnad C.W.S. sustained losses in the first two years; the Registrar said "it did not resort to scientific buying at the producing centres in appropriate time". More was expected of it as 'business has now been mastered.' It purchased paddy and rice from the Tanjore and Nellore Marketing Federations last two years but it could not do so this year on account of transport difficulties. This C.W.S. had stocked a large variety of goods, but it did not find enough loyalty from the affiliated store societies. It has had to amend its bylaws so as to open branches of its own in the Madura City and elsewhere to sell its stock even to individuals who are not members. It has supplied goods outside its jurisdiction, to the Madras Provincial Marketing Society, to the S.I.R. Co-operative Stores and to the T.U.C.S. It buys not only from co-operative sale societies, but much more from private wholesalers in centres like Virudhunagar, where the last two stores have also been buying, thus resulting in unhealthy competition among co-operative institutions.

The T.U.C.S., the premier consumers' society in India, has been criticised for not giving the right lead and for ignoring the claims of sale societies. The writer of this article, as one connected with the management of the T.U.C.S., has more precise data on the attempts made by the Society to deal with several sale societies in the province and the Provincial Marketing Society at Madras. As early as 1929, the T.U.C.S. began making purchases of ghee, jaggery, tamarind, onions, garlic; soapnuts etc., from sale societies, all over the province, but transactions were

neither large nor long sustained. In 1934, the T.U.C.S. tried to purchase rice from the Nellore Paddy Purchase and Sale Society, in which it had taken shares, though it had established its own depot in the district for the purchase of paddy. The business of this depot was for some time suspended to give a trial to the rice of the sale society. But this was found to be quite unsatisfactory, and so its own depot had to resume buying paddy and milling. It was found that the secretary of that sale society was himself a miller and merchant and the society for want of business had to be liquidated subsequently. Some primary sale societies in other parts of the Nellore District and the recent District Marketing Federation are doing better business, and the T.U.C.S. has purchased their products through the Madras Provincial Marketing Society to fill gaps in the supply from its own depot at Kodavalur. To feed its big oil mills the T.U.C.S. has purchaesd a large quantity of gingelly seeds—more than 1,000 bags per year—from a sale society in Salem District. The supply was regular, and the quality was satisfactory, but the supply is no longer forthcoming, for reasons not known to us. Seeds from two other societies have never been so good. A cocoanut growers' society in Tanjore sent a wagon load of cocoanuts (16,000 nuts) for a trial. It was not profitable to get less than a wagon load at a time. But it was not possible for the T.U.C.S. to sell them before deterioration set in. Potatoes were supplied by one society, but the consignment was not satisfactory and the T.U.C.S. was unwilling to take any further risk. Orders were placed for butter, a few tins every day, from two societies in the Circars, though the T.U.C.S. had a butter depot of its own and one or two private suppliers. The butter did not look attractive but was good from the point of view of out-turn of ghee. Prices quoted were higher than those of private suppliers. The societies did not like the fluctuations in the order placed by the T.U.C.S. from day to day, which was inevitable because of the marked variations in demand by the consumer members at this end; and no butter was of a quality that could be preserved. More satisfactory was the dealing in ghee with the Rasipuram Sale society, which supplied the T.U.C.S. regularly for ten months. Unfortunately the stock of ghee in the emergency godowns this year accumulated to such an extent that fresh supply had to be stopped. The well known Co-operative Labour Union of Tiruvannamalai was sending charcoal; but it could not be continued on account of transport restrictions and the difficulty of stocking charcoal in the branches. Other societies' goods too have been given some trial, but either the quality is not uniformly good or the supply is irregular. In fact this is the complaint repeatedly made by the Madras Provincial Marketing Society against the primary sale societies, which are its members. "But only a few societies send goods, and even they do not send the goods regularly. The Society is thus handicapped, in building up a steady business in the City." The sale societies would not care to send goods to Madras. where prices were often lower than in the moffusil, because of supplies from different parts of India and of Burma and Malaya. Now transport restrictions are severe, and local demand must have in many cases been good enough. Really the anxiety to market co-operatively flies with the rise in prices.

The Madras Provincial Co-operative Marketing Society was organised seven years back with the main object of finding a sale for the produce of sale societies, and of individual producers, where these could not join any primary society. It has latterly assumed the role of a whole-sale and retail supplier for co-operative and other institutions and even individuals wanting goods. It supplies not merely the goods of sale societies but also of merchants who have become members. It started with some individual members who were well-wishers of co-operative sale or other societies, but it has since admitted individual members who are really traders, some of whom may call themselves producers, because they do some processing before sale. In fact this is the weakness of many a primary sale society too. Traders, who may pass as producers, come in not only as members but are elected as office bearers. Not even ten sale societies send goods regularly to the Provincial Society, and yet it has undertaken to supply provisions to big hostels, institutions and even individuals who are not its members, and some of whom are members of the T.U.C.S. It has naturally to buy from the local merchants. It has been selling articles in *retail* at the head office and in some depots in the city to the general public. It has been selling on credit to some regular purchasers. When the T.U.C.S. protested againts this retail sale, it was said that it was necessary to find an outlet for the goods sent by sale societies, and merchants would not buy them all. Still the T.U.C.S. has been its biggest single customer: It has purchased this very year, in connection with the emergency scheme nearly 20,000 bags of rice, 2,250 bags of *dhal,* 1,600 bags of chillies, 1,000 tins of ground nut oil; etc. all worth about Rs. 2 lakhs from or through the Provincial Marketing Society. It is not fair for a co-operative society receiving state subsidy since its inception till last year, and the loan of services of Government staff, to behave in this fashion towards a premier co-operative store which continues to be its biggest customer. Overlapping in distributive co-operation is a curse that took years to get rid of in other countries. Why should it be allowed to grow in a country where hostile forces are yet too powerful? This is not the atmosphere in which co-operative inter-trading can flourish.

The writer of this paper (in his individual capacity and not as a Director of the T.U.C.S.) ventures to suggest the following points for the consideration of the Co-operative Department and all the co-operative institutions concerned:—

The Provincial Marketing Society must give up sale in retail to individuals or institutions in the city of Madras. It should refuse to have as member any individual or concern in anyway connected with trade in the city or elsewhere. It should endeavour to sell the goods it gets from the affiliated sale societies to co-operative stores in the city and the moffusil in the first instance, and it is only when the stores fail to purchase that they should be sold to wholesale merchants in the city. It should not be the aim of the Provincial Marketing Society to make profits but to serve as a bureau of information and a liason between co-operative stores and sale societies in the Province. It must be entitled to a subsidy on that account.

The T.U.C.S. must on its part undertake to buy as much as possible from the Provincial Marketing Society, giving the first preference to its goods-rather to the goods of its affiliated societies. Even where direct contact is established between the T.U.C.S. and any sale society, a small commission or fee may be paid to the Provincial Marketing Society, which must be prepared to act as an arbitrator in case of any dispute as regards quality, weight, etc., of goods supplied and prices stipulated.

The Department of Co-operation should refuse to register any other co-operative store in the city, except for working classes or others who require different classes or quality of goods than those supplied by the T.U.C.S. The latter may be asked to develop its distributive and other activities, but within the limits of the Corporation of Madras, while its branches in suburban areas may along with new shops in other promising centres in the neighbourhood may be organised into one or more suburban store societies—thus enlarging the market for the goods of the Provincial Marketing Society.

The writer believes that these are the lines on which further conflict between consumers' and producers' societies, injurious to both, may be avoided and a community of interest built up between them.

CO-OPERATIVE MARKETING ON A POOLING BASIS

Working of Marketing Unions in the United-Provinces.

BY

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A leading Italian co-operator remarked after the conclusion of the Great War of 1914-18 that the war has buried in its ruins men and their institutions, philosophical systems and political and economic doctrines, but it has given wings to co-operation. Indeed the war gave much impetus to co-operation to flourish throughout the world, and India could also not remain unaffected by the trend of the movement. But co-operation in India has not indeed succeeded in curing all the economic and social ills from which the country is suffering to-day, though it has not been altogether barren of valuable results.

Generally it so happens that though the agriculturist produces a good crop he is compelled to sell it at an enormously low price in order to pay his dues to the Government, the *Mahajan* and the landlord. Very often the *Mahajan* or the landlord purchases the whole crop without paying any amount whatsoever and the poor cultivator is left with nothing. Moreover the product has often to be sold at a ruinously low price to meet urgent demands. Middlemen of all sorts also cheat him and reap the benefit of the ignorance of the farmer. Hence arises the necessity of some sort of organization to deal with all these difficulties and to promote the feeling of better farming, better business and better living. It has been the right step, though somewhat late, to establish the co-operative marketing societies to take this responsibility on their shoulders.

The marketing plan of the co-operative societies has given birth to various societies which are known as marketing unions. Among these the Agricultural Marketing Unions are of primary importance, for they really deal with the sale and purchase of the produce of the cultivators. They function in villages under the supervision of a Supervisor and the guidance of a Board of Directors. Each Union comprises the membership of not less than a dozen village credit societies.

The chief functions of these Marketing Unions is to improve the moral, social and economic condition of its constituent societies and their

members by advancing money on the pledge of produce, arranging for proper marketing of produce, and generally to create unity, self help and mutual help; to raise necessary capital for the union at a reasonable rate; to afford facilities to members of societies for the grading and transport of their produce; to purchase the produce of members of societies and arrange for its joint sale or arrange for the collective sale of such produce; to stock the produce of members and arrange for its sale on commission; to establish commercial agencies for the disposal of produce; to take up any other task with the approval of the Registrar and to do all things that may be incidental and conducive to the attainment of the aforesaid objects.

The difficulty, however, is that not all the societies live up to these expectations. Some of them are no better than the *bania* and the middleman and try to keep the agriculturists in darkness. They higgle and bargain to secure as much profit as they can. The producers have no other alternative but to dispose of their produce, because they are hard pressed for cash. It becomes a matter of indifference to them whether they sell to the *bania* or to the society. Very often they also hesitate to sell their produce through these societies, fearing that if they reveal their stock the Supervisor of the societies would try to take it in settlement of old debts. Moreover the Supervisors do not take the trouble of giving them sound advice—sometimes it is due to their idleness and very often due to to their ignorance.

In general it may be said that the societies do not find efficient workers. The Directors and the managing Directors are often ignorant and illiterate. The educated people do not take interest in it as it is not a lucrative profession. In fact they do not even want to serve, even if they could, in an honorary capacity. Sometimes the societies suffer from lack of funds. Only a limited amount is guaranteed to them and very often they are forced to refuse to purchase because of shortage of money.

But in spite of all these difficulties and drawbacks the Unions have continued to function. In their infancy the unusual practice was to purchase the produce on the outright purchase system according to which the Union was to purchase the produce of members, arrange for its cleaning, grading and transport and sell it on its own behalf. Those who sold the produce were not held responsible for loss or profit of such transactions. The produce received under outright purchase system was evaluated at the market rate and the price paid on delivery.

This system of purchase on outright basis operated for sometime, but due to certain defects such as inefficiency of the Supervisors and lack of interest of the Directors, it resulted in a heavy loss to the Unions and therefore was discouraged. In its stead was introduced the commission sale system which recommends that the societies and members of societies shall store the produce either in their own godowns or those of the Union. The system also asks the Union to keep a sample of the produce and to sell the produce according to the instructions of the owner. The Union does not suffer because of a fall in price or gain by a rise but pays to the owner the full value realised from sales, less the commission and other charges due to the Union. Advances to members may be made upto 66 per cent of the value of grain received from them.

This system is good so far as it goes. It overcomes some of the defects of the old system. The Unions, while following the outright purchase system, could not help the cultivator to secure a better price. Under the outright purchase system the produce was purchased at the time of harvest and, therefore, it was a matter of indifference to the cultivator whether he sold his produce to the Union or to the village grocer. The only advantage he could derive by selling the commodity to the Union was that the exchange could be made at the current local market rate. But the loss which he had to sustain by selling the produce at the time of harvest was too great to be compensated by this benefit.

But even the commission sale system seems to fail in its purpose. The cultivators are not attracted to it as they ought to have been. One of the most serious defects in this system is that it does not take the responsibility of transport. The cultivator has to bear all transport charges while bringing the commodity from his place to the godown of the Union. While on the other hand the village *bania* goes to his doorstep to purchase the commodity and bears all the transport charges. It generally happens that the grocer comes out successfully in the competition that ensues between him and the Union. If the Unions are to function effectively there must, therefore, be a modification in the scheme.

The State should come forward to play an active part in finding markets for agricultural products and assist agricultural producers in matters of finance. The Provincial Government should share the responsibility with the financing banks by guaranteeing against loss so that the producers may secure better return and greater assistance. The marketing of produce must be on a pooling basis. The Union should agree to make a certain initial payment to producers who deliver the products for marketing. This initial payment may vary according to the grade and quality of the product. Producers who deliver their products under

this marketing plan must agree to have the proceeds from the sale of their product pooled with the proceeds from the sale of the product of the same kind delivered by other producers. At the same time the Provincial Government should agree that if the average price at which the product is sold by the Union is less than the initial payment plus the agreed upon processing, selling, and carrying charges the difference will be made good by them.

With an agreement of this kind the Union can arrange its own financing through the bank and this will be facilitated as the Union is guaranteed against loss. The marketing of the product will be carried out entirely by the Union concerned. As the product is sold and the bank loan returned further payments may be made to the producers out of the sale proceeds. The work of the Union will also run smoothly. The supervisors and the Directors will pay greater attention to the marketing of the produce as the responsibility of the loss would lie on the Government.

This kind of scheme will not only promote the object for which these marketing societies have been founded but will also ensure better finance and strength to the societies. It will encourage confidence and mutual assistance which are vital to the success of the Co-operative Movement.

REVIEW

SOME SOUTH INDIAN VILLAGES—A RESURVEY. Edited By Dr. P. J. Thomas, and Mr. K. C. Ramakrishnan (University of Madras, 1940, pp. 460, Rs. 9).

The University of Madras published in 1918 a survey of economic and social conditions of a dozen South Indian villages. The survey was conducted under the guidance of Dr. Gilbert Slater, the first professor of Economics in the University of Madras, and the book was edited by him under the title 'Some South Indian Villages.' That survey was carried out in 1916-17. After the lapse of 20 years a resurvey of 9 out of those 12 villages was conducted under the auspices of the Madras University. The detailed survey of 1936-37 was conducted on the spot by research students of the University and persons better equipped for the task than those who did the work in 1916-17. This book is very appropriately dedicated to the memory of Dr. Gilbert Slater.

The villages surveyed are said to have been selected on a random sampling basis. Of the nine villages resurveyed, the survey of one of the villages has not been published: one is situated in the Indian State of Cochin; of the remaining seven, one is situated in the Andhra Desa, one in the Malabar District and all the other five in Tamilnad. The interval that elapsed between the two surveys, is one of unprecedented economic ups and downs for the villager. The biggest boom and the deepest depression both occurred in this period. How the abnormalities of those socio-economic conditions reacted on the village life, it is difficult to say. The resurveys must be studied with this general back ground.

The publication is edited by Dr. P. J. Thomas, Professor of economics and Mr. K. C. Ramakrishnan, Lecturer in Economics of the University of Madras. The usefulness of the detailed surveys comprised in the first part is considerably enhanced by the exhaustive and informing analysis of the materials collected by the surveyors and the observations and conclusions thereon by the editors which form the second part of the publication. The editors have confined their analysis and observations to outstanding topics like population, holdings, tenancy, agricultural labour, costs and profits of cultivation, land revenue, trade and transport, rural industries, income and standard of living, education, health and local administration.

The general impression that we have formed from a perusal of the detailed surveys and the analysis of the editors is that the economic

conditions in the villages resurveyed have not only not improved in the two decades that elapsed since the first survey, but actually deteriorated in several important respects in this period. But as the scope of these two surveys was not quite identical and information on certain aspects of economic life investigated in the later survey was not collected in the earlier survey, a comparative estimate of the results of these two surveys can only be nearly correct.

There is some useful information about co-operative organisations in 7 out of the 9 villages resurveyed, from which co-operators may draw some interesting conclusions. In one of the villages surveyed, which was once considered to be a model village in respect of co-operative enterprise and local administration by the statutory village panchayat, the enforcing of unlimited liability after the liquidation of the village society has led to considerable increase in the subdivision of holdings as a result of alienations effected to discharge the debts of the society and to some of the cultivators leaving the village. The surveyor records the following distressing information: "Liquidation has in the view of the villagers led to the loss of domestic happiness and bred distress and isolation in a village not long ago famous for its communal harmony." From our personal knowledge of the circumstances attending the unfortunate liquidation of this society we can vouch to the correctness of this impression of the villagers. If unlimited liability is enforced in the manner it was done in the village in question it is bound to produce similar disastrous results elsewhere.

We come across an experiment in largescale capitalistic farming in one of the villages surveyed. A farm consisting of 100 acres of cultivable land (60 wet and 40 dry) and 150 acres of pasture land purchased for Rs. 75,000 and on which a sum of Rs. 6,000 was spent in buildings and permanent equipment, earned a net profit was Rs. 364 a year on the capital investment of Rs. 81,000—a little less than ½ per cent per annum. The surveys have brought to light some real difficulties in the way of successfully inaugurating and working schemes of consolidation of holdings so as to enlarge their size.

We shall next briefly refer to the conclusions of the editors on some important topics. In regard to population permanent fall in the strength of *certain sections* only of the population has occurred. The case of Brahmans is an instance. The editors observe that the Brahmans left their homes on the countryside for the sake of higher education and for better means of livelihood than what they could secure on the subdivided holdings in the village. There was also a similar fall among the indigenous type of indentured labourers on land, particularly in Tanjore and South

Arcot villages, who were reluctant to return to their old masters and fields in view of the humiliating conditions of farm serivce. In regard to tenancy a striking change which is noticed in the resurveyed villages is a wider spread of cultivation by tenants. This growing demand for tenants is attributed partly to increase in the number of absentee landlords and partly to the inability or indolence of a section of resident ryots to cultivate their own land. With regard to agricultural labour the conclusion drawn by the editors is that the number of landless labourers and their proportion to the total population are definitely on the increase in three of the villages surveyed, more or less stationary in two others, while comparable figures are not available for the rest. From an analysis of the surveys the editors are unable to notice any great change in the system of cropping or in the method of cultivation in the villages resurveyed. The improvements advocated by the reorganised department of agriculture have not been taken up or pursued in earnest. The materials collected in regard to costs and profits of cultivation and their analysis by the editors do not help us to form any definite conclusions. The fact of the matter is that it is very difficult to disentangle the family budget of a farmer from his farm budget. Contributions of ones own and family labour and the help rendered by and to neighbours are seldom recorded. Agriculture, as we have often said before, is more a mode of living than a business in rural India and farm accounting is practically unknown.

In regard to the system of land revenue the editors have some very interesting and useful observations to make. They start with the handicap that Dr. Slater who had the first survey conducted was a staunch believer in State landlordism and contrary to the experience of many Indian economists and publicists he held the view that the pattadars were let off lightly, for the Government could have collected more even on the basis of their claim to half the net profits, which Dr. Slater considered was a very modest demand. It is true that much of what Dr. Slater said became out of date in the light of the discussion of the question and the recommendations made by the Indian Taxation Enquiry Committee presided over by Sir Charless Todhunter. The resurveys have disclosed that farms are overmanned and under-capitalised and that owing to fall in prices in the depression period from 1929 the proportion of land revenue to net income has become much higher. The editors suggest that "a standard outturn in different circumstances should be ascertained and the taxes should be linked with the ruling prices." Speaking for ourselves we do not consider this to be a satisfactory solution of the land revenue problem in the province of Madras. But we agree with the conclusion of the editors that the time has come for a

reconsideration of the whole problem of land revenue taxation of wet, dry and garden lands.

The editors have gone at some length into the analysis of the figures relating to rural indebtedness and co-operative credit in the resurveyed villages. The difficulty of ascertaining, with any claim to precision, the indebtedness of a village remained the same in 1936-37 as it was in 1916-17 and it is not possible to say that the statistical data collected by the surveyors or the conclusions based upon such data can be accepted as affording reliable guidance for the formulation of proposals to deal with rural indebtedness. Among the subsidiary occupations and rural industries which were included within the scope of this resurvey, hand-spinning and weaving were naturally the most important. We await with interest the publication of the report of the Fact Finding Committee on hand-loom weaving over which Dr. Thomas, one of the joint editors of this publication, presided.

The publication under review is undoubtedly a very valuable aid to the objective study of the eoonomic and social conditions of villages in South India. The task of the detailed survey was entrusted to competent hands. The editors are men who have made their mark for scholarship, accuracy and a thorough acquaintance with South Indian rural economic conditions. We congratulate the University and the editors on the conception and execution of this very useful publication that has been made available to the public at a time when the economic recostruction of our rural life, as part of the larger programme of national planning, is engaging our minds.

—Editor.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

TRAVANCORE

Rview of the Government of H. H. The Maharajah of Travancore of the report of the Registrar of Co-operative Societies, Mr M Ramachandra Rao, for the 1116 M.E. (1940-41).

General progress of the movement.—The Department continued to follow the policy of cautious expansion side by side with consolidation. The registration of credit societies was discouraged. During the year Mr. Ramachandra Rao initiated a movement for the organisation of multipurpose societies. As a result not less than 47 societies of the multipurpose type were organised in the year. All the 59 societies registered during the year were for non credit purposes. Attention was also bestowed on the weeding out of practically defunc societies. During the year the registration of 73 societies was cancelled as against 195 in the previous year. The total number of societies on the rolls at the end of the year was 1,466. The total number of women members of societies in the State was 22,689 as against 21,715 in the previous year, the proportion of women to men members being 1 to 7.

Share capital, working capital, reserve fund and deposits. The working capital fell from Rs. 73,71,104 in 1,115 to Rs. 70,57,499 in 1,116; the fall being Rs. 3,13,605. The average working capital per society was Rs. 5,189 as against Rs. 5,227 in the previous year. The owned capital of the movement was Rs. 40,84,185 in 1,116 as against Rs. 42,81,749 in the previous year. The total share capital of the movement fell from Rs. 29,85,066 to Rs. 28,94,086; the fall being Rs. 90,980. The average paid up share capital per society was Rs. 2,128 as against Rs. 2,117. The share capital per head was Rs. 16·3 as against Rs. 16·5 in the previous year. The total receipts and disbursements under deposits were Rs. 8,87,588 and Rs. 10,90, 455 respectively as against Rs. 9,74,052 and Rs. 11,51, 671 in the previous year. The total turnover of the societies aggregated to Rs. 89, 70, 919 as against Rs. 1,01,72,399 showing a decrease of Rs. 12,01,480. There was thus a definite decline noticed under all these heads.

Loans.—Loans to the extent of Rs. 7·69 lakhs were issued in the year by all the primaries together. The loans for the discharge of prior debts predominate with an amount of Rs. 3,97,690.

Demand, collection and Balance. In spite of the instructions issued last year, the collection work was poor. Against a total demand of Rs. 35,76,931 under principal and Rs. 14,55,519 under interest, a collection of Rs. 10,85,758 and Rs. 2,91,891 respectively was made leaving a balance of 69·6 and 79·9 per cent of the demand uncollected at the end of the year. In the Central Bank the percentage of balance to demand rose from 77·6 per cent to 79·1 per cent under principal and from 74·0 per cent to 84·6 per cent under interest in 1116. It is hoped that attempts will be made to induce further collection of overdues by resorting to the measures suggested by the Registrar. There has been a definite set-back in the whole movement which has attracted the attention of Government and suitable measures to rehabilitate the co-operative organisations on more useful lines are under the active consideration of Government and some steps have already been taken to attain this end.

MYSORE

Review of the Government of H H The Maharajah of Mysore of the report of the Registrar of Co-operative Societies, for the year ending 30th June 1941.

With the registration of 102 societies, the cancellation of registration of 40 societies and the amalgamation of one society, the number of societies at the end of the year was 1,956 as against 1,895 last year. While there was an increase in membership, deposits, reserve fund, working capital, turn-over and net profits, a slight decrease was noticeable in the paid-up share capital and loans issued and recovered.

With the cancellation of the registration of the Federal Co-operative Banking Union, the number of central financing institutions at the end of the year was nine as against ten during the last year. There was a slight increase in their membership, share capital. reserve fund and net profits. Under deposits, there was a noticeable increase to an extent of Rs. 3·7 lakhs.

In the Mysore Provincial Co-operative Apex Bank there was an increase under share capital, deposits. reserve and other funds. The total loans issued to societies amounted to Rs. 2,12,781 and the loans recovered to Rs. 1,91,099, as against Rs. 2,12,664 and Rs. 1,60,081, respectively in the previous year. In the amount of interest recovered, there was a fall from Rs. 1,69,933 to Rs. 1,56,350. The outstandings under interest in arrears are very large, being Rs. 5,50,896, and more strenuous efforts should be made to improve the position in this direction by recovering the arrears as far as possible. The concessions of waiving penal interest and reduction of ordinary interest to societies which paid up their overdues were continued during the year and it is satisfactory to note that 189 societies took advantage of the concession. The percentage of overdues to the demand is still large, being 75·71, though there is a slight improvement as compared with the previous year. Every effort should be made to bring down the percentage by speeding up recoveries. The working of the Bank resulted in a net profit of Rs. 41,094 as against Rs. 34,213 last year. At the end of the year, there were 47 societies in liquidation indebted to the Bank to the extent of Rs. 2,98,377 towards principal and Rs. 1,45,363 towards interest. The amount recovered from liquidated societies during the year was Rs. 16,949 towards principal and Rs. 19,301 towards interest. The official liquidators must evince greater interest in the recovery of amounts due from these societies. The Bank celebrated its Silver Jubilee during the year under the Presidentship of Rajamantrapravina Mr. K. V. Anantaraman, Minister for Finance and Revenue.

The number of primary agricultural societies increased from 1,430 to 1,480. Their membership, working capital and reserve fund showed slight improvement. The amount of net profits was Rs. 57,331 as against Rs. 12,534 in the previous year. The percentage of overdues to demand came down from 72 per cent to 67·3 per cent.

There were fourteen marketing societies against twelve in the previous year, for the sale of figs, paddy, plantains, oranges, potatoes, ginger, eggs; cocoanut and copra; honey and wax, cardamom, sugarcane, jaggery and areca. The Malnad Areca Marketing Society at Shimoga is steadily improving its business though there was a slight fall during the year in the quantity of areca received in the society due to the partial failure of the crop. The membership increased from 682 to 795 and the paid-up share capital from Rs. 15,416 to Rs. 23,628. The quantity of areca sold during the year was 29,369 maunds and the price realised was Rs. 2,16,140 as against 8,920 maunds for Rs. 66,141 in the previous year. The net profits of the society amounted to Rs. 3,677. The society has secured a cash credit of Rs. 75,000 from the Apex Bank for granting advances to the members against their stocks with the society. The successful working of the society is in a large measure due to the keen interest evinced by Mr. M. Seshadri, M.A., who was the Deputy Commissioner of Shimoga District and *ex-officio* President of the society, and the willing co-operation of the Committee members of the society. The Maradihalli Co-operative Society, which is a typical multi-purpose co-operative society, continued to work satisfactorily.

In their order dated 18th April 1941, Government have constituted a Marketing Department under the Chief Marketing Officer who has been proposed to be given the powers of a Registrar in respect of marketing societies and made responsible for the organisation of agricultural marketing societies. The organisation of a Provincial Co-operative Marketing Society is also under the consideration of Government.

The non-agricultural non-credit societies have not shown much improvement during the year under report. Government wish to reiterate their observations made last year that the Registrar should pay greater attention to the development of these societies, in close consultation with the Department of Industries. The House Building Co-operative Societies are continuing to work more as credit institutions than as institutions supplying raw materials and undertaking construction of houses for their members. The Bangalore City Housing Co-operative Society, Ltd., continued to do good work. It had 821 members, a share capital of Rs. 60,567 and a working capital of Rs. 3,53,583. During the year it issued loans aggregating to Rs. 46,364. The Mandya House Building Co-operative Society is also reported to be doing good work. The societies started for ladies and students continued to work satisfactorily, the outstanding among them being the Tumkur Sree Sarada Mahila Society and the Engineering College Society. Among the Depressed Classes Co-operative Societies, the Mysore A. K. Dhanalakshmi Co-operative Society and the Malavalli Cobblers' Society continued to do good work during the year.

At the end of the year the Land Mortgage Scheme was in force in 54 taluks, two sub-taluks and portions of three taluks. The scheme remains to be extended to 26 more taluks in order to bring the entire State within its operations. Two additional Inspectors have been sanctioned for Land Mortgage work, thus bringing the total number to thirteen.

The Central Land Mortgage Bank continued to work satisfactorily during the year under report. Government sanctioned the floatation of a sixth series of debentures of Rs. 5 lakhs at 3½ per cent but this has not yet been thrown open for subscription as there is still a balance open for subscription in the previous series. The membership of the Bank on 30th June 1941 was 206 comprising of 49 Land Mortgage Societies, 31 other Co-operative institutions and 126 individuals. During the year, the Bank sanctioned loans aggregating to Rs. 2,90,060 in 341 cases and rejected 119 applications. Long term loans to the extent of Rs. 16,73,350 have been sanctioned by the Bank, since its inception, in 1,530 cases and Rs. 15,68,095 have been actually disbursed in 1,407 cases. The recovery of dues continues to be satisfactory, the percentage of recoveries to the demand being 99·52 as against 97·46 in the year previous. A subvention of Rs. 5,000 was granted to the Bank this year also to enable it to reduce the rate of interest on loans by one per cent. Excluding this, the Bank realised a net pofit of Rs. 18,717. Rajasabhabhushana Diwan Bahadur K. R. Srinivasa Iyengar, M.A., who was the President of the Bank from its inception, resigned his office of President owing to reasons of health and Lokasevasakta C. S. Kuppuswami Iyengar was appointed in his place. Government wish to record their high appreciation of the excellent work done by Mr. Srinivasa Iyengar during his long term of office. The success of the scheme is due much to the untiring energy shown and the zeal and enthusiasm displayed by him in the work. In his successor Mr. Kuppuswami Iyengar, the Bank has a President with large experience and intimate knowledge of co-operative problems.

The working and financial condition of the *primary Land Mortgage Societies* generally show an all round improvement. It is, however, gathered that there is considerable delay in the disposal of loan applications and the question as to how best to avoid this delay is said to be engaging the active attention of a Sub-Committee appointed by the Board of Management of the Central Land Mortgage Bank.

Out of 188 societies under *liquidation* during the year under report, the proceedings of only ten societies were completed, leaving a balance of 178 at the end of the year. This is far from satisfactory. Government wish to reiterate their observations made in their review on the working of the Societies for 1939-40 regarding the speedy completion of the proceedings of liquidation and hope that the work will be attended to more vigorously in future. With a view to facilitate efficient despatch of work, the jurisdiction of the official liquidators indebted to the central financing institutions was distributed on a territorial basis.

There were 67 societies at the beginning of the year whose committees had been superseded. During the year the committees of 25 societies were superseded and of eleven reconstituted; fourteen were brought under liquidation after the expiry of the period of supersession. At the close of the year, there were 66 societies whose committees remained suspended, for which sole directors were appointed. The work of revaluing periodically the securities furnished by the borrowers of societies indebted to the Apex Bank and also other societies, with a view to ascertain their adequacy for the outstanding loans is being attended to. Government wish to state that this work should be extended to all societies and wherever securities are found to be inadequate, additional securities should be taken.

The disposal of disputes by the officers and arbitrators was satisfactory. Out of a total of 3,722 cases that came up for disposal, including those pending at the beginning of the year, 3,233 were disposed of, leaving a balance of 489 at the end of the year.

BARODA

Review of the Government of H.H. The Gaekwar of Baroda of the report of the Registrar of Co-operative Societies, Mr. T. M. Desai, for the year, 1940-41.

Number of societies—The total number of societies increased by 6 from 1,297 to 1,303, but of these 228 or 16 per cent were under liquidation, and 1,075 were working as against 1,097 in the previous year. There were 905 credit societies working during the year, of which 12 were central, 716 agricultural and 177 non-agricultural. Of the 170 non-credit societies working, 125 were agricultural and 45 non-agricultural.

Of 716 agricultural societies working during the year, 613 societies were classified and 68 or 9·5 per cent of these were placed in class A (thoroughly good), 202 or 28·2 per cent in class B (defaulters and mistakes in accounts), 191 or 26·7 per cent in class C (not falling under class A, B or D) and 152 or 21·2 per cent in class D (bad and liable to be liquidated if they fail to come under class C in two years). The percentage of D class societies fell from 26 per cent in the previous year to 21·2 per cent and of A and B rose from 8·9 per cent and 22·1 per cent to 9·5 per cent and 28·2 per cent respectively.

Membership.—The total membership increased from 65,920 to 67,953 or by 3 per cent. The average membership per society was 52·1 as against 50·8 in the preceding year. It is estimated that the movement directly affects 12 per cent of the population—the agricultural societies about 6 per cent of the village population and the non-agricultural about 14 per cent of the town population.

Financial position.—The financial position showed a slight improvement. The working capital increased from Rs. 101·9 lakhs to Rs. 109·8 lakhs or by 8 per cent. The share capital increased from Rs. 12·3 lakhs to Rs. 13·5 lakhs, the deposits from members from Rs. 30 lakhs to Rs. 34 lakhs and from non-members from Rs. 20 lakhs to Rs. 22 lakhs and the reserve funds from Rs. 17·6 lakhs to Rs. 18·6 lakhs. Of the reserve funds, 21·6 per cent was invested outside the ordinary working funds. Owned capital formed 60 per cent of the working capital as against 59 per cent in the previous year, loans and deposits 37 per cent and debentures 3 per cent.

Loans.—The loans advanced during the year amounted to Rs. 29·6 lakhs as against Rs. 27·2 lakhs in the previous year. The repayments were Rs. 30 lakhs as against Rs. 28·4 lakhs, and the outstanding loans, at the end of the year, were Rs. 65·6 lakhs as against Rs. 66 lakhs. The overdues at the end of the year were Rs. 16·1 lakhs or 24·5 per cent of the outstanding loans as against Rs. 15·3 lakhs or 23·3 per cent. The increase of overdues is attributed to the unfavourable season in the Mehsana and Amreli districts.

The total value of non-credit work declined during the year mainly on account of the poorer cotton crop, from about Rs. 20 lakhs to Rs. 15 lakhs. The value of the seeds and produce bought or sold on behalf of members by agricultural credit societies was Rs. 1·2 lakhs and by agricultural banks, central banks, sale societies etc., about Rs. 14 lakhs. Compared to the total average value of the agricultural produce of the State estimated at Rs. 6·5 crores, this forms about 2 per cent.

Land Mortgage Banks.—There were two land mortgage banks in the State.

The Baroda Land Mortgage Bank continued operations all over the Baroda District, except in the Petlad and Bhadran talukas. Its share capital increased by 6·2 per cent from Rs. 1·13 lakhs to Rs. 1·20 lakhs. Only one series of debentures has been floated, for Rs. 3 lakhs, to be redeemed after ten years. The investment in the debentures redemption fund amouted to Rs. 0·27 lakhs at the end of the year. The working capital of the Bank increased from Rs. 6·57 lakhs to Rs. 7·33 lakhs.

Fresh loans amounting to Rs. 0·95 lakhs were advanced to 54 persons. The total amount advanced since the beginning of the Bank in 1933 amounted to Rs. 7·80 lakhs for liquidation of debts amounting to Rs. 9·35 lakhs, the debts having been scaled down through conciliation by Rs. 1·55 lakhs. All instalments due during the year were repaid, the total amounting to Rs. 0·78 lakhs. The outstanding loans at the end of the year were Rs. 6·20 lakhs. The Bank's rate of interest on loans remained unchanged at 6 per cent. The net profit during the year was Rs. 19,632 as against Rs. 19,234 in the preceding year.

The Navsari Land Mortgage Bank, which began its work in the preceding year in six talukas of the Navsari district, extended its operations to the rest of the district. Along with this, the Debt Conciliation Act was extended to the whole district. The share capital of the Bank increased from Rs. 37,500 to Rs. 39,745. The Bank issued in 1939-40 its first series of debentures for Rs. 3 lakhs at 3½ per cent. Of these, debentures worth Rs. 1·5 lakhs were purchased by the public, their called up value being Rs. 1·0 lakh. The Government have agreed to purchase the remaining debentures and have made available to the bank a special loan of Rs. 1·0 lakh for advancing loans to the Raniparaj societies, to enable their members to redeem their debts. The working capital increased from Rs. 0·81 lakhs to Rs. 1·43 lakhs.

The Bank advanced loans to the extent of Rs. 0·78 lakhs out of which Rs. 0·23 lakhs were given for purchase of land. The total loans advanced by the Bank during the two years of its working, amounted to Rs. 1·0 lakh. Out of this, Rs. 0·77 lakhs were in liquidation of debts amounting to Rs. 0·95 lakhs, the debts having been scaled down by Rs. 17,500. No instalments of loans have yet become due. The net profit of the bank was Rs. 215.

The Government give the following concessions to these Banks:—

(i) The repayment of the principal and interest of the debentures is guaranteed.

(ii) Land valuation officers are lent to the Banks free of charge in the initial stages and a grant is given towards the expenses of management.

Central Banks.—During the year the Damnagar taluka bank was taken into liquidation and the Gandevi urban bank converted into a taluka bank. At the end of the year there were eight institutions actually working with 831 societies affiliated to them. These institutions finance only affiliated societies, but the Baroda and Mehsana Central banks have been permitted for three years to finance individuals, so that they may utilise their surplus funds. The Baroda Bank thus advanced Rs. 40,800 in loans to individual share-holders.

The working capital of these institutions increased from Rs. 16·03 lakhs to Rs. 16·92 lakhs or by 5·6 per cent. The share capital increased from Rs. 3·32 to Rs. 3·38 lakhs, the reserve funds from Rs. 2·76 to Rs. 3·02 lakhs, deposits from societies by Rs. 0·25 lakhs from Rs. 4·22 to Rs. 4·47 lakhs and other deposits from Rs. 5·53 to 5·58 lakhs. The banks at Baroda, Navsari, Mehsana, Damnagar and Petlad are allowed a cash credit of Rs. 4·30 lakhs by the Government. The Government have also sanctioned a deposit of Rs. 0·40 lakhs for 5 years to the Kodinar Banking Union.

The loans advanced during the year decreased from Rs. 4·17 to Rs. 3·87 lakhs. The decrease was due to the policy of refusing loans to societies under reconstruction, except under exceptional circumstances. The recoveries amounted to Rs. 4·65 lakhs and formed 42·3 per cent of the demand as against 42·0 per cent in the preceding year. The outstanding loans at the end of the year were Rs. 10·3 lakhs as against Rs. 11·0 lakhs at the end of 1939-40.

Non-credit work of Central Banks.—The Mehsana Central Co-operative Bank, the Damnagar bank and the Kodinar Banking Union continued the business of joint purchase of the needs and sale of the produce of the agriculturists. The Mehsana bank sold 250 mds. of cumin seeds worth Rs. 2,490 and supplied household requirements worth Rs. 3,014. The Kodinar Banking Union sold 20,392 mds. of seed-cotton worth Rs. 64,993 of 23 societies and 1,151 mds. of bajri worth Rs. 1,423 of 10 societies, 1,126 mds. of ground-nut worth Rs. 1,412 of 60 societies, and other commodities worth Rs. 460. Besides this, the Union supplied artificial manure, cotton and ground-nut seeds to its members. The Damnagar Bank sold 2,322 mds. of cotton of 23 members for Rs. 5,805.

Agricultural Banks.—The four Agricultural Banks of Bhadran, Amreli, Vyara and Songadh advanced loans to societies as well as to individuals. Their total working capital amounts to Rs. 7·67 lakhs, share capital Rs. 1·77 lakhs and reserves Rs. 1·01 lakhs. The lending rate of interest of the Bhadran bank was 6 per cent and that of other 6¼ per cent. These banks are allowed cash credit to the extent of Rs. 10,000 by the Government.

The banks advanced loans to the extent of Rs. 0·55 lakhs during the year as against Rs. 0·88 lakhs and recovered Rs. 1·16 lakhs or 30·4 per cent of the demand as against 25·8 per cent in the preceding year. The outstanding loans at the end of the year were Rs. 2·65 lakhs as against Rs. 3·26 lakhs at the end of preceding year. The Amreli and Vyara banks continued joint purchase of needs and sale of agricultural produce of their members and affiliated societies. The Amreli bank purchased and supplied to the members of various societies ground-nut (1,199 mds.) and cotton seeds (360 mds). The Vyara bank purchased and supplied 120 mds. of cotton seeds to 96 agriculturists and sold 62 mds. of grain of its members.

Agricultural Societies.—The number of societies was 1,026 but of these 185 or 18 per cent were under liquidation. The number of societies working during the year was 841 as against 862 in the previous year. Of these, 716 were credit societies as against 717 in the previous year. That the number was maintained was mainly due to the organisation of 22 new thrift societies. The non-credit societies declined from 145 to 125 mainly because of the liquidation of 22 societies for the consolidation of scattered holdings and four for rural reconstruction. The membership rose from 36,450 to 37,268 or by 2·5 per cent and the average membership per society to 36·2 from 35·5.

The working capital increased by Rs. 1·5 lakhs from Rs. 38·4 to Rs. 39·9 lakhs. Of this increase Rs. 0·76 lakhs were due to increase in deposits from non-members.

The share capital was Rs. 1·8 lakhs, the deposits from members Rs. 7·2 lakhs and reserve funds Rs. 12·68 lakhs. These showed an increase of 4 to 7 per cent. Loans from the Government (Rs. 0·50 lakhs) and banks and societies (Rs. 10·3 lakhs) showed a slight decline as compared to the preceding year. The decline in

loans from banks during the year is slight, but compared to 1938-39, it amounts 10 per cent, and posssibly indicates a tendency to arrange for finances indepen-ıtly of the banks. The lowered rates of interest on loans advanced by societies re continued.

During the year loans of the amount of Rs. 11·75 lakhs as against Rs. 10·1 lakhs the preceding year were given. As against this, loans amounting to Rs. 11·85 :hs or 29·9 per cent of the total demand were repaid. The total outstanding loan the end of the year amounted to Rs. 27·98 lakhs. The overdues increased from . 8·98 to Rs. 10·98 lakhs and formed 35·7 per cent as against 31·9 per cent of the tstanding loans. The deterioration is ascribed to failure of commercial crops and l in prices.

Reconstructed Societies.—Since 1938, when the policy of reconstructing socie-s was adopted, 168 societies have been reconstructed of which 8 societies were :onstructed during this year. Of these, 139 societies were indebted to banks and societies worked with their own capital.

The dues of these reconstructed societies from members were Rs. 5·69 lakhs incipal and Rs. 2.11 lakhs interest.

The instalments falling during the year came to Rs. 70,454 principal and ;. 24,145 interest, against which Rs. 56,357 as principal and Rs. 27,393 as interest ere recovered during the year. The collection of principal was 80 per cent of the mand. The repayments from the members in the Baroda and Navsari districts ere good while those in the Mehsana and Amreli districts were poor, due to failure crops. The societies wrote off Rs. 1,787 in principal and Rs. 11,593 in interest ıe from members, who paid their instalments according to the terms of reconstruc-ɔn.

B. D. 8 cotton organisation.—The propaganda for the cultivation of B.D. 8 ıtton through the societies was continued and four new societies were organised ıring the year. The number of societies working at the end of the year was ten. hese are situated in the Dabhoi, Sankheda and Tilakwada mahals. They distri-ıted 746 mds. of B.D. 8 cotton seeds to their members. The area under cultiva-ɔn of this cotton increased by about 30 per cent over the preceding year and is now 151 bighas.

In the Karjan taluka, resource societies distributed 450 maunds of B.D. 8 ɔtton seeds to 124 members estimated to sow 4,500 bighas, an increase of 50 per cent.

Crop loans are given at 4 per cent, on condition that the produce is sold ırough the society. The scheme is under the supervision of an independent ıditor.

Production and sale societies.—The production and sale societies increased from l to 45. Out of these 37 societies were for sale of cotton, two of ground-nuts, one f sugar cane, two for pure milk and ghee and three for sale of other agricultural roduce.

Cotton sale societies.—The cotton sale societies collected 10,348 bhars of seed otton belonging to 2,371 members. Of these 9,683 bhars were ginned and 665 bhars vere sold unginned. Out of 7,680 bales of cotton, 6,936 bales were sold for ts. 10·82 lakhs while the unginned cotton was sold for Rs. 0·80 lakhs. The total realisation from the sale of cotton amounted to Rs. 11·62 lakhs. The prices of cotton fluctuated widely during the year, and in anticipation of higher prices some societies held over their stock, which remained unsold at the end of the year. Three societies did no work during the year. The turnover was about 40 per cent less than in the preceding year, both in the quantity of cotton collected and the sale price 10,000 bhars as against 17,000 and Rs. 11·6 lakhs as against Rupees 20 lakhs.

Non-agricultural societies.—The number of registered societies was 263 but of these 43 or 16 per cent were under liquidation. The number of societies working was 220 as against 225 in the previous year. Of these 179 were credit societies and of the remaining 21 were students' stores and 20 housing societies. The membership was 26,679, an increase of 1,100 members.

The share capital rose from Rs. 5·8 to 6·7 lakhs an increase of 15·5 per cent, the deposits from members from Rs. 23·2 to 26·7 lakhs, an increase of 3·5 lakhs. The deposits from non-members remained practically stationary at Rupees 6·6 lakhs, the loans from banks and Government declined a little. The reserve fund was Rs. 2·5 lakhs as against Rupees 2·6 lakhs in 1939-40. The total working capital rose from Rs. 40·4 lakhs to Rs. 44·4 lakhs or by 10 per cent.

Loans advanced during the year amounted to Rs. 12·2 lakhs as against Rs. 11·8 lakhs in the preceding year, raising the total outstanding to Rs. 33·3 lakhs. Repayments improved by Rs. 1·2 lakhs from Rs. 11·9 to Rs. 13·1 lakhs so that, inspite of the increased lending, the loans due were Rs. 20·1 lakhs as against Rs. 21·0 lakhs and those overdues were Rs. 2·9 lakhs as against Rs. 3·7 lakhs at the end of the preceding year. The percentage of overdues decreased from 17·6 to 14·5 per cent.

Central Co-operative Institute.—The Central Co-operative Institute continued its work as usual. Its membership rose from 782 to 1,081, out of which 600 are societies and 481 are individuals. The total amount of fees received from the members was Rupees 2,324. The institute conducted two classes for training secretaries of societies of the Navsari and the Amreli districts. Lectures with magic lanterns were delivered in 52 villages. The society continued to edit 'Gram Jivan' a monthly magazine dealing with co-operation, agriculture and other topics of rural interest. The Government paid Rs. 3,500 towards the expenses of the institute during the year. In order to make its work more effective in the districts, 9 taluka institutes affiliated to the central institute were organised.

Expenses.—The total expenditure of the department was Rs. 79,351 as against Rs. 73,316 in the previous year.

CO-OPERATIVE CONFERENCES AND MEETINGS

THE XXIX MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE, MYSORE, 16TH OCTOBER, 1942

Extracts from Welcome Speech by Lokasevasakta Mr. C. S. Kuppuswami Iyengar, President, Mysore Co-operative Institute.

The Co-operative Movement in the State has passed through another year of stress and strain on account of the present war and the consequent unsettled conditions prevailing all over the world. At the end of the year 1941-42, our State had 1959 Co-operative Societies with a membership of 1,44,000 and a paid-up share capital of Rs. 54 lakhs as against 1956 societies with a membership of 1,45,000 and a paid-up capital of Rs. 53·12 lakhs in the previous year. The total working capital increased from Rs. 2·65 crores to Rs. 2·7 crores, the Reserve and other Funds from Rs. 48½ lakhs to Rs. 50 lakhs and the total turnover from Rs. 10 crores to Rs. 10½ crores. The netprofits, however, decreased from Rs. 4·1 lakhs to 4 lakhs.

It is gratifying to note that co-operative marketing has shown a steady improvement. An Agricultural Marketing Society at Chamarajanagar, a Cocoanut and Copra Marketing Society at Arasikere and a Paddy Marketing Society in the T. Narasipur Taluk have been formed. The Malnad Areca Marketing Society at Shimoga, the Ganjam Fig Marketing Society, the Dodballapur Co-operative Poultry Club, the Saklespur Bee-keepers' Society, the Cotton Society at Maradihalli, the Central Paddy Society at Mysore and the Saklespur Cardamom Society have provided good marketing facilities for their members.

The shortage of foodstuffs in the country has induced many Co-operative Stores to undertake the stocking and sale of essential food grains. A number of Credit Societies are also coming forward to render useful service in this field. The Government have been pleased to sanction a sum of Rs. 6 lakhs in order to provide credit facilities to Co-operative Societies for the stocking and selling of food grains. It is my earnest hope that Agrcultural Co-operatve Societies would also take an active part in the "Grow More Food" campaign.

In order to secure an effective control and supervision of the Societies, the Government have divided the State into eight Co-operative Divisions and placed each Division in charge of a Gazetted Officer. The charges of the Officers have also been redistributed so ensure that the Officers of the Department maintain an intimate touch with the Societies. The Official Liquidators have been formed into a separate agency on a territorial basis and each Liquidator is placed in charge of a definite number of Societies in a compact area. Another noteworthy activity connected with the Department was the holding of a Training Class for the benefit of the Inspectors of Societies.

We are deeply grateful to the Hon'ble Mr. V. Ramadas Pantulu for the honour he has done us in so very readily accepting out invitation to preside over this Conference. He needs no special introduction. Some of you perhaps personally know him, but all of us know him by his reputation. He is a veteran leader of the Co-operative Movement in India. The All-India Provincial Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association of which he is the President, owe their inception and development to him. As President of the Madras Provincial Co-operative Bank and the Madras Provincial Co-operative Union for many years, he was in a large measure responsible for the development and expansion of Co-operation in the Madras Presidency. I need hardly say that his ripe knowledge and wide experience of the movement will be of invaluable help to us at this Conference.

Extracts from the Presidential Speech by The Hon'ble Mr. V. Ramadas Pantulu, President, All India Co-operative Associations.

We, as co-operators, are, not concerned with the politics of war or the war of politics. Nevertheless, we as the apostles of a new economic system which aims at securing equal opportunities in life and a just distribution of the fruits of national labour to all sections of the community, in other words, desire a co-operative solution of the economic problems of life, assume an *economic democracy*: But as Dr. C. R. Fay says in his survey of co-operation in the Colonial and the Tropical parts of the British Empire, "You cannot have economic democracy without some degree of political democracy." We therefore hope and trust that the talks of new world and social order will not remain mere slogans of the wartime and that in the post-war reconstruction and the implementing of the aims and ideals of the promised new world order, the legitimate claims of India to achieve political freedom and to play her proper role among the self-governing nations of the world will be unequivocally advocated and upheld.

War and the co-operative movement.—I believe that along with the rest of India, people of Mysore are hit hard by the sharp rise in the cost of living—the ever increasing disequilibrium between the prices of primary products and manufactured goods. By prices of primary products, I mean the prices obtained by the rural producers and not those paid by the urban consumers. There is substantial difference between the two and it is intercepted by numerous intermediate profiteering agencies. The producer who thus gets less than his due share of legitimate price for his products is at the same time the biggest consumer of manufactured goods, for 80 to 85 per cent of our population are producers living in the villages. We always hear of fixation of maximum prices, a ceiling for the prices paid by the urban consumers. But is it not equally necessary to fix a minimum price to be obtained by the primary producers—a floor? But we hear little about it. Though the conditions of the United States of America are in many respects dissimilar to those of India, the principles adopted by President Roosevelt in stabilising the food bill furnish us good guidance. He not only insists on a price ceiling so as to prevent unreasonable profits, but also a floor for wages and farm prices. It is said that while prices *received* by farmers had risen by 85 per cent from August 1939 to August 1942, that *paid* by farmers had risen only by 23 per cent. I hope our Central, Provincial and State Governments will also fix a *minimum* for wages and prices for farm products so as to ensure that our workers and peasants are "free from want." The Government should purchase in the producing centres at minimum prices if the internal price structure collapses.

I hope co-operators of Mysore will institute enquiries into the effects of the present war on co-operative organisation. An investigation of this problem is of utmost importance not only to find out how far and in what directions our co-operative societies can be utilised to meet the situation created by war economy but also to ascertain the place of co-operative organisation among "the agencies whose present activities in the social and economic field affect the conditions under which post-war programmes will be carried out," a problem on which the International Labour Office, Montreal, has started an important enquiry in which the Indian Co-operative Movement is invited to have its say.

Co-operation in Mysore—Its Achievements and Problems.—It is a matter of gratification to me to be able to say, as a result of my comparative study of the co-operative movement in the the several provinces and states in India, that on the whole the progress of co-operation in Mysore is satisfactory. Taking the movement as a whole, you had at the end of the year 1941-42, 1,959 societies with a total membership of 1·44 lakhs, a paid up share capital of Rs. 54 lakhs and an aggregate working capital of Rs. 2·74 crores. Their turnover and net profits during the year amounted to Rs. 10·5 crores and Rs. 4 lakhs respectively. This is indeed an encouraging record. But what has been achieved is little compared with what has to be achieved yet. Your state has a population of 7·3 millions with 16,500 villages. You have covered not more than ⅛ of the Rural Mysore and touched about 2 per cent of the population. I however feel, from the manner in which you are progressing, that you are on the way to achieve greater results in the near future, and will soon embark on a 5 or 10 year plan to so expand you movement as to bring every one of your 16,500 villages within the area of operations of a co-operative society just as you have done in the case of your village panchayats of which you now have over 12,000. In this connection I wish to draw attention to the scheme of expansion recommended by the Standing Committees of the All-India Co-operative Associations at their Bombay session held in January 1941.

Your Provincial Co-operative Apex Bank has now assumed the role of the chief financing agency of your credit societies, so far as short and intermediate term credit is concerned. As a result of the line of development of your credit organisation and in the light of experience gained by you, you have decided to eliminate the central banks from the role of intermediaries between the Apex Bank and the societies. In this matter you have created a position similar to that of the British province of Sind where the experiment has proved a success. 1,074 societies are already affiliated to the Apex Bank and I believe, they constitute the bulk of the rural and urban credit societies. The Apex Bank has now a paid up share capital of Rs. 2·5 lakhs, a reserve fund of over Rs. 1·86 lakhs and a working capital of nearly Rs. 30 lakhs. We may estimate the annual financial requirements of those who pursue agriculture and allied occupations at about Rs. 10 crores, roughly a third of your estimated total indebtedness. This sum, in my opinion, represents the amount of capital and credit borrowed and repaid every year. Our ideal is that the co-operative credit organisation should supply this finance. So your Apex Bank has so far not touched the fringe of the problem.

It is too early to say whether the present system will satisfy your requirements when you so expand the movement as to extend the benefit of co-operative credit to every village in the state by displacing the moneylender who is still the supplier of the bulk of rural finance. Even long before you attain that position, you may find it necessary either to establish branches of the Provincial Co-operative Apex

Bank at convenient centres or some well organised central banks to finance adequately and promptly the large number of societies that may come into existence. The need, at a later date, for central banks may arise for other reasons as well. However impressive the figures relating to the transactions of your Apex Bank may be from the quantitative standpoint, we cannot overlook the fact that the percentage of overdues to the total outstandings was as high as 75.7 at the end of 1941-42. No banking institution can contemplate with equanimity a situation in which such a large percentage of its assets is involved in overdue loans. So far as I am able to see, there are no dependable estimates of bad and doubtful debts, a feature common to other provinces and states. In the absence of central banks the entire financial shock has to be absorbed by a single Apex Institution. The existence of central banks will minimise the risks of such an overdues position by their absorbing a great portion of the shock, whose intensity will otherwise be felt in its entirety by the Provincial Bank.

Your Central Land Mortgage Bank has indeed made notable progress since its inception in 1930-31, under the able guidance of Mr. K. R. Srinivasa Iyengar and his successor your present President. You have now 65 land mortgage societies, 61 of which were affiliated to the Central Land Mortgage Bank, at the end of 1941-42. The Central Land Mortgage Bank had a paid up share capital of Rs. 1,38,700, reserve and other funds amounting to Rs. 47·5 thousands and a debenture capital of Rs. 15·1 lakhs at the end of 1941-42, and the Bank disbursed loans to the extent of nearly Rs. 19 lakhs from its inception. The rate of interest paid on debentures has been brought down from 5 to 3½ per cent and they are now being issued at a premium of 1 per cent. I hope that the position of your debentures will further improve when you start your sinking fund or debenture redemption fund in July next, as contemplated by your Government. Then it may be possible for you to float future issues at even three per cent. Now that the Bank is able to get its debenture money at a considerably reduced rate, I hope you will find it possible to reduce your present lending rate to the land mortgage societies which, I believe, is 6 per cent, so that the ultimate borrowers may get the benefit of the reduction. Creditable as the record of progress is, we cannot forget the fact that, while the rural indebtedness of your state is estimated at over Rs. 30 crores, you have so far been able to provide Rs. 20 lakhs by way of long term credit mainly for the purpose of discharging prior debts. I hope that the operations of the debt conciliation boards, administration of the debt relief Act and the working of the land mortgage banks, if properly co-ordinated, will relieve the situation to a great extent. In this connection, I must say that the real purpose of a long term loan is to increase the income and the purchasing power of the agriculturist by a judicious investment of the loan on substantial improvements of his holding. Little attention is now paid to this aspect of the problem and the machinery of the land mortgage banks is being almost exclusively used for the redemption of prior debts all over India wherever these banks are working. I hope Mysore will set an example to other provinces and states by utilising the services of these banks to bring about an improvement in the agricultural industry itself and thereby converting agriculture which is now a deficit economy into a surplus economy. In view of these special and onerous responsibilities of land mortgage banks, it is worthwhile considering whether it is necessary for your Central Land Mortgage Bank to advance short term loans as well to mortgage societies and individuals directly. After all your fresh annual business under this head seems to be negligible for it does not exceed three to five thousand rupees a year roughly and you will lose nothing by shedding it. Speaking for myself I do not consider this to be a healthy line of development.

The *urban* credit movement in your state has had a brighter record than your rural credit movement for a long time. At the end of 1940-41 you had 329 urban credit societies as against 1,339 rural credit societies. But with a membership of over 55,000 and a working capital of about Rs. 133 lakhs they have made considerable headway over the rural credit societies which have only a membership of about 58 thousand and a working capital of about Rs. 50·4 lakhs, though their number is four times that of the urban credit societies. These urban societies are expected mainly to advance loans on personal securities. But it is said that as personal security has proved unsafe, tangible security is now demanded in many cases. The utility of this class of societies largely depends upon their ability to finance the small trader, the artisan and the petty industrialist who works in his home. It will be useful to publish statistical information regarding the classes of persons financed by these societies, the purposes for which loans are advanced together with a statement assessing the economic benefit derived by the borrowers.

I find that your Government recently embarked on certain reforms, which to some extent interfere with the freedom of these societies, which naturally evoked strong protests from urban co-operators. It will be interesting to know how far this increased interference with the autonomy of these societies and the exercise of the powers vested in the Registrar to appoint auditors for the bigger urban societies and to suspend or supersede the committees of societies and appointing a sole director (dictator) in their places have helped to strengthen the urban credit movement. But my experience of similar measures of increased official control elsewhere in India shows that far from having a salutary effect they have had deleterious effect and crushed the spirit of initiative and sense of responsibility among the members. I wonder whether they had a different effect in Mysore. The faith of Provincial and State Governments in the efficacy of ever increasing powers of control, direction and interference of the departments and in spoon-feeding is indeed pathetic. Your Minister for Law, *Rajamantrapravina* A. V. Ramanathan, who presided over the Conference last year aptly put the position in a nut-shell. He said: "To me it looks as if this attempt to secure the development of co-operation through all-powerful Department is like seeking to promote democracy by totalitarian methods. Departmentalism kills initiative and enthusiasm. Growth is possible only in an atmosphere of liberty and freedom." I entirely agree with this view and respectfully commend it for the consideration of your Government.

In regard to your *consumers' movement* again your state has made commendable progress particularly in the cities of Bangalore and Mysore. In fact the movement is concentrated in these two cities, particularly in Bangalore, where alone, I understand, 8 stores account for about 2|3 of the sales for the whole state. The only big store outside these two cities is the Bhadravathi Society. The total sales of all the seventy and odd stores in the state, however, are under Rs. 20 lakhs a year.

The store movement in your state shows marked deviations from the orthodox Rochdale principles of cash trading, sale at market price and dealing only with members. But I am glad to find that steps are being taken to restrain as much as possible the effect of these variations by encouraging cash sales in practice, limiting credit to a member to a certain percentage of his paid up share capital or other assets and generally to reduce the chances of losses arising from these deviations. As the system has worked fairly well all these years, I do not think that orthodox co-operators should make any fetish of the Rochdale principles. Indeed, I have noticed similar deviations from those principles in some of the stores in European countries and they were none the worse for the little liberty that they took in this matter. I now find that some of your consumers stores have practically converted themselves into retail shops for the general public in the matter of stocking and sale of essential food grains to meet the exigencies of the war economy. Such services in times of national emergency are, no doubt, valuable but the most suitable way of meeting the situation will be to enlarge the membership of your stores. There is no limit to such membership in any country and it is up to us to work for the ideal of making every consumer in the locality a member of our store. Sale to non-members need not be altogether banned, but it should be confined to the narrowest limits and every non-member who buys from the store must be induced to join it as a member. It requires considerable propaganda of a constructive nature. The spread of the consumers movement on right lines will depend on the success of such propaganda. There is considerable scope for extending the benefits of the store movement to industrial workers. It is true you have societies like the Mysore Mill Society, the Minerva Mill Society and the Bhadravathi Society which cater to the workers. But much more can be done in your industrial areas having regard to the rapid progress your state is making in industrial development. I consider one of the main reasons for the consumers store movement not making much headway in India is that it still largely remains a middle-class movement and not a working-class movement as in the West. So the ideals of the consumers movement can be realised only when you are able to make it a working-class movement. Efforts in this direction are well worth making.

The development of *co-operative marketing* of your agricultural produce and products of your producers' societies has not attained any tangible proportion in your state. The working of the Malnad Areca Marketing Society is certainly encouraging. The experiments you are making in regard to paddy, figs, poultry and honey also hold out promise of such development. The economic benefits of improved and organised production are virtually lost by unorganised and chaotic practices of marketing and therefore organising marketing is no less important than organising production.

In the course of this brief and cursory survey of the progress of the movement in your state I have made some observations and thrown out certain suggestions on some aspects of the working of you institutions. I have not done so on any theoretical considerations, nor am I a believer in uniformity in the structure, functions and business methods of co-operative organisations in the several provinces and states. On the other hand after a close study of the movement in the several regions of this vast country which are characterised by peculiar features of their own, I have come to realise that co-operative organisations in India have in some cases sprung up more largely as practical solutions of peculiar local difficulties and were not always conceived at their inception as embodiments of some definite theory of economic organisation. So, if the features you have developed are, in your opinion, suited to your peculiar conditions, it is not for me to ask you to abandon or modify them. All that I desire is a due consideration of my view point in regard to them as coming from a serious student of the problem and a collaborator with you in the same field.

Employees of Co-operative Institutions.—I find on your agenda paper an important resolution bearing on the conditions of service for employees of co-operative

societies. The subject is one which has been long neglected by the provincial and state governments who are solely engrossed in expanding their own official agencies and improving the conditions of service of the departmental staff. It has not been so far realised that attempts to impart vigour and health to the co-operative movement by administering larger doses of administrative control will not avail, particularly if the efficiency and tone of the paid services in the co-operative institutions are not improved. We must have contented, qualified and effective service in our institutions and such service cannot be ensured without guaranteeing security of tenure and reasonable terms of employment in regard to pay, promotion and prospects. I am in full agreement with the object of the resolution. In fact I moved a resolution at the meeting of the Standing Committees of the two All India Co-operative Associations held in Bombay in January 1941 which is almost in identical terms with that of which notice is given to this Conference by the Mysore Co-operative Staff Association. The resolution was unanimously accepted by the Committees. You have further the support of the unanimous recommendations of the Madras Committee on Co-operation which are more or less in consonance with the demands put forward in the resolution on the agenda. I hope your Apex Institutions will give the necessary lead on this question by framing rules or bylaws to give effect to the measures suggested in this resolution, in regard to their own employees. Such a course of action will not be in conflict with your by-laws or the Act or the Rules thereunder. So it is for your Provincial and other major institutions to set the example so as to prepare the ground for the desired legislation.

Education and Propaganda.—I congratulate the Mysore Co-operative Institute on the good work it is doing in the sphere of education and propaganda which I consider to be the very life breath of the co-operative movement. I am glad to hear that there is happy co-operation between the government and non-official bodies in regard to this all important activity. Your training courses and the activities of the District Honorary Propaganda Officers, if properly directed, may have favourable reactions on the development of the movement on right lines to a certain extent. But the syllabuses that are drawn up by the authorities for use in co-operative training institutions are largely based on models more suited to train men in competitive profiteering business or fit them to subserve the ends of the employer. This was certainly not the educational ideal of the early co-operators nor is it the main aim which is now pursued in the free countries in the West. Therefore I feel that the present arrangements to train our employees for the discharge of their day to day duties alone will not suffice. Functions like collection, distribution, book-keeping and remittance in co-operative institutions are not after all mere matters of dull routine. The coin which is behind it will alone not provide the necessary healthy stimulus. Men without a touch of co-operative ideology and a higher urge behind them cannot discharge those functions with an exalted sense of duty.

Our objective, which has not so far been achieved, should be to create or foster among our members and employees the spirit necessary to help the reconstruction of our social and economic structure through co-operation and to produce teachers of co-operation who can train men and women to live the conscious life of a co-operator, consciously. In order to achieve this aim, we must expand the scope of our educational activities and organise suitable institutions. I, therefore, earnestly hope that your government will recognise the need for the establishment of a central co-operative educational institution—an academy or college, to impart higher instruction in the principles as well as practice of co-operation besides providing facilities for research. It must work in an academic atmosphere.

Future of the Co-operative Movement.—Co-operation as we see it to-day is not really associated with our national life in any sphere of action. I have not found evidence in any province or state in India of any genuine effort on the part of the governments to utilise co-operation for the reconstruction of our rural or urban economy. Indeed they seem to have no faith in its potentialities. When I read accounts of the use to which co-operation is put in promoting collective farming and organising small scale industrial production as, for instance, in Palestine and China, I often wonder why the governments in India are so oblivious to the benefits of co-operation as the most effective among the agencies for the organisation and development of our agriculture and cottage industries.

I, however envisage the time, not in the distant future, when co-operation will cease to be an isolated departmental activity but will become an integral part of national planning both in British India and Indian India. The aim of the movement will then be to generally improve the economic condition of the masses and to increase their income and purchasing power. Many economic factors now impede the progress of the co-operative movement. Increasing dependence of the population on agriculture, decline of rural industries which once furnished subsidiary occupations, oppressive burden of land taxation, uneconomic and unscientific system of land tenures, helpless dependence on overseas markets for the disposal of our raw materials and supply of finished goods and similar disabilities have contributed largely to the economic debility of the agriculturist and to his chronic poverty. Co--operation can obviously make no real progress in such an environment. In the removal of these impediments, co-operation ought to play a large part in any well conceived plan of action in nation building by an enlightened state.

I have no misgivings about the future of co-operation in Mysore. Your state has a variety of resources, plenty of opportunities for work and ample prospects of development. If to these material advantages you bring the aid of the will to put into practice the principles and ideals of co-operation, there is no reason why the co-operative organisations which you may build up should not contribute to the social, political and economic advancement of the people of Mysore. Above all you have at the head of the state your present Maharaja, who, like his illustrious uncle whom he succeeded, identifies himself with the good of the people and patronises and promotes every progressive movement that makes for the material and moral advancement of his subjects. So His Highness is sure to accord to the co-operative movement the rightful place that it deserves in your schemes of national planning based on the new world ideals of social and economic justice to all sections of the community. I hope and trust that in his time Mysore will attain the full stature of a democratic state in which the people will enjoy in the fullest measure civic freedom and opportunities for self-expression. May God Almighty vouchsafe to the Mysore House a long and unbroken line of constitutional rulers to reign over the state—a land of enchantment and enlightenment. In such free and self-governing Mysore a new generation of men and women shall arise "With flame of freedom in their souls and light of knowledge in their eyes."

Resolutions passed at the Conference.

1. (a) That the Mysore Co-operative Institute be requested to form a Committee, with powers to add two more when necessary, consisting of: (1) The President of the Co-operative Institute (Ex-officio Chairman), (ii) a Representative of the Stores Societies in Bangalore City, (iii) a Representative of the Stores Societies in Mysore City, (iv) a Representative of one of the Factories Employees Co-operative Stores outside the cities of Bangalore and Mysore, and (v) one of the Secretaries of the Co-operative Institute who will also be the Convener, to recommend after investigation not later than the 15th November 1942 such steps as are necessary to strengthen and expand the Co-operative Stores Movement in the State under the favourable circumstances created in consequence of the present world war;

(b) That the Consumers' Co-operative Societies be requested to contribute liberally to the fund allotted by the Institute to meet the expenses of the Committee which shall be fixed on the minimum scale.

2. That the Government be requested to arrange for the supply of goods manufactured in the Government concerns and other Factories direct to the Co-operative Stores instead of directing them to purchase the same through the sales agents.

3. That the Government be requested to direct the Railway authorities to give to Co-operative Institutions special facilities such as first preference in the despatch of goods from other places and concession in the rates of booking.

4. That this Conference requests the Government to permit Co-operative Land Mortgage Societies to elect their Presidents and Secretaries from among non-officials wherever possible and to restrict the application of Government Notification No. D. 795-7-70. L. M. 13-346 dated 24-6-1925 to places where proper non-official workers are not available.

5. That the Government be requested to introduce legislation to amend the Mysore Co-operatvie Societies Act so as to compel the creditors of loan applicants of Land Mortgage and other Co-operative Credit Societies to furnish all the details required by the investigating officers on the lines of the Madras Co-operative Societies Act.

6. That the Government be requested to appoint representatives of Land Mortgage Co-operative Societies to the Boards of Debt Conciliation.

7. That the Government be requested to arrange for the financing of House-building Co-operative Societies at rates of interest not exceeding 4 per cent.

8. That in the case of Limited Liability Co-operative Societies which have built up the Reserve Fund exceeding the share capital, the statutory minimum contribution to the Reserve Fund be reduced from 25 per cent to 12½ per cent.

9. That Rule 18 of the Rules under the Mysore Co-operative Societies Act be amended so as to limit the rates of dividend payable on shares in all Co-operative Societies to 6¼ per cent.

10. That the Government be requested to try Collective Co-operative Farming in order to examine its possibilities in improving cultivation and to set apart 500 acres of land for the purpose.

11. That Paddy Marketing Co-operative Societies be started in paddy-growing centres

12. That this Conference is of opinion that the amendment proposed by the Government to Rule 21 of the Rules under the Mysore Co-operative Societies Act is opposed to the fundamental principles of Co-operation and requests the Government not to introduce the proposed amendment.

13. That facilities free of payment be created for co-operative institutions for making search of the attachment registers in Civil Courts.

14. That the period of limitation applicable to Co-operative disputes be doubled as recommended by the Co-operative Enquiry Committee of 1936, by adding a suitable section to the Co-operative Societies Act.

15. That instead of giving priority to old loans in the matter of attachment of salaries of government employees, arrangements be made to distribute the attached amount among all the creditors **pro rata**.

16. That the Government be requested to introduce legislation for making provision for recording all attachments on immoveable properties by Civil Courts in the books of the concerned Sub-Registrar's Office having jurisdiction over such properties.

17. That this Conference requests the Government to amend Rule 16 of the Rules under the Mysore Co-operative Societies Act by adding "through the said agency" after the words "2½ per cent on the amounts realised."

18. That the Government be requested to amend Rule No. 16 (x) Note II of the Rules under the Mysore Co-operative Societies Act as follows:

"on every dispute. ....not exceeding annas eight per dispute."

The following three Resolutions were referred to the Working Committee of the Mysore Co-operative Institute for Report:—

1. That this Conference requests the Government to introduce legislation for the amendment of Section 44 (2) of the Mysore Co-operative Societies Act so as to add the following clause:—

"(v) Prescribe the conditions of service for employees of co-operative societies."

2. That the following Rule be added to the Rules under the Mysore Co-operative Societies Act:—

"Rule No. 38. The essential conditions to be observed by Co-operative Societies employing whole-time or part-time servants shall be as under:

(a) There shall be an agreement of service as between every employee of the Society and the Society concerned governing the terms of service, pay and prospects and such other matters as are vital to the prospects of each employee;

(b) Every society shall frame subsidiary rules regarding leave, provident fund, security deposit and the number of working hours as they should apply to their employees and such subsidiary rules shall not ordinarily be replaced, amended or altered without hearing the staff on the proposals.

(c) No employee shall be either dismissed or suspended for a period exceeding seven days in the aggregate during a calendar year unless the proposal is supported by the votes of a majority of not less than two-thirds of the total strength of the Committee and the party agrieved shall have right of appeal to the Registrar. Before any employee is dismissed or suspended as aforesaid, his written explanation shall be obtained after granting him sufficient time to give the same, finding recorded in full and the copy of the order served on him prior to his discharge from his office.

3. That the Government be pleased to introduce legislation to amend Section 43 (a) (i) of the Mysore Co-operative Societies Act so as to omit the following words printed in brackets:

"Other than a dispute regarding the disciplinary action taken by the Society or its Committee against the paid servant of a Society."

EXTRACTS

Emergency Services of the T.U.C.S., The *Review of International Co-operation*, Sep., 1942.

Largest Indian Consumers' Society Takes Over War Emergency Food Supply in the City of Madras. Vast and highly important new functions have been assigned by the Government of Madras Presidency to India's oldest, largest and best developed Consumers' Society, the Triplicane Urban Co-operative Society at Madras. Fulfilling these functions the Society has rendered invaluable services to the whole population of the City of Madras and stood the test of a serious emergency situation extremely well. In December, 1941, after the outbreak of the Far Eastern War, the Government of Madras invited the Society to undertake the supply of essential foodstuffs to the population of Madras, non-members as well as members, during an emergency that might arise as a result of the spread of the war. It was, of course, clear that the Society which normally was supplying about 5 per cent of the city's three-quarter million inhabitant through its 33 stores, would not be able to fulfill the immense task of feeding the whole population if it had to rely on its own financial resources, distributive, warehousing and transport facilities, and on its own staff. Government help and support on a large scale were required and liberally given: The Government undertook to provide the funds for the purchase of stocks and for the extension of the retailing, warehousing and transport facilities, to pay the rent of the new premises, the wages for additional employees and other additional charges, to help with transport vehicles and to assist the Society in many other ways. But although the Society thus functioned largely as a Government agency, when the testing period came in April, 1942, after the Japanese conquest of Burma, the success of its efforts during that critical month were primarily due to the skill with which it applied its co-operative experience to the new situation, and to the high ethical standard of its co-operative business practice which prevented the exploitation of the masses of the consumers in an extremely difficult supply situation when all normal retailing and wholesaling business activities had broken down, and speculators and unscrupulous elements would have had every opportunity to dictate the prices to the consumers.

When the threat of Japanese attack was growing in April, 1942, a very large section of the population of Madras was evacuated or left the town, so that by the third week in April only 25 to 30 per cent of the normal population remained. Almost all retail shops, selling stalls, restaurants and other catering establishments were closed and the bazaars were deserted. The few retail business that tried to carry on had the greatest difficulties, as practically all wholesale merchants had closed their businesses, and imports of grain and other foodstuffs from Burma and Malaya had completely ceased. The Madras Society at once sprung into action to save the city's population from starvation: Twenty-five new depots were opened in all the districts of the town, and the 33 existing branches opened their doors to all consumers in their districts This extension of its activity presented great problems to the Society as the Co-operative shops, open only to members, had so far almost exclusively served the middle classes which constituted its membership. The selection of goods and the price policy of the Society were based on the needs and quality standards of the middle classes, and the price level in the Co-operative stores was, on the whole, fairly high as only high-class goods were sold. The business tradition and practice of the Society had to be radically adjusted to enable it to cater for the masses of consumers, new employees had to be trained in a few weeks, new shops equipped, large stocks supplied and evenly distributed, transport provided, &c. Although the Government had accumulated large stocks of about 15 "essential articles," the demand of the buying public was far heavier and wider than anticipated. During the actual emergency period the Co-operative stores had to restrict their sales to any customer to a maximum of Rs. 5 at a time, but, on the whole, they were able to repelnish their stocks rapidly and after a short time there was practically no shortage anywhere in spite of heavy demands.

Mr. K. C. Ramakrishnan in an article in the May issue of the *Madras Journal of Co-operation*, characterises the price policy of the Madras Society during the emergency period, as follows: "The greatest service that was rendered by the T.U.C.S. for which the public, the poor people in particular, would gratefully remember the Society is the absence of any element of profiteering in the prices charged by it, even though it had the practical monopoly of customers for some days, and even after that competition was confined to a few shops. The retailers resorted to profiteering in commodities of which they held stocks, but of which there was a general scarcity on account of transport difficulties. The Society did not raise the prices except to the extent occasioned by the higher cost of purchase and of transport of certain commodities of which it had not held sufficient stocks The Society has had to give up the Rochdale rule of 'sale at market price and to fix its selling price with a margin over cost price—which is neither feasible nor desirable in normal times.'

The effect of the successful emergency experiment on the future development of the Society can, of course, not yet be foreseen: "We are not sure," writes Mr. Ramakrishnan, "whether, when normal conditions return, the big buyers at the one end and the very poor at the other end, who are now obliged to patronise the Society, will cling on to it. If at least the latter discover that they have been paying really extravagant prices for the inferior articles they had been buying in small quantities, especially for credit, and realise that they stand to gain definitely in the moral as well as material sphere by buying their requirements in a co-operative store, it will be a great gain to the Consumers' Movement."

The story of the Madras Society can be supplemented by many other examples of Co-operative Societies helping in the war effort. A well-illustrated brochure recently issued by the United Provinces Co-operative Industrial Federation at Lucknow, shows the part played by the Weavers' Co-operative Societies of that province in the mobilisation of the cottage industries for the war-effort. The effect has been two-fold: not only has it been possible greatly to increase the supply of certain essential materials, such as blankets, camouflage nets, &c., to the defence forces, but also the scope of co-operative activity has been widened and a certain degree of prosperity brought to sections of the population which in recent years have lived under a severe depression and have experienced great hardships.

AGRICULTURAL CO-OPERATION IN CANADA.

Statistics recently published by the Economics Division Marketing Service of the Department of Agriculture at Ottawa show that there were 1,395 Marketing and Agricultural Societies in Canada on 31st July, 1941, which operated in 4,005 places of business. Their total trade in the crop year 1940-41 reached $242,158,305, Sales of farm products accounted for about 90 per cent—$215,000,000—while sales of farm supplies amounted to $25,895,374. There was a certain amount of trade with non-members, the number of patrons, 507,223, being about 13 per cent above the membership of 451,685. The Province of Saskatchewan is the most advanced of the Canadian provinces as far as Agricultural Co-operation is concerned; it has over one-third of all societies—479—and their membership—193,200—is about 43 per cent of the total Canadian membership, while they accounted for about a third of the total business. In membership and business Alberta comes second, its 72 associations representing 69,044 members and a total trade of $40,983,000. Manitoba follows with 52,716 members; but the trade of its 72 associations—$22,089,000—was smaller than that of Ontario's 188 associations with 40,054 members, which reported a total trade of $32,662,000. Quebec's 361 associations are on the average smaller than those in the other provinces, representing a total membership of 26,841 and a trade of $21,943,000. Membership in British Columbia, Nova Scotia, Prince Edward Island and New Brunswick was between 6,000 and 15,000, with corresponding variations in the trade figures. There were also 6 Inter-Provincial Unions operating in 470 places of business, with a membership of 28,827 and a total trade of $29,437,000 in 1940-41.

Co-operative News Service, 12th August, 1942.

REVIEW OF THE CO-OPERATIVE MOVEMENT IN INDIA, 1939-40.

This brochure, published by the Reserve Bank of India, is a lucid and excellent summary of the new trends of the Co-operative Movement in different parts of India. It provides valuable data for comparing co-operative work in the different provinces. One interesting feature that has emerged from the recent debacle is the growing popularity of the idea of the multi-purpose society. More and more it is being realized that the future co-operative organization in the village should deal with the whole man, and integrate farming, credit and marketing. In several provinces where multi-purpose societies have been started they have proved very efficient. Some provinces have already converted co-operative societies into multi-purpose societies by amending their by-laws. Crop loan societies have also been running in several provinces, notably Bengal and Berar, and have filled successfully the gap created by the freezing of the prevalent credit machinery. In Europe this kind of loan is called 'green credit'.

One would expect that such an authority as the Reserve Bank would give a lead to the Co-operative Movement as regards its future pattern. If the major weakness of our Co-operative Movement has been the lack of co-ordination between finance and marketing, the agricultural credit society even if it continues to have unlimited liability should be safeguarded by provisions making it illegal for its members to dispose of the crops before meeting the dues of the society. The English Agricultural

Credits Act, 1928, contains such a provision. In South Africa the law lays down that where in any area 75 per cent of the producers are co-operatively organized and handle 75 per cent of the product the Minister may, at the request of such organization, prescribe that all producers of that agricultural product within that area shall sell their product through the co-operative society or company. Without some kind of compulsion like this neither the ordinary credit society nor the multiple-purpose society can succeed in the rehabilitation programme.

In Europe several countries have created rehabilitation funds and distributed subsidies among the distressed farmers to restore them to solvency and enable them to meet mortgage and fiscal charges. Governments have also undertaken to pay a part of the repayment instalments payable by the farmers. In India it is worthy of serious consideration whether a rehabilitation or amortization fund could be created out of taxes on industry and the professions, the resources of which could be utilized both for subsidy to distressed farmers and the conversion of debts and repayment to co-operative societies and moneylenders, the latter renouncing a part of their credit.

In other countries the central bank has provided assistance to agriculture and the Co-operative Movement on a scale which is not available for them in India. The sooner the Reserve Bank attains flexibility enough to bring within its ambit the co-operative credit structure, the better it is for agriculture and the general economic life of the country.

—Indian Farming.

GREETINGS TO CHINESE SISTERS!

News from CHINA shows that both the Industrial Co-operatives and the Consumers' Movement are helping the country to become economically self-sufficient and mitigating the great sufferings war has brought to the dauntless Chinese people. The first National Congress met in Chungking in April, when the capital was constantly in danger from bombing. It adopted a Three Year Plan and laid down the principles which must govern the educational activities and the relations between the members. Great importance is attached to the role of women, and a Women's Committee has been set up to organize Guilds among the consumers. There are nearly 10 million co-operators in China, and the societies are of many different types including over 2,000 consumers' and more than 12,000 productive. A recent letter from the Director of Indusco says how glad the Movement is that the I.C.W.G. is associated with the Anglo-Chinese Development Society and how much the interest of Guildswomen is appreciated by all the Chinese co-operators. The Industrial Co-ops. have a membership of about 25,000, but over 500,000 people are affected by the employment created. Monthly production is now about 25 million Chinese dollars, and within the next six months it is hoped to double membership and triple production. Indusco's aim is 'not only to make Chinese Industrial Co-operatives a strong economic arm of resistance but to ensure that co-operatives will become a vital and permanent part of China's new post-war economic and social structure' Greetings to all our Chinese sisters. We all admire the work they are doing and the way they are serving their country and democracy and we look forward to very close collaboration when the war is over.

—*'International Co-operative Women's Guild Information Bulletin September 1942.*

CO-OPERATIVE NEWS AND NOTES

The relief obtained by the Agriculturists in Madras by the working of the Agriculturists' relief Act was set out in a recent Press Communique. In the 55 months that expired with 30-9-42, the number of applications disposed off under the Act was 1,83,008. The amount of debts involved was Rs. 7,32,43,079. This amount was reduced to Rs. 3,90,86,517. Thus in the 4 years and 7 months that elapsed since the commencement of the working of the Act, the agricultural debtors in Madras obtained relief to the extent of 3·4 crores of rupees under the Act.

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Great Britain is evolving a comprehensive plan of complete compulsory state insurance against every form of personal want and insecurity. To this social insurance fund, the employers, the employees and the State will contribute. The workers' contribution is forecasted about 5 shillings weekly per head. The scheme is likely to impose an annual burden of about £500,000,000 on the British tax-payer leading to a permanent loan on incometax of 7 or 8 shillings in the Pound. The scheme will also offer a challenge to Insurance Companies, friendly societies, and all who oppose nationalisation of social security. Sir William Beveridge's report on the scheme which is recently published has been well received.

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The Bihar Government has decided to close the Rural Development Department which was established by the Congress Government for the time being. The Government resolution states:—"A very large portion of the staff of the department resigned in sympathy with the Congress movement and some centre has been actually used for subversive activity during the recent disturbances with the result that the work in other centres is practically at a standstill. In view of the difficulty of training a fresh staff and reorganising the centres in the present emergency, the Government have no other alternative."

"It will be left to the Co-operative Department in the meantime to carry on such rural Welfare work as it can with its programme and resources."

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The average area under paddy in the Madras Province during the five years ending 1940-41 represents 13·3 per cent of the total area under paddy in India. The area sown with paddy up to the 25th September, 1942 is estimated at 6,179,000 acres. When compared with the area of 5,809,000 acres estimated for the corresponding period of last year, it reveals an increase of 6·4 per cent. The increase in area is generally outside the districts of Guntur, Coimbatore, Trichinopoly and the South (except Tanjore) where there is a decrease in area. The increase in area is generally attributed to the "grow more food" campaign. The increase is marked in Chinglepet (+85,000 acres) and East Godavari (+75,000 acres). The estimated area under paddy is the highest reported in recent years in Chinglepet (410,000 acres) and Tanjore (803,,000 acres).

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The Government of Bombay are publishing Village Handbooks for each district in the Province based on the 1941 census. These are useful publications giving detailed information in a tabulated form about every village—the number of dwelling houses, population with separate figures for males and females, religions and castes, market days, festivals, local industries and notable features. The tables also give information about the existence or otherwise of schools, post offices, village panchayats and railway stations.

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The Government of Cochin have appointed a Committee to enquire into and report on the working of the Co-operative Movement in the State and to submit recommendations that will bring about the economic uplift of agriculturists. Mr. I. Raman Menon, retired Superintendent of Agriculture, will be the Chairman of the Committee.

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It is understood that the Indian Government have prepared their own scheme of "Standard Cloth". It is proposed to appoint a Central Board known as the Indian Standard Cloth Board, consisting of a chairman and members representative of the cotton textile industry in India, a Standard Cloth Commissioner to be appointed by the Government and an Honorary Adviser on Cotton Textiles. The Board will have powers to require any mill to produce such quantities of standard cloth as it may decide. It will have also powers to require any mill to sell standard cloth to approved dealers.

The Central Board may appoint Provincial Boards composed of two members representing the cotton textile industry, four representing cotton piece goods, and two members to be nominated by the Central Government to arrange for distribution of standard cloth available among the approved dealers in such manner and in such proportion as may be prescribed by the Board.

The final decision is expected at the forthcoming conference between the Government and the owners.

ACKNOWLEDGMENTS

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

Some Press Reviews

Review of International Co-operation, September, 1942.

A New Year-Book of the Indian Co-operative Movement, a very imposing volume of 700 pages, has just been published by the two All-India Associations—All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association—in pursuance of a resolution passed at the Joint Session of their Standing Committees at Bombay in January, 1941. The Honorable V: Ramadas Pantulu, to whom the enormous task of editing such a volume was entrusted, has carried out the work in a masterly way, assisted by Provincial Editors for almost all Provinces and States. Mr. Pantulu, it will be remembered, is the President of the All-India Co-operative Institutes' Association, and since 1934 a member of the Central Committee of the International Co-operative Alliance.

The first Indian Co-operative Year-Book, *Co-operation in India*, was published in 1932 by the All-India Co-operative Institutes' Association. The new volume, after the lapse of a decade, is, therefore, a very timely publication, as the development, problems and difficulties of Indian Co-operation during those years have aroused widespread interest. It is planned on somewhat different lines from its predecessor—which comprised a series of independent articles contributed by select writers on different aspects and problems of the Indian Movement—and Mr. Pantulu describes it as an attempt to study the Co-operative Organisations as they exist and are working to-day; Co-operative Organisations have passed through such varying experiences since 1930 that only by a survey of the Movement Province by Province and State by State can a correct idea be given of the present position and its contributory causes.

The usefulness of the Year-Book is enhanced by an All-India Section which forms the first part and includes a Directory of Indian Co-operative Organisations and a 'Who is Who Among Co-operators.' Parts II and III present a co-ordinated account of the origin, progress and working of the Movement in the several Provinces and States, and of these the General Editor states in his introduction "the contributions to Parts II and III are intended to be, and, as a matter of fact, most of them are, more in the nature of records of facts than exposition of principles and practice of Co-operation." He adds, however, that he used his discretion somewhat liberally in order to avoid overlapping and repetitions, eliminating as far as possible mere expression of personal views, especially on controversial matters.

No pretence is made at any approach to the subject from the theoretical standpoint to ascertain how far the several types of Co-operative Institutions conform to certain principles of economic theory and practice, and wherein they resemble or differ from similar types in other countries—"Co-operative Organisations in India have sprung up more largely as practical solutions of peculiar local difficulties and were not entirely conceived as embodiments of any definite theory of economic organisations. It is, no doubt, true that for facility of study the common aspects and principles which may be extracted from institutional features are first expounded and the institutions themselves are cited as illustrations of those principles. However helpful this method might be for purposes of academic study it should not lead us into the mistaken path of selecting one or other type of institution successfully working in any Province or State on *a priori* grounds on its own intrinsic merit, without regard to the peculiar needs of local, economic, social and political conditions, system of land tenures and the like."

The great educative value of the Year-Book as an aid to the training of workers for the spread of Co-operative Ideals and for the organisation of Indian peasants and workers on a co-operative basis, particularly at this juncture in the history of India, is naturally stressed by Mr. Pantulu, and the following passages in his introduction constitute the best statement we have seen of the place of Co-operation in Indian economy—"Every country which is thinking of post-war reconstruction is turning its vision to Co-operation. . : : In this process of national reconstruction the economic factors of the Movement that count are the business efficiency of the Co-operative Institutions, their utility of enhancing the agricultural incomes and wealth of the country, relieving the burden of unproductive debt, freeing trade from needless middlemen, and enhancing the value and reputation of the country's products in the markets; its moral factors that count are the sense of harmony and unity' that the Movement creates, 'tolerance of divegent opinions, intolerance of waste and a consciousness of individual freedom and worth.' The present irrational system of production and distribution cannot be sustained much longer. : : : There is no escape from national planning on the basis of all-round social and economic justice. I am a firm believer in the inevitability of Co-operation becoming an integral part of national economic planning in future in India as in other countries."

"But such planning and the carrying out of it requires men and women. educated and trained in true ideals and methods of Co-operation and suitably equipped for the task of preaching those ideals and methods to the masses and to bring about a change in their outlook on life and their standard of living. Non-official Co-operators have not, so far, shouldered this responsibility seriously. It has been left mostly to the official agency to do what it can in this direction. I have no desire to belittle or minimise the value of the work so far done by official agencies in the field of rural uplift and economic organisation of the peasants and workers. But the official agency has its obvious limitations which are inherent in the present system of administration. This truth is candidly admitted by one of the foremost British Indian administrators, Sir Malcolm (now Lord) Hailey. In his foreword to Mr. Brayne's book on 'Village Uplift in India,' Sir Malcolm, attempting to answer the charge that the Indian Government failed to deal with the problem of improvement of conditions of rural life, makes the following observations. 'The charge is to this extent ture, that we have never deliberately attempted to effect that change in the psychology of the peasant and his social and personal habits without which it is impossible materially to improve his condition of life The reason did not lie entirely in the immensity of the task. It was obvious that we should have to encounter an enormous dead weight of conservatism and apathy; there were many who not unreasonably feared the results of preaching to the villager that discontent with his own conditions of life which was necessary to their improvement; and not many of us, to tell the final truth, have had the missionary spirit necessary for the enterprise.' " . : ,

"Whatever may be the ultimate form of India's political constitution, we may usefully strive to make our Voluntary Co-operative Organisation an inseparable part of our rural and urban economy. To that extent the contribution of co-operators in nation building will not only be of a permanent and lasting character but will also help to hasten the transference of political and economic power and control into the people's hands which is universally desired."

Part I, the All-India Section, opens with a General Survey on "The Co-operative Movement in India" which deals in turn with the development and problems of the Co-operative Credit Movement, Co-operative Finance, Development of Non-Credit Co-operation, Supervision, Education, and Audit. As these aspects have been covered to a large extent by recent articles in the REVIEW (October, 1941, March, April, and May, 1942) we will only mention here some outstanding points from the Survey.

Mr. Pantulu distinguishes three periods in the development of the Movement—(1) The period between 1904 (the year of the first Co-operative Act in India and the Maclagan Committee Report in 1915, which he calls "*the period of initial effort and planning.*" Under the Government of India Act of 1919 Co-operation became a transferred subject and further impetus was given for the development of the Movement by the Ministers in charge. (2) "*The period of unplanned expansion*"—between 1915 and 1929—which was marked by a large expansion of the Movement in almost all the Provinces. (3) The period since the onset of the acute economic depression, 1929-30, with its catastrophic fall in prices of agricultural products and of agricultural land—"*the period of set-back and re-organisation.*"

Discussing the re-organisation of the Movement, he states—"No one overlooks the importance of non-credit activities organised on a co-operative basis. To my mind, the credit and non-credit activities are really inseparable. Apart from the fact that provision of capital and credit to the agriculturist, the artisan, and the small trader is still the main desideratum of our rural and urban economy, it is impossible to believe that any non-credit activity can thrive without co-operative credit organisation to back it. . : : I, therefore, feel no hesitation in advocating that in any scheme for the reform of the Co-operative Movement the importance of the Co-operative Credit Society, with or without accessory functions, should occupy a predominant place."

Turning to the future of the Co-operative Movement, Mr. Pantulu finds it gratifying to see that it is now generally recognised that Co-operation cannot make much headway unless Indian agriculture, which at present is a deficit economy, is transformed into a surplus economy by lightening the peasants' crushing burden of land revenue and by the pursuit of an enlightened agrarian policy in general by the State. He strongly repudiates the contention of the Agricultural Credit Department of the Reserve Bank of India and other critics that the Indian agriculturist is "thriftless, improvident and unprogressive" and the argument that the Co-operative Movement cannot thrive in the midst of such a community—"I have often tried in the past to establish by reference to relevant facts and figures that the average Indian agriculturist is, on the whole, an honest and diligent tiller of the soil, whose diet is sparse, whose wants are few, and whose standard of living is perhaps the lowest in the civilised world. He lives on the very margin of subsistence. Very often he borrows not because he *can*, but because he *must*. His

chronic indebtedness is the *result* of his poverty. Without removing the factors which contribute to his chronic poverty, indebtedness cannot be liquidated."

The problem of indebtedness is dealt with by Dr. B. V. Narayanaswamy Naidu, Professor of Economics, Annamalai University, in an article on "Rural Indebtedness in India," a large part of which is devoted to Debt Legislation (see also REVIEW for March, 1942). The author concludes "that the problem of rural indebtedness cannot altogether be solved by a single remedy, viz., debt legislation. The need for initiating a many-sided policy in which debt relief measures will merely supplement measures to promote 'better living, habits of thrift and a better system of production and distribution is great and emergent." No dependable statistics are available with regard to the total rural indebtedness of India, which is estimated at between Rs. 6,000 million and Rs. 9,000 million.

Other articles in Part I of the Year-Book deal with "The Reserve Bank of India and Co-operative Banking," by Vaikunth L. Mehta, Managing Director, Bombay Provincial Co-operative Bank, which explains the functions of the Reserve Bank with regard to the Co-operative Movement and its recommendations regarding the re-organisation of the Movement; the various Co-operative Associations; the Indian Co-operative Press; the Departments of Co-operation in the Provinces and States.

Parts II and III, which comprise more than two-thirds of the volume, contain the comprehensive surveys on the Movement in 16 Provinces of British India—Assam, Bengal, Bihar, Bombay, Central Provinces and Berar, Madras, Noth-West Frontier Province, Orissa, Punjab, Sind, United Provinces, Ajmer-Merwara, Bangalor C. and M.S:; Coorg; Delhi, Secunderabad-Deccan, and in 9 Indian States—Baroda, Bhopal, Cochin, Gwalior; Hyderabad; Indore; Jammu and Kashmir; Mysore; Travancore:

As far as possible the Surveys follow uniform lines and in many cases are preceded by a map; each opens with the "General Features" of the Province or State, and a "Retrospect" of the Movement which are followed by a study of the different forms of activity—Co-operative Finance, Purchase and Sale, Consumers' Stores Special Types of Societies, Unions, Supervision, Education, Audit, with a large amount of statistical data. At some future date we hope to publish accounts of the development and problems of the Movement in some of the Provinces and States.

We admire, and are greatly indebted to, Indian Co-operators for producing the *Year-Book*, 1942. It will be indispensable as a book of reference to all students of Indian Co-operation and of Co-operation in general, while to all who are engaged in the promotion of the Movement in India—who are "carrying its life-giving message to the doors of those who are waiting to receive it"—it will be of immense practical value.

It is "*To the Indian Peasant, who is groaning under the crushing loads of indebtedness and illiteracy which he carries on his either shoulder*" that the Year-Book is dedicated."

The United Provinces Co-operative Journal, June, 1942.

The book under review is a very welcome addition to our literature on the Indian Co-operation. It was a very happy idea which led the Joint Session of the All-India Cooperative Institutes' Association and the Indian Provincial Co-operative Banks' Association held at Bombay in January, 1941 to plan the preparation of this Year-Book under the general editorship of the Hon'ble V. Ramadas Pantulu—that doyen of Indian Co-operation and he has spared no pains to make this volume eminently useful and instructive. The volume opens with a general survey of the co-operative movement in India by the General Editor covering 20 pages and in these few pages one gets a broad and comprehensive summary of the present position and the future prospect of the co-operative movement in India. Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank writes an informative article on the—Reserve Bank and its relations to co-operative movement in India. It puts the case of the co-operative movement *VIS-A-VIS* the Reserve Bank of India in a very clear and concise way. Dr. B. V. N. Naidu writes on rural indebtedness in India, while Mr. J. C. Kumarappa writes on village industries and the scope of village Industries Associations in developing them.

The position of co-operation in the major provinces of India is separately dealt with. A number of separate provincial Editors were appointed for the provinces and the services of expert local contributors were secured from each province to write on the different topics so far as they related to their own province.

The report on each province opens with a brief description of its general features. A copy of the sketch provincial map is given in the case of some provinces only but the omission in the case of others is regrettable. There are special contributions on rural societies, central banks, provincial bank, land-mortgage banks, urban credit societies, purchase and sale societies, consumers' stores and special types of societies in each province followed by a general treatment of the problems of supervision, education and audit. So far as our provinces are concerned Prof. B. Mukherjee, Reader in Economics in the University of Lucknow and Editor of the *U. P. Co-operative Journal* was the Provincial Editor and he was ably assisted by a number of experts who contributed on the different problems of the United Provinces Rai Saheb Dalip Mansingh, Chairman of the District Co-operative Bank, Fatehpur writes on rural credit societies. Mr. B. L. Jaspal, Deputy Registrar, Co-operative Societies, U.P. writes on our central banks. Mr. L. N. Chaturvedi, our Assistant Registrar wirtes on land mortgage banks, Mr, Satya Prakash, of the U.P. Co-operative Training Institute writes on purchase and sale societies. Khan Sahib Murtaza Ali, Assistant Registrar writes on urban banks. Mr. B. Mukherjee writes on consumers' stores. Mr. J. P. Misra, Publicity Officer of the U.P. Co-operative Department writes on our special types of Co-operative Societies, Mr. S. S. Hasan, I.C.S., Registrar, Co-operative Societies, U.P. writes on Supervision, Education and Audit while Mr.. N. G. Jhingran, Honorary Secretary of the Union writes on the organization and work of the U.P. Co-operative Union.

The volume covers nearly 700 pages and is a very valuable mine of information about the entire co-operative movement in the whole of India. No such broad comprehensive and authoritative report on the co-operative movement in India was ever produced before and we beg to congratulate the Hon'ble V. Ramadas Pantulu on the splendid way in which he has guided and carried out the whole work. The price of the volume is Rs. 5 and considering its worth and volume it is certainly cheap at that price. The only defect that we can point to is the poor quality of the binding. For such a valuable book which will need constant reference the binding ought to have been better and more durable; we can only hope that this defect will not be repeated in future editions.

Co-operative Bulletin, Kashmir.

The Year Book that has just been published by the All-India Co-operative Institutes Association and the Indian Provincial Co-operative Bank's Association under the general editorship of the Hon'ble V. Ramdas Pantulu, member Central Committee, International Co-operative Alliance, President, All India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association, is the most valuable authentic up-to-date document prepared on the working of the Co-operative Movement in British India and in some of the advanced states of India. The difficulty of preparing a Directory of 718 pages at a low price of Rs. 5 on good paper at this time, when the price of paper has touched the maximum limit can better be imagined than described.

The book is divided into four parts. The first part deals with introduction, the second is connected with All-India and the third is concerned with British India and last part deals with Indian States.

The provincial editors chosen are men of great repute and their contribution to the cause of co-operation is too well known to need any reiteration.

The articles given in the year book are of very high type and deal nicely with the various aspects of the Co-operative Movement viz. Rural indebtedness, industries economics of Khaddar, Co-operative Press, All-India Co-operative Institutes Association etc.

The year book gives sufficient review of the movement in the states Who is who among co-operators offers an indispensable guidance to those who are interested in forming an intimacy with those who have made Co-operation, what it appears to-day in India and without whose help the movement could not have made such a great headway.

The book is dedicated to the peasant on whose shoulder rests the joy and sorrow of India and who is unfortunately groaning under the crushing load of indebtedness and illiteracy, which he carries on either shoulders.

We congratulate Hon'ble V. Ramadas Pantulu for this great work and do hope that all those who have any interest with this movement would not go without having this volume as their companion.

Federated India, October, 1942.

This is an attempt to give the general reader an idea of the Co-operative Movement in India as a whole and of the origin and progress of the movement in the various Provinces and Indian States. In the All-India survey there are eight articles contributed about the various aspects of the problem by experts, followed by short notes on the Co-operative Press in India, Co-operative Organisations, the Department and Statistical Tables and Maps. The section styled "Who is Who" is quite novel, and gives valuable information about the prominent non-official workers.

This is followed by a brief survey of the movement in the various Provinces and States, written not by different writers, but by Mr. Ramadas Pantulu according to a general plan, but based on the materials supplied by Provincial Editors. This procedure has got the inestimable advantage of combining local knowledge of details with a presentation from a detached and central point of view. This large sized book of 700 pages of excellent print is a marvel of cheapness, as the price fixed is only five rupees. The educative value of such a book is very great. The role of co-operation in the national economy of India, present and prospective, is very important and the book is a veritable VADE MECUM for all interested in that great nation-building department of India, co-operation.

It is not possible to go into details regarding this colossal collection of ideas, facts and figures. We shall just glance through the first article where Mr. Pantulu, than whom there is no Indian who can speak with equal authority on the subject makes a general survey of the movement' as a whole. This article deals with the same facts and figures as the **Review of the Co-operative Movement in 1940** by the

Reserve Bank of India; but that is the official, and this article by Pantulu may aptly be described as the non-official view. The two should be read together.

There is a tendency in some quarters to attach greater importance to what is called non-credit co-operation. There is no harm in this, provided credit side is not neglected. Mr. Pantulu with his vast experience is of opinion that "in any scheme for the reform of the co-operative Movement, the importance of the credit society, with or without accessory functions, should occupy a predominent place." After giving an account of the financial structure of the movement, Mr. Pantulu sounds a note of warning against multiplying stores and of starting "uneconomic and under-capitalised new stores" by departmental drive. Similarly with regard to recent tendencies in co-operative legislation Mr. Pantulu observes that "Co-operative Societies Acts in force in British India and Indian States were framed with the Registrar as centre of the picture and not the society. They should be redrafted if the movement is to make any real advance as a popular movement.' The Indian Peasant who is groaning under the crushing loads of Indebtedness and Illiteracy and to whom the book is dedicated finds a champion in Mr. Pantulu, who defends him against the remarks of the Reserve Bank that he is 'thriftless, improvident and unprogressive'. 'The peasant borrows not because he can but because he must.'

No co-operator's library should be without this invaluable book of information, inspiration and guidance.

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