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The

INDIAN CO-OPERATIVE REVIEW

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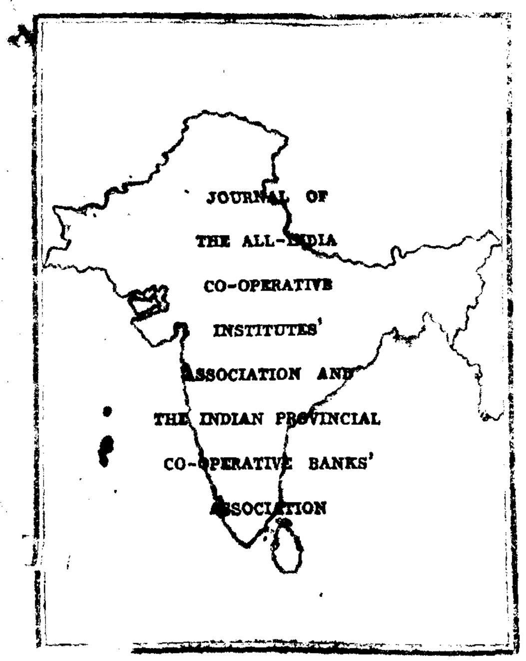

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Manager.

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THE INDIAN CO-OPERATIVE REVIEW

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THE INDIAN CO-OPERATIVE REVIEW

VOL. IX APRIL—JUNE, 1943 No. 2

EDITORIAL NOTES

MEETING OF THE STANDING COMMITTEES—PLANNING FOR POST-WAR INDIA—OUR FOOD PROBLEM.

The Joint Meeting of the Standing Committees of the All India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association which was held in Madras on the 24th and 25th April, '43 was a fairly representative gathering of All India Co-operators and transacted some useful business. Besides the members of the Standing Committees, the Financial Advisor to the Co-operative Department, Government of Punjab, the Officer-in-charge of The Agricultural Credit Department, Reserve Bank of India, five Registrars of the Co-operative Societies, some other departmental officials next in rank to the Registrars and a number of non-official co-operators intimately connected with the movement, were also present.

Mr. T. A. Ramalingam Chettiar, President of The Madras Provincial Co-operative Bank Ltd., welcomed the delegates and visitors. In the course of his address, confining himself to the province of Madras, he complained that the services of the Co-operative Movement which was prepared to play its part in the matter of distribution of foodstuffs and other domestic requirements of the people were not adequately availed of by the Government. The so called Emergency Supply Scheme of the Government fell far short of the actual requirements of the situation. In several places, the co-operative stores were treated on the same footing as merchants or dealers who traded for profit. He also criticised the scheme of the "Standard Cloth". He suggested the formation of a provincial advisory committee, consisting of the food supply controllers, representatives of the Railway Companies and a few non-officials. The Presidential Address mainly dealt with the role that Co-operation ought to play in planning for a better economic order for post-war India. The President laid special emphasis on the need of self-sufficiency-effort on the part of India, at least, to grow all the food she wants and make all the cloth she needs. He said that the success of any endeavour on the part of India to evolve a better socio-economic order depended on her ability to secure political and economic freedom as a condition precedent to shape her own destinies. All else was dependent on that. The President dealt, *inter alia*, with the effects of inflation on co-operative banks.

The Opening Session of the meeting which met at 3 p.m., on the first day was mainly devoted to brief and informing statements by representatives of the movement about the working and the recent trends of the Co-operative Movement in their several provinces and States. We feel that Prof. Kaji, in his impressions of the Joint Meeting, has done less than justice to the quality and value of the statements made at the meeting concerning the progress of the movement, specially at a time when the co-operative departments ceased to publish their annual administration reports as a measure of War Economy. Less than a couple of hours were taken up for these expositions by a dozen representative speakers. The information conveyed was extremely useful and interesting as our readers can easily see. We think that the time was well spent and hope that it will continue to be a regular feature of the future meetings of the Standing Committees.

We consider that the most important resolution passed by the Committees was Resolution No. 11 which said "that the All India Co-operative Associations, with the help and co-operation of similar organisations in all democratic countries, should make earnest efforts to impress upon the minds of the people of the world that all post-war planning for removing the economic ills of the world should be based on co-operative principles and practices".

Mr. R. A. Palmer, Vice-President of the International Co-operative Alliance, observes in the paper contributed by him recently to the conference on co-operative systems in European Agriculture held in London as follows:—"Most of the Governments, I think, I may say, are fully alive to the services which the Co-operative Movement can render (in post-war reconstruction) and are giving them a place in their post-war programmes." Do the Government of India and His Majesty's Government in relation to India, share this view? As Mr. Palmer himself observes later "one of the fundamental needs in each country in the first stages of Post-War Reconstruction will be the collaboration of reliable national elements which are not only capable of performing certain economic functions but also have the confidence of the people".* At present these conditions are absent in India. So long as the system of

*See page 191 where an extract from Mr. Palmer's paper appears.

imperialistic exploitation continues, "Co-operation" does not carry with it the meaning and significance which it does in self-governing countries and the co-operative movement itself can achieve little to organise the people for a better order on the basis of social and economic justice to all sections of the community engaged in production and distribution and in accordance with the new world spirit. Co-operative democracy cannot stand unrelated to political democracy; in fact, they act and re-act on each other. Pandit Jawahar Lal Nehru, in his introduction to the Nym Wale's book—"China Builds For Democracy" while stating that there can be no effective planning without political and economic freedom and there can be no planning without a great deal of State control, says that "on the democratic basis of the co-operatives alone, political democracy may survive and it is doubtful if it can do so on any other basis".* We are however hoping that the conditions mentioned by Mr. Palmer will come into existence when the war aims as adumbrated by the United Nations are applied to and implemented in India. It remains to be seen how far our optimism is justified.

The problem which was uppermost in the minds of the co-operators assembled, next to planning for 'Free India', was the question of the peoples' food. The Meeting passed a number of connected resolutions on the subject of food supply making some constructive suggestions to make the arrangements in regard to the production and distribution of foodstuffs more satisfactory. The question of food supply is now being tackled on an International basis and India has sent her delegates to the World Food Conference. International co-operators are no less active in planning for Post-war agricultural development. Under the auspices of the British Association For The Advancement of Science, a conference was recently held at "Chatham House", London on the 16th and 17th April, '43 to deal with co-operative systems in European Agriculture. The role of co-operation in national economy both in relation to Agricultural Producers' Organisations and Distributive Movement (and agricultural requirements) was on the agenda of the Conference. We gather from a Press Report that one of the technical advisory committees set up under the auspices of the Post-War Requirements Bureau in Britain, is dealing with agriculture in devastated Europe with a view to start normal life there after the termination of the War. The Committee is presided over by Sir John Russel, an Agricultural Expert, who is also familiar with agricultural conditions of India. Though the recommendations of the committee will not be directly applicable to India, we are sure to derive much valuable material from the labours of that committee. India should benefit by these world movements to improve

*See page 192 where an extract of Panditji's introduction appears.

the agricultural economy in each country. In spite of India being a predominently agricultural country, where about 80% of people live in the villages and pursue the heriditary occupation of husbandry, it is admitted that India does not grow sufficient food to feed her people. It is certainly a most anamolus position. Co-operation can do a great deal both in the sphere of production as well as distribution of food and co-operators should actively associate themselves with all movements engaged in solving the problem of food supply.

The presence of Mr. Bhandari, the Financial Advisor to the Co-operative Department, Government of Punjab and Mr. Rana Sher Jung-khan, Representative of the Reserve Bank of India, in-charge of its Agricultural Credit Department, helped the Meeting to deal with some of the live issues relating to financing agricultural industry through the co-operative organisations. Mr. Bhandari showed a very lively interest in the proceedings of the Meeting and his outlook is one of genuine sympathy for the Movement. A committee was appointed to prepare a memorandum on the subject of financial accommodation to the Co-operative Movement to be submitted to the Reserve Bank of India. Another important resolution to which we wish to draw attention is that pertaining to the collecting and publishing of statistical information relating to the Co-operative Movement in India. As the departments of Co-operation discontinued the publication of their annual administration reports on the working of the Societies, we are now left without access to information which is very valuable. The Meeting therefore urged the Provincial Co-operative Institutes' Association and Provincial Co-operative Banks' Association to undertake the duty of collection and publication of such information and requested the Governments of Provinces and States to afford necessary facilities to these provincial organisations for this purpose. The representative of the Reserve Bank of India intervened in the debate on the resolution, with a statement that the Reserve Bank of India proposed to publish annual reviews of the working of the movement which would serve the purpose. While the statement was welcomed the Meeting expressed itself in favour of provincial co-operative organisations undertaking the duty with the assistance of the departments and Reserve Bank of India as the reviews published by the Reserve Bank of India were naturally based upon information derived from official sources. Mr. Rana Sher Jungkhan assured the Meeting that their Reviews would be based on both official and non-official information; but the Meeting still entertained the apprehension that the official view would dominate and passed the resolution as proposed. It remains to be seen what action The All India Associations and their affiliated member Institutes and Banks will take to give effect to this resolution.

CONFERENCE OF CO-OPERATIVE STORES IN MADRAS

We publish in this issue the proceedings of the conference of co-operative stores in Madras organised by the T.U.C.S. and held on the 5th and 6th June, 1943. So far as we are aware, this is the first time that the consumers' stores in the Province of Madras have met to discuss problems common to them, to consolidate their activities and evolve common policies and programmes. The opening address delivered by W. R. S. Satthianadhan, Esq., I.C.S., Registrar of Co-operative Societies, extracts from which we publish elsewhere, has given a helpful lead to the conference. Besides giving an account of the development of the store societies in recent months, the aid given by the Government, the financial accommodation given by the Provincial and Central Banks and the Government's emergency food supply scheme in 35 towns, the Registrar laid stress on the need for linking consumers' and producers' societies and on the scope for a provincial organization for store societies. The development of the stores judged by the growth in their numbers is indeed striking. From seventy-three on 30th June, 1938 their number rose to eight-hundred and forty-four on the 30th June, 1943. The volume of transactions also shows a similar striking increase. The sales by the stores are estimated to exceed two crores of rupees for the co-operative year ended 30th June, 1943. The sales of all the stores amounted to about Rs. 22 lakhs in 1937—38 and about 100 lakhs in 1941—42. Another line of helpful development is the formation of District, Central or Whole-sale Co-operative stores of which we have to-day 21 serving the needs of almost all the districts in the Province.

We, however, wish to repeat the view we expressed on other occasions that there is need for caution in the development of these stores, in order to avert the obvious danger of hasty organisation, inadequate finance and inefficient direction. Otherwise, the very growth of the number of these stores, if not properly directed, may prove a source of weakness to the movement when the emergency conditions created by the War disappear. In the next place we feel that adequate effort has not been put forward so far to take advantage of the present situation to increase the membership of the existing stores. It is conceded that at a time like this, non-members should also be served by the stores and to confine their operations to members is not justifiable. At the same time the need to take care not to elbow out the members in order to serve the war time needs of large numbers of non-members who now flock to the sotres though they never patronised them before. From the accounts we read in the bulletins issued by the 'Co-operative News Service' of the International Co-operative Alliance, we find that everywhere full advantage is taken of the situation created by the War to increase the permanent membership of the stores. In some cases the number has increased from twofold to fourfold since the commencement of the War. As for the financial aid given by the Government and the Provincial Bank it is more an indication of their good-will than an attempt to adequately finance the primary and the wholesale stores whose financial needs are very large.

Professor S. K. Yegnanarayana Iyer, who was long associated prominently with the management of the T.U.C.S., and who presided over the Conference delivered an interesting address. He drew the attention of the Conference to the handicap arising from the absence of standardization and grading of articles and the narrow margin between the wholesale and retail prices. He also pointed out the difficulties in linking consumers' and producers' societies. He pleaded for a strong provincial organization of stores in the City of Madras.

Among the subjects discussed at the conference the question of the relations between the Provincial Marketing Society and the T.U.C.S., both of which operate in the city of Madras, seems to have given rise to a heated debate. We think that the question of establishing proper relations between the two societies by defining their respective sphere of operations more precisely, is one which requires serious consideration. The main resolution of the conference was that relating to the formation of a permanent provincial organisation to which all stores' societies in the Province should be affiliated. The ground was obviously not prepared for the conference to reach a final conclusion on it. One of the suggestions thrown out at the meeting was the desirability of delimiting the objects of the proposed provincial organisation, in the first instance, to educational aspects. We think it is a wise suggestion. Hitherto there has been very little education and propaganda among the members and the general public on the principles and practice of the consumers' movement. The proposed provincial organisation can prepare the way for the formation of a real federation of the stores by undertaking the necessary spade work in educating the members and the public and arranging for the training of the staff of the stores' societies. The resolution was referred to a committee and we hope that something will come out of their deliberations.

Prof. K. C. Ramakrishnan, President of the T.U.C.S., to whom the credit for organising the conference is mainly due, contributes an article to this issue on "A Provincial Federation of Co-operative Stores" in which he discusses the many intricate problems connected with the store movement with his usual clarity and his intimate and wide knowledge and experience of working of consumers' stores both in India and in some of the European countries which he visited in 1937. He was deputed by The All-India Co-operative Institutes' Association to represent

the co-operative movement in India at the International Co-operative Congress held in Paris in 1937. The International Co-operative Alliance then arranged for him visits to important consumers' societies in Great Britain and on the continent. The transfer of his educational activities from Madras to Coimbatore, deprives the T.U.C.S., of the benefits of his eminent services as its president. But we are sure that he will continue to devote his talents and energy for the development of the Stores' movement in the City and Province of Madras. We are also glad to be assured by him that he will continue not only to contri bute to the pages of this Review as before but also evince the same interest in the conduct of this journal which he has been showing since its inception in 1935.

LONGTERM FARM MORTGAGE CREDIT

We publish in this issue articles on some aspects of the work of Land Mortgage Banks in the areas in which they can be said to have made some headway. A perusal of the articles will disclose that some of our old problems connected with the liquidation of rural indebtedness are assuming new aspects and that new problems are also presenting themselves in the wake of war economy. One thing that emerges clearly from a study of the problem as presented in these contributions is that we are still in the stage of experimenting with the problem of long term farm mortgage credit and that we have not yet been able to evolve a satisfactory solution of it, suited to the varying conditions of our ryots. We should not lose sight of the signficance of the fact that Co-operative Land Mortgage Schemes in their present form were mostly inaugurated towards the close of the decade ending with 1929-30, which marks the commencement of one of the deepest depressions in our economic cycles which followed by one of the biggest booms. It is difficult to say that we have been able to grasp the far-reaching socio-economic reactions of the abnormal conditions created by the boom and the depression on the complex problems of the villagers' life, and agricultural economy in general. So it is difficult to really assess the permanent value of these institutions as real aids to the liquidation of agricultural indebtedness without greater insight into our rural problems.

The terrible disequilibrium between the low prices of primary commodities and the high prices of manufactured goods in the depression period has automatically increased the value of the debts in terms of prices of commodities and the cost of living. It was in those economic conditions that the creditors' claims were fixed and the instalments payable by debtors were determined. The inequity of this method was obvious. The creditor had neither moral nor legal claims to recover from the debtor two to four times the amount lent as estimated on the basis of the prices of primary commodities. Therefore there is no wonder that while the borrowers were hard put to repay when prices ruled low, repayments are coming in faster with the recovery of prices of the produce raised by them. They now find themselves in a better position to repay their debts to the Land Mortgage Banks.

It is now generally conceded that merely helping the cultivator to discharge his prior debt by advancing a loan on more easy terms and for sufficiently long period will not itself help him to get out of his debt, and that such a result can be accomplished only if we are able to remove his economic debility, improve his income and purchasing power and, generally speaking, transform our agricultural economy which is now a deficit economy into a surplus economy. Has a loan advanced by the Land Mortgage Banks really helped the agriculturist in these directions? We must regretfully say "No". The question of rural indebtedness in dry areas where famine conditions often prevail, calls for special treatment with appropriate State aid, to which Mr. R. Suryanarayana Rao draws attention in his article.

Sir Madhaorao G. Deshpande, the Managing Director of the Provincial Co-operative Bank, Nagpur, in an informing article, has drawn attention to the fact that the Debt Conciliation and the Debt Relief Acts passed by the Central Provinces Government benefitted the agriculturists to a much larger extent in liquidating their prior debts than the Land Mortgage Banks. If so, there is no reason to regret. What we want is a machinery most suited to help the agriculturist to free him from the bondage of his hereditary debt. We find a mild note of dissatisfaction, particularly in Madras, as the agriculturists being able to make large advance payments towards the future instalments of the Land Mortgage Loans has resulted in some embarrassment to the Central Mortgage Bank in finding a remunerative investment for such advanced payments so as to make the Sinking Fund or the Debenture Redemption Fund self-liquidating. This is a wholly wrong angle of vision to look at the problem. The responsibility of these institutions lies in so adjusting their methods of business as to help the agriculturist to the utmost extent possible to derive all the benefit he can from the rise in land values and in prices of the primary products raised by him which is believed to be the main cause for his ability to discharge his indebtedness to the Land Banks by advance payments. Surely it ought not to be difficult to devise means to so invest these advance payments as to constitute funds for being re-lent to the agriculturists in order to effect suitable land improvements or to otherwise profitably invest so as to increase their income from their lands and subsidiary occupations, particularly

those connected with the processing of agricultural products—not only to individuals but to processing societies as in Europe. We feel that sufficient attention has not been paid to this aspect of the question.

The constitution of a Debenture Redemption Fund or Sinking Fund in order to meet the commitments to debenture holders is no doubt a sound banking device, and the advice of the Reserve Bank of India in this connection is valuable. But, it is no use making a fetish of any particular device irrespective of its cost for the agriculturists or its disadvantages to the borrowing members of the primary Land Banks. We find that recently at a public function at Mysore, Rajasabhabhushana Dewan Bahadur K. R. Srinivasa Iyengar expressed himself against constituting a Sinking Fund for the Mysore Central Co-operative Land Mortgage Bank, if the formation of the Fund required an increase in the rate of interest on the Banks' loans to the agriculturists. To quote his own words, he said: "Though at the risk of raising a controversial issue I may be permitted to state that in my opinion and for reasons which this is not the occasion for me to go into in detail, that the ordinary principles and considerations relating to the formation of Sinking Funds should not be made applicable to the debentures raised by the Land Mortgage Banks which are expected to go on continuously increasing from day to day and are always fully covered by the value of the lands on the security of which they are issued". An expression of opinion coming from such an eminent source is worth serious attention. It will be seen from the articles on the working of the Madras and Bombay schemes that while in Madras all principal collections including advance payments are to be taken to the Sinking Fund, in Bombay it is only a fixed amount, that is, the stipulated annual equated amount which together with the interest at an assumed rate would after a certain number of years accumulate necessary funds for the redemption of debentures, that is so taken. We are glad to notice that there has been some change in the outlook of the management of the Madras Co-operative Central Land Mortgage Bank since the new management came into office a few months ago. The change is decidedly in favour of the interests of the ultimate borrowing members and the present policy, if followed and departmental sympathy is enlisted in that behalf, the future of the Bank seems to hold out promise of good progress.

It is well to remember that the utility of Land Mortgage Banks is not to be looked upon mainly as one of the agencies for debt relief but as agencies for the organisation and improvement of agriculture in districts or provinces in which this system works. This object can be achieved only if cheaper credit is assured to the agriculturist. Whatever principles and methods of business may be urged in support of the rates of interest now charged on the long term mortgage loans, clearly the income from the lands is not sufficient to bear the burden. It is for this reason that cheap farm mortgage credit is made available in some of the western countries by large subsidies and other forms of financial aid by the State. The whole question seems to require re-examination.

THE BEGGAR PROBLEM AND CO-OPERATION

The beggar question is one of our large social problems on the proper solution of which much depends. Sir Dorabji Tata Graduate School of Social Work has brought out a very interesting and informing brochure on this subject. Dr. J. F. Bulsara, Deputy Commissioner of the Bombay Municipal Corporation, has outlined a scheme for the gradual tackling of the beggar problem with special reference to the city of Bombay. Other cities may study the scheme with benefit. There is something that the co-operative organization may also contribute to help the solution of the problem in certain directions, particularly in the organization of institutions or agencies for collective relief to able bodied beggars who can do some useful work.

Important Indian States like Hyderabad and Mysore have had under investigation for some time past, the problem of beggary in their capital cities. The Mysore Government have appointed a Committee to formulate a plan for the prohibition of beggary in the State. The Committee prepared statistics of the beggars in the State as a whole and in the cities of Mysore and Bangalore. The number of beggars is estimated at 15,000 in the State as a whole, about 3,500 of whom are said to be in Bangalore and 1,600 in the city of Mysore. It is not necessary for us to examine, at this stage the accuracy of these estimates or to go into the reasons for the growth of beggary, particularly in industrial centres. But that unemployment is one of the main reasons cannot be disputed. The Mysore Committee found that among the workless in the State were educated men, skilled artisans, pensioned soldiers and even retrenched Government servants! Another large group of beggars belong to the class of religious mendicants. Some of the conclusions of the Mysore Committee are indeed interesting. In Bangalore and Mysore the Committee found that most recruits to beggary were from the cooly, farmer, weaver, merchant and servant classes. Some of them seem to be very well off indeed, possessing houses and jewels; and some of them earn more than Re. 1 a day by beggary. The extent of social danger of beggary seems to be on the increase on account of the tendency on the part of the children of beggars to follow the same occupation.

The recommendations of the Committee are many and far-reaching. But we shall confine ourselves on this occasion to one of the recommendations of the Committee. In recommending to make provision for the care of beggars in the shape of relief homes, the Committee suggests that such "relief homes should take the form of village colonies situated within easy reach of the city. Each colony would take about 300 beggars living in ordinary huts and employed in traditional pursuits of the self-sufficient village such as farming and weaving, each according to his capacity".*

The children of these beggars are to be sent to the village school and educated upto primary standard and then given vocational training. The Committee went at considerable length into the question of a suitable agency to carry on the work of the village colonies. But they do not seem to have considered the question of organising these colonies on a co-operative basis. The futility of giving financial aid or of assigning lands to individuals of such economic status has been demonstrated in the case of harijan colonies. Colonisation schemes based on a collective and co-operative plan have obvious advantages; in any case are well worth trial, in which direction no serious attempt has yet been made. The experiment of the rural bank in Alamuru (East Godavary District), an account of which appeared in the *Indian Co-operative Review*, Volume VIII 3rd issue (July-September, 1942) shows how village colonies of landless agricultural classes, like Harijans, can be successfully organised and worked on a co-operative basis. Much of the experience gained by such experiments can be utilised in establishing and managing village colonies of beggars. Able bodied beggars who, for instance, can pull a rickshaw, can be given employment by the collective acquisition and co-operative use of rickshaws. It will not only give subsistence to concerned beggars but may also leave some margin to repay the capital investment in small instalments. The skilled artisans found among the colonists can be similarly provided with materials necessary for the pursuit of their occupations and such small funds as may be required for the acquisition of accessaries or necessary for domestic expenditure. Traditional occupations of the village, namely, farming, and weaving and subsidiary occupations like hand-pounding of rice, pressing oil or gur-making, all lend themselves to efficient organisation on a co-operative basis. It may be that every colony cannot afford facilities for every one of these occupations, which must be selected according to local conditions.

We feel that the potentialities of organising village colonies on co-operative basis are immense and we respectfully commend our sugges-

**The Hindu, dated 2nd July, '43.*

tion for the consideration of Mysore and Hyderabad authorities who are tackling this problem.

INDIAN SOCIETY OF AGRICULTURAL ECONOMICS

A band of eminent economists in Bombay headed by Sir Manilal B. Nanavati have started an institution called the Indian Society of Agricultural Economics, the main object of which is to function as a Central Bureau of research on Agricultural Economics and act as clearing house of information in the subject. The Advisory Committee of the Society which was appointed to organize and plan the further work of the Society issued a rough sketch of the programme and a very exhaustive synopsis for monographs on rural life problems in India. In view however of the difficulties created by the war a few items are selected from the programme for *immediate attention*. These items are (1) to create a Central Bureau of information for the whole of India on rural life problems and with that view to collect as much information as possible on the activities conducted in India on this subject, such as studies at various Universities, departmental activities of the Provincial and State Governments and investigations made by Committees and Commissions; (2) to prepare a handbook of agriculture in India which should be a sort of cyclopaedia or a dependable book of reference", (3) to prepare and publish separate special volumes on topics such as Land Problems, Fragmentation of Holdings, Rural Finance, Rural Administration, Technical Research, Rural Development, Debt Legislation etc. The materials for these volumes will be based on the detailed Provincial and State studies on each topic; and (4) to prepare and publish Rural Life Studies undertaken on a regional basis with a view to find out the main problems and how far they are being solved by Governmental and other measures.

The accomplishment of even this immediate programme which only comprises a few selected subjects is itself a stupendous task. We have no doubt that when the programme is carried out, it will furnish administrators as well as economists engaged in solving rural problems of India with very valuable materials. The society seems to have already secured substantial financial support. An influential committee headed by Sir Manilal will no doubt be able to collect adequate funds for carrying out the programme of the society. We shall deal more fully with the details of the programme of the society in our next issue in which we shall publish the text of the programme as sent to us.

THE LATE PROF. BERI

It is with deep sense of sorrow that we record the death of Prof. Beri of the Bombay Educational Service. He was the Professor of Economics,

Sydenham College of Commerce and Economics, Bombay. As joint author of the text book on "Indian Economics—By Jather and Beri" he is well known. He took very keen interest in the co-operative movement. The chapters on Rural Indebtedness, the Co-operative Movement in India and Agriculture in his *Indian Economics* show his outlook on problems of Co-operation and Rural Economics. His death at this juncture, when his experience and knowledge would have been of great value in our future economic planning, is a great loss.

BEATRICE WEBB

By the death of Mrs. Webb not only England, but the whole civilized world, has lost one of the foremost co-operators and social reformers. About more than half a century ago, she wrote her well known book on the Co-operative Movement in Great Britain. Later on she was joint author with her husband of the famous work CONSUMERS' MOVEMENT in Great Britain. In the 1900's, as chairman of the minority committee on the Revision of the Poor Law in England, she advocated a National Minimum which would guarantee to everyone a minimum of income, leisure, housing, health and education. How actively she has been in touch with the currents of social life in Great Britain can be seen from the fact that 50 years later, just a few months before her death, she published a critical analysis of the much discussed Beveridge Report on social security. One of her greatest services to Great Britain and the rest of the civilized world consists in her masterly interpretation of the new Russian Communist State, particularly the structure and working of the co-operatives in Soviet Russia and the wonderful scheme of Russian agricultural economy developed by collective farming. "Soviet Communism—a New Civilization" the joint production of herself and her husband Sydney Webb will remain the standard work on the subject even after the Soviet Communism undergoes transformation beyond all recognition. To the revised edition of this work, (1941) Mrs. Webb wrote an introduction which makes a profound contribution to the social thought of the times.

We express our great sorrow at the passing away of such an ardent reformer and co-operator, who dedicated her life to the cause of the poor who were the victims of the anti-social forces in action in her time.

A PROVINCIAL FEDERATION OF CO-OPERATIVE STORES

By

PROF. K. C. RAMAKRISHNAN,
(President, T. U. C. S. Ltd., Madras.)

Since the beginning of this war the number of co-operative stores organised in the Madras Presidency has been increasing very fast. There are at present 850 co-operative stores with transactions of the value of Rs. 25 lakhs per month. In this as well as in a few other fields of co-operation, Madras is ahead of other provinces. Co-operators working store societies have been feeling for some years that it is necessary to constitute a seperate organisation in the province not only to voice the grievances of consumers but to serve as a clearing house of information for store societies, to take concerted action in education, propaganda and training and in course of time to take up the joint purchase and processing of articles for affiliated societies. The Provincial Co-operative Conferences in the past were mostly engrossed in problems of short term agricultural credit, which did not interest other co-operators. Hence the urban banks, the land-mortgage banks and even the weavers' societies have thought it necessary to organise seperate conferences to discuss their own problems and take suitable action.

It is only natural that store societies, which have more difficult and complicated problems to solve, should like to meet once a year and develop an organisation of their own to implement the resolutions passed. The Registrar of Co-operative Societies appealed to the T.U.C.S., the premier consumers' society in the country, to take the lead in the matter and convene a conference of the leading stores in the province. This was promptly agreed to by the Board of Directors of the T.U.C.S. and they sanctioned the necessary expenditure for holding the conference early in June at Madras. The conference was held on the 5th and 6th of June last at the T.U.C.S. Silver Jubilee Hall. It was opened by Mr. W. R. S. Satthianadhan, the Registrar, and presided over by Rao Bahadur S. K. Yagnanarayana Iyer. It was attended by 40 delegates from all over the province, 17 Directors of the T.U.C.S. and some prominent co-operators in the city of Madras. The delegates were thoroughly conversent with the working of the stores, some of them of long standing and some of them of great size, though of recent origin.

The immediate problem of food supply, which all the store societies including the T.U.C.S. have had to face, naturally absorbed a good deal

of the attention of the delegates and others assembled. The Government have, no doubt, encouraged the organisation and development of store societies and looked to them for a fair distribution of essential foodstuffs, not only to members but to the general public in the neighbourhood. Almost all the stores have found it exceedingly difficult to get adequate supplies of scarce goods like rice, sugar, pulses and ghee. The working capital built up by even the old and well established stores has been found to be totally inadequate for the increased volume of business at prices which have increased by 100 to 200 per cent. Loans granted by the Government or the Madras Provincial Co-operative Bank are more a gesture of good-will than adequate for carrying on new business.

In spite of the failure of supplies more and more people flock to the stores for buying the articles available as they are quite sure that there is no profiteering there. The co-operative store has been a veritable oasis in the midst of an ever-expanding desert of black-market. It was not members' loyalty that was wanting but the supply of essential commodities for the increasing number of members. Some Collectors of districts have been quite sympathetic and treated the stores—wholesale and retail—as the best agency for the distribution of scarce commodities. Others have been ungenerous and treated the stores as no better than private traders over whose profiteering there was little check. The Conference after an elaborate discussion resolved that, in the allocation of quotas and the fixing of prices, the Collector should be guided by an Advisory Committee on which there should be representatives of the central and primary stores and the local Deputy Registrar of Co-operative Societies. Where, for one reason or another, sufficient supplies could not be secured by the authorities to meet the needs of the public as well as the members, the latter must be given due preference by the stores and not be allowed to fight their way in the crowd that gathered with the chance of being elbowed out. To drive the members to such desperate lengths would be to wean them of all co-operative sympathies and darken the future of the store movement. The Grain Purchasing Officers have not been able to buy even a moiety of the quota allotted to co-operative stores and for which payment has been made in advance, often out of borrowed money. These officers, the Conference felt, should be enabled to purchase more and purchase quickly, deliver goods and fix prices expeditiously.

The way in which "Fair Price Grain Shop" or "Poorman's Depot" where rice is sold by the order of the Government at cheaper rates functioned came in for a lot of criticism. Some of the merchants entrusted with the task have been observed to keep back part of the stock and divert it to the black market. Many of the delegates were of the view that such "Fair Price Shops" or "Poorman's Depots" must be entrusted to the management of co-operative stores or social service agencies or run by the Government themselves and in no case by private traders. We feel that the task of catering to the public is far beyond the capacity of most co-operative stores as these do not have the financial resources or the space or the personnel for this colossal task. Government alone, in our view, could organise such widespread distribution of one or a few essential commodities for the masses while co-operative stores may well undertake the task of distribution of a variety of goods to a limited loyal clientele.

Problems that primary stores have had to tackle even in normal times came up for discussion next. The Department of Co-operation was criticised for registering more than one general store society in a compact urban area like Madras, Madura or Tuticorin to cater more or less to the same class, especially the educated middleclass. This was bound to lead to overlapping and unhealthy rivalry among co-operators while all over the world these evils were being got rid of by amalgamation of small old societies into a modern big society with a number of branches if only to combat the growth of the multiple shop and chain stores. It was, however, conceded that separate societies might be registered for communities like Muslims or Anglo-Indians who had very different habits of dress and diet from the rest of the population. There were also advantages in organising separate societies for the employees of any big establishment like a factory or an office, where it would be easy to sell goods on credit and recover the dues from monthly wages or salaries. But it was necessary to guard against bureaucratic administration and abuse of the privilege of credit in these societies.

The Conference was in favour of the sale of the products of cottage industries, particularly weavers' societies' goods in the stores. The trouble is that at present many of the weavers' societies are not anxious to find their markets in the consumers' societies, while they were desperately anxious to secure them not long ago. Similarly, all were agreed that as an ideal, consumers' societies should buy in preference from producers' sale societies. But there were practical difficulties due to the cost of and delay in transport which led to the preference of local commission agents. The producers' societies too are not so keen now on supplying goods to stores societies, even at prices quoted by themselves, as they were in times of depression. It is doubtful if producer members are loyal to their own societies.

There was a heated debate on the role of the Madras Provincial Co-operative Marketing Society as a retailer of goods to the public in the City of Madras, where the T.U.C.S. with its 35 old branches and 30 new depots has been functioning. The goods, the Marketing Society sold, were not all sent by producers or their sale societies; some of them were, to be sure, mrchants' goods which were fitfully offered for sale. This unwholesome rivalry was likely to alienate the sympathies of the T.U.C.S., which was still the biggest customer of the Marketing Society. Similar strained relationship between producers' and consumers' societies were reported in the mofussil. There is indeed no ideologcial conflict in this country between the two types of societies. It is all the more incumbent on co-operators therefore to discuss and arrive at an understanding as regards the spheres of operation of either. It is a pity that no committee was appointed by the Conference to go into this question and settle their mutual relationship.

The model by-laws of store societies and the rules framed under the Co-operative Societies Act and the Audit forms and other returns prescribed by the Co-operative Department have all been apparently framed with the back-ground of credit societies. Some delegates questioned, for instance, the need for the allocation of 25 *per cent* of net profits to the Reserve Fund in store societies where no credit sale is made. Ten per cent, as was the vogue in the T.U.C.S. seemed to be quite enough. But this view was not accepted by the majority of the delegates as they were anxious to build up the reserve fund rapidly and enhance their borrowing capacity.

There was, on the other hand, unanimity in the acceptance of the proposal to have in all large societies (with more than 500 members) in the place of the general body of all shareholders a representative body elected on a territorial basis, as the T.U.C.S., has had for a number of years now, in spite of the rules which requires a regular general body. It is obviously impossible to hold a decent general body meeting of all members or even a majority of them when membership is in the order of thousands. Societies in Europe are obliged by law to have a representative body in place of the old general body, if membership exceeds a prescribed number. In England too, though the law has not been changed, the larger societies get by convention representatives from various wards to discuss the administration reports and motions brought forward. The T.U.C.S. "general body" meetings which can now be attended only by a director, five panchayatdars and five representatives from each branch are more orderly and successful from the point of view of deliberation than before, when any haphazard collection of individuals could mar the proceedings and sidetrack issues. A representative body is bound to be a more compact and critical body and can more effectively deal with problems as members are in continuous contact with the management. This principle was accepted by the Committee on Co-operation in Madras (1940).

The subject which engaged the greatest attention at the Conference was the formation of a permanent provincial organisation to which all store societies should be affiliated. It was not enough to air grievances once a year at the conference. There are a number of problems which require close and continuous attention throughout the year, or as regards which the situation changes in the course of the year. There are young societies, small and struggling societies, which may be guided aright by a central organisation while otherwise they would have to grope their way to success through a long period of trial and error. Even strong societies are powerless if isolated from the rest. Combined representation and concerted action are necessary not only in matters of agitation, as for instance, for exemption from sales tax and levy of reasonable audit fees, but also for any constructive schemes.

A provincial organisation of stores can alone run a Journal devoted entirely to consumers' co-operation. *The Madras Journal of Co-operation* could not be expected to deal with all phases of co-operation intensively and many of its readers are not so much interested in the stores. With increasing specialisation in co-operative activities the scope for specialised journals is bound to grow. Weekly bulletins indicating market trends are in fact necessary. A competent technical staff, a well equipped library and financial resources are all needed not only for running the Journal and the bulletin but also for bringing out a directory which is badly needed, of commodities, giving an idea of the quantity and quality of goods available in various producing and marketing centres. For this it is necessary to get the co-operation of the Agricultural Department and its Marketing Officers, the Industries Department (for products of cottage industries) and the Co-operative Department. The store societies themselves can pool their knowledge of local resources. But a co-ordinating agency is required.

Education and propaganda among members and the general public, and training of the staff of store societies could be easily taken up by the Provincial Organisation if it were made obligatory on the part of all store societies to join the organisation and subscribe each a fee based on its transactions. If it were left to the option of societies to join or not, the provincial organisation would not grow beyond a certain size; it would remain stunted and anaemic like the Madras Provincial Co-operative Union.

If the provincial organisation of stores grew strong and vigorous with the support of all societies, it should be easy to arrange for the joint purchase and transport of articles from outside the province, e.g., wheat, Bengalgram and sugar. Processing and manufacture, e.g., oil-crushing and making of soaps, not involving large finance or complicated

technique, might in course of time, be taken up for the benefit of all societies. But, as the Additional Joint Registrar of Co-operative Societies pointed out, it was wise for the Conference to delimit the objects of the provincial organisation to educational aspects in the first instance and expand on the trading and manufacturing sides when more experience is gained.

A Committee composed of 14 representatives was chosen by the Conference to draft the constitution of a provincial organisation of consumers' societies for the purpose of education, propaganda and training and for the collection and publication of information useful to all the stores.

We trust that this provincial organisation will come into existence before long, that it will serve as a clearing house of all information relating to the stores, that it will promote and defend the interests of its society members, that it will extend and intensify their spheres of activity and that it will work for the welfare of all consumers, without detriment to the interests of primary producers.

LAND MORTGAGE BANKS IN BOMBAY PROVINCE—OLD AND NEW PROBLEMS

BY

R. N. TRIVEDI, B.A. (HONS.), G.D.C.A.,

Manager, Bombay Provincial Co-operative Land Mortgage Bank.

The Land Mortgage Banks Movement in its present form was initiated in Bombay Province in the year 1935, primarily as a measure of debt relief. The economic depression which set in, in or about the year 1929, showed no signs of abatement and the problem of agricultural indebtedness continued, year after year, to assume serious proportions. In some provinces in India, legislation for voluntary and even compulsory conciliation of debts was enacted so as to afford immediate relief to agricultural debtors. In Bombay Province, however, no such legislation was enacted until 1939, the year which marked the outbreak of the war. The establishment of the Bombay Provincial Co-operative Land Mortgage Bank, Ltd., and the simultaneous establishment of ten new primary banks in the province in the year 1935, however, constituted definite and well-conceived measures for relief of agricultural indebtedness. The Land Mortgage Committee which was appointed by the Government of Bombay in the year 1933 made out, in their report, a strong case for the organisation of the Central Land Mortgage Bank and the extension of primary banks on grounds which had their origin mainly in the then prevailing economic depression and its effects on agricultural debtors. The observations of the Committee in this behalf were as under:—

> "The agricultural depression, unprecedented for its range, extent and severity, has shown the urgency for provision of long-term credit for agriculturists. Owing to the phenomenal fall in prices, the burden of indebtedness has more than doubled, while the margin of profit, owing to absence of corresponding fall in the expenses of cultivation, has greatly dwindled. The normal process of transfer of land from improvident agriculturists to money-lenders or good agriculturists had been greatly accelerated, with the result that even good and thrifty agriculturists who contribute to the stability of the rural areas are faced with the necessity of either selling out their land or repudiating their debts."

2. Land Mortgage Banks, as agencies for debt-relief, were intended to grant loans, at a low rate of interest, for payment of old debts and redemption of mortgages of agricultural immovable property. Agricultural debtors who paid interest at high rates could resort to these banks and obtain relief in interest charges. Such of the agricultural debtors as were likely or forced to sell off their property in order to meet their obligations to their creditors could also have recourse to Land Mortgage Banks. The banks could grant them loans repayable in 20 easy annual instalments and with the help of such loans, they could satisfy their creditors and avert the sale or loss of their lands. The banks were required, under their constitution and bye-laws, to institute conciliation committees whose functions were to bring the debtor and his creditors together, to examine the accounts of the latter and to secure suitable remissions in interest and principal, for the benefit of the debtor. The conciliation committees were not invested with any powers to summon creditors or to enforce the production of their books, documents and accounts but it was expected that creditors, who, with the considerable decline in the repaying capacity of their debtors, stood the risk of non-recovery of their claims, would be in a mood to co-operate with the conciliation committees and ensure their effective functioning. Besides, the members of the conciliation committees were expected, partly because of their local status and influence and partly because of the cash resources at the command of the banks, to prevail upon the creditors to accept, in cash, what they considered to be reasonable claims, with due regard, among other things, to the capacity of the debtors to pay.

3. For nearly 4 years i.e., from 1935 to 1939, Land Mortgage Banks in Bombay Province functioned mostly as agencies for debt relief. During this period, the Bombay Provincial Co-operative Land Mortgage Bank advanced 1,547 loans amounting to Rs. 21,14,290. Of these, 1,524 loans for Rs. 20,83,690 were advanced for payment of old debts and redemption of mortgages. The lending rate of the apex Bank was 4½% per annum and that of the primary banks 6% per annum. The period of repayment of loans was limited to 20 years and the loans were made repayable in annual equated instalments after a little experience.

4. This progress of the Land Mortgage Banks, when viewed in the light of the magnitude of the problem of agricultural indebtedness in the province, must look insignificant. Land Mortgage Banks, however, have their own limitations. They can grant loans to agricultural debtors who are in a position to offer as security cultivable lands valued at, at least double the amount of the loans in each case and whose repaying capacity is beyond doubt. The funds out of which the bulk of the capital

of these banks is derived are obtained from debentures which are guaranteed by Government both in respect of principal and interest. The Bombay Provincial Co-operative Land Mortgage Bank, Ltd., which floats these debentures, has a duty to maintain its ability to meet in time the obligations of debenture holders both in regard to principal and interest. This ability, in its turn, is dependent on the capacity of primary banks to collect, in time, the loan instalments from their debtors. The primary banks in Bombay Province have, as a rule, extensive areas of operations and there is, at the disposal of the Banks, no machinery or elaborate staff, for making personal or constant efforts for recovery of their loan instalments. Besides, the banks have no special powers to recover the defaulted instalments either by the distraint and sale of agricultural produce raised on mortgaged lands or by the sale of mortgaged lands without the intervention of Civil Courts, or Revenue authorities as in other provinces such as Madras, Central Provinces etc. Moreover, the profit-earning capacity of both the apex and primary banks is obviously small. The apex Bank is required to build up sinking funds for redemption of debentures on maturity and this involves considerable sacrifice on its part. Primary banks, on the other hand, have to meet the entire cost of employment of Land Valuation Officers appointed by Government except during the first 3 years when a subsidy of Rs. 500 is granted for the purpose by Government to each bank and the margin of 1½% allowed to them has proved too inadequate, especially when the volume of business in a bank has not reached a figure of at least Rs. 2 lakhs. There was, therefore, no alternative for the banks but to devise and adopt a sound loan policy which could ensure, subject of course to the operation of natural factors—in Bombay Province, almost all the banks function in dry areas—timely recovery of their loan instalments. The characteristic features of such a loan policy are careful selection of debtors, conservative appraisal of the value of land taken as security, the keen demand for and easy marketability of the land accepted as security, the existence of a clear title to such land, the cautious assessment of repaying capacity of applicants, etc. The Land Morgtage Banks, if once they are faced, like agricultural co-operative credit-societies, with the problem of the growth of overdues, and are called upon to take over, for management, lands scattered over wide areas, are apt to lose much of their utility. They have, therefore, scrupulously to abide by principles making for sound business and this largely explains the slow growth of business in these banks.

5. With the advent of Provincial autonomy, the questions touching the economic well-being of the agricultural population in the province had naturally attracted greater attention of the Legislature and Government. Among the various enactments passed for control or modification of the economic relations or forces, which operated to the prejudice of the unorganised agricultural population, was one relating to debt-relief. The Bombay Agricultural Debtors' Relief Act, which was passed in 1939, represented a comprehensive attempt both for relief from old or existing debts and for prevention of future indebtedness. The Act contemplated the establishment of Debt Adjustment Boards with effective powers to scale down and adjust the debts of bonafide agriculturists. With this Act on the statute book, the need for the operations of Land Mortgage Banks in the direction of debt relief or grant of loans for payment of old debts began to lose much of its force. The Debt Adjustment Boards appointed under the Act could certainly secure more substantial relief for agricultural debtors than the conciliation committees of primary banks, which had no powers whatever. Agricultural debtors who understood the implications of the new legislation practically ceased to have recourse to Land Mortgage Banks for loans for redemption of old debts. Again, with the debt-relief legislation on the statute book, the Provincial Government, too, hesitated for a while to guarantee further debentures of the Bombay Provincial Co-operative Land Mortgage Bank, Ltd., and the Land Mortgage Banks Movement was almost threatened, at one time in the year 1940, with utter lack of loanable resources. Since, however, the Bombay Agricultural Debtors' Relief Act, 1939, was not actually put into force and since it was deemed desirable that the little relief which the Land Mortgage Banks provided should not be denied in the meantime to agricultural debtors, Government were pleased to guarantee further debentures of the apex Land Mortgage Bank. This, however, did not end the difficulties of the Land Mortgage Banks Movement in the Province. The war had shaken the confidence of the investor in the securities market and debentures for 20-25 years could not be issued at remunerative rates. The apex Bank, therefore, floated 3½% debentures for 10-15 years and this resulted in the increase of ½%, on the one hand, in the lending rate and reduction from 20 to 15 years in the period of repayment of loans, on the other. All these changes were responsible for further contraction in the business of Land Mortgage Banks in the Province. In the three years i.e. from 1939 to 1942, the Bombay Provincial Co-operative Land Mortgage Bank, Ltd., advanced 1,242 loans amounting to Rs. 17,53,855 only. Of these, 1,203 loans for Rs. 16,95,655 were advanced for payment of old debts and redemption of mortgaged property.

6. To the above-mentioned factors which impeded the expansion of the business of Land Mortgage Banks, new ones have been added of late. The Bombay Agricultural Debtors' Relief Act, 1939, has since been put into force in selected areas and the grant of loans for payment of old debts in these areas is tabooed, until awards are passed by Debt

Adjustment Boards. All legislation for conciliation or adjustment of debts is, in the long run, helpful to the growth of Land Mortgage Banks. In Bombay Province, however, the legislation for adjustment of debts, which should have preceded the establishment of Land Mortgage Banks, came long thereafter, and the actual operation of the Act was both delayed and partial. The Act instead of helping the progress of Land Mortgage Banks, has, for the time being, hindered their growth. Apart from this factor, the recent phenomenal rise in the prices of all commodities and the consequent rise in land values has practically revolutionised the conditions in which Land Mortgage Banks in this Province were expected to function. The need for the establishment of Land Mortgage Banks in the Province arose principally from the depression of the last decade. The pressure from impatient or insistent creditors for recovery of their dues, which generally provided an incentive to agricultural debtors to seek recourse to Land Mortgage Banks, has lost its intensity. With the rise in the prices of agricultural produce and agricultural land, creditors have ceased to feel diffident about the safety of their investments and in the absence of other fields with scope for more remunerative investments, they might well dissuade their debtors from exhibiting any hurry for the payment of their debts. In these circumstances, Land Mortgage Banks naturally have fewer applications for loans. The recent fall in the number of fresh loan applications is not generally due to any inherent or serious defects in the system; it is largely due to the radical and sudden changes in the conditions in which Land Mortgage Banks were expected to function and flourish. In the neighbouring province of Madras, a similar fall in the number of fresh loan applications for payment of old debts is also noticeable. The writer considers that this temporary fall in new business, arising, as it does, from a sudden change in the economic conditions, should not be suffered to influence the basic policies followed by the Banks. If, in the hope of securing more business, which, in the conditions now obtaining is not easy of achievement, the banks relaxed their standards of valuation or assessment of repaying capacity, they would impair their stability and come to grief. At a time when inflation is rampant, the tendency to overvalue the security and overassess the repaying capacity is difficult to resist, but if the stability of the banks over a long period is the goal, then greater caution in the grant of loans is necessary during periods of inflation. To overlook sound business principles for an immediate so-called gain of business is not desirable and the banks would be well advised to adhere to the essentials of their loan policy, which has, so far, enabled them largely to steer clear of the dangerous growth of overdues.

The problem of premature repayment of loans is also facing the Bombay Provincial Co-operative Land Mortgage Bank, Ltd. During

the year 1941-42, 66 loans amounting to Rs. 85,388 were repaid in full long before they were due. During the first 9 months of the current year also, some 76 loans amounting to Rs. 80,860 were repaid in full prematurely and the process is still going on. It has not, however, caused the Bombay Land Mortgage Bank much inconvenience, as the bank pays into the sinking fund account a fixed amount, that is, the stipulated annual equated payments, which together with interest at the assumed rate would, after a certain number of years, accumulate necessary funds for the redemption of debentures. This is done without reference to the volume of normal recoveries or of premature payments. The surplus of the collections remaining after the payment of the fixed instalment into the sinking fund account is utilised by the bank for the issue of loans. By adopting this method, the bank is able to realise a better yield on the collections. If, however, the entire amount of principal collected is put into the sinking fund account, as is done in Madras, and invested in Government Promissory Notes, the net yield on the investment would now be less than 3%, which is not even sufficient to meet the interest on the corresponding debenture. The Bank resorted to the system of utilisation of surplus collection for grant of loans, as the system of sinking fund advised by the Reserve Bank gave full liberty in this behalf. It does not offend the provisions of the Trust Deed, the Act or the By-laws of the Bank.

7. Apart from their utility as agencies for debt-relief, Land Mortgage Banks have an important role to play in the organisation and improvement of agriculture in the province. All permanent improvements such as provision of irrigation facilities, bunding, fencing etc., are necessary for increasing the productivity of land. These improvements can be facilitated by the provision of long-term capital by Land Mortgage Banks. If primary banks in the different districts place themselves in touch with the authorities of the Agricultural, Irrigation and Public Works Departments and find out what improvements they can encourage and finance, they would not only be rendering a very useful service to the cause of local agriculture, but promote the growth of their own business on sound lines. The agriculturists who have cleared off or substantially reduced their debts can be induced to go in for schemes of land improvements in their own interest. After all, payment of old debts is only a means to an end and cannot and should not constitute the main permanent activity of Land Mortgage Banks. The real function of Land Mortgage Banks is to provide long-term capital for increasing the productivity of land and profitability of agriculture. Progress in this direction deserves the serious attention of all Land Mortgage Banks in the province, and of the authorities too,

EFFECTS OF DEBT CONCILIATION AND DEBT RELIEF ACTS ON THE WORKING OF THE LAND MORTGAGE BANKS IN C. P. AND BERAR

By

Sir Madhaorao G. Deshpande,

Managing Director, C.P. and Berar Provincial Co-operative Bank.

Though the problem of relieving the Agriculturists from the burden of big debts engaged the attention of the Government and the Co-operative Department for the last 20 years no definite scheme could be evolved till 1929 when the Committee appointed to investigate into the question of establishment of the Land Mortgage Banks published its Report and submitted a detailed scheme for their formation and working. It was after 4 years that the Banks at Mehkar and Amraoti could be started. Towards the close of the year 1934-35, 8 more Banks could be established. The C. P. Land Mortgage Bank Act which provided for statutory control by the Government over the working of the Land Mortgage Banks was passed into law in 1937. While this legislation was on the anvil, the C.P. Government also devised ways and means for giving immediate relief to the Agriculturists who were over-burdened with big debts. The Debt Conciliation Act was passed in the year 1933 and was amended later by Acts No. 1 of 1934 and 14 of 1935. The Debt Relief Act was also passed during the year 1939. Apart from the merits and demerits of the working of the Land Mortgage Banks and the facilities afforded by them which need not be reviewed here, this much could be said that the Debt Conciliation Boards and the Debt Relief Courts afforded more facilities and gave greater relief to the Agriculturists than the Land Mortgage Banks. The result has been that the Debt Conciliation Boards and Debt Relief Courts have attained greater prominence than the Land Mortgage Banks. In the year 1935-36 the first Conference of the Land Mortgage Banks of the Central Provinces and Berar was held at Nagpur and passed many Resolutions regarding the development of the Land Mortgage Banks. In one of the resolutions it was urged that attempts should be made to bring about co-ordination between the Land Mortgage Banks and Debt Conciliation Boards so that the former may prosper. Excluding some exceptional cases this kind of co-ordination could not be of much use as the Debt Conciliation Boards afforded better terms and facilities than the Land Mortgage Banks. On the contrary it was experienced that in several places, the Debt Conciliation and Debt Relief

Acts acted adversely on the working of the Land Mortgage Banks. The Land Mortgage Banks were started with a view to help the Agriculturists in the redemption of mortgages on lands, making improvements on the lands, liquidation of old debts and purchase of lands so as to consolidate their holdings or to secure more economic cultivation. Even with these laudable objects in view the Banks could not be popular and useful as they were anticipated to be. For example after 7 years' working the Nagpur Land Mortgage Bank could not give advantage to more than 134 members by advancing to the extent of Rs. 1,81,350. Its further expansion is very slow. The following table of classification of purposes for which the loans were advanced would show that the major portion was advanced for repayment of debts:—

Year.	No. of borrowers.	Total loan advanced.	Repayments of debts.	Per centage	Improvements.	Per centage
		Rs.	Rs.	%	Rs.	%
1935-36	7	8,410	8,053	96	357	4
1936-37	21	28,860	12,048	93	1,502	7
1937-38	24	75,303	47,790	99	707	1
1938-39	43	56,922	37,589	94	2,768	6
1939-40	17	16,610	11,375	90	1,495	10
1940-41	13	11,362	6,395	81	1,222	19
1941-42	9	19,510	12,049	92	1,040	8

Under Section 2 of Sub-Section F of the Debt Conciliation Act the word debtor has been defined as a person who earns his livelihood mainly by agriculture and who is an occupancy or absolute occupancy or malik-makbuza tenant or proprietor whose debt exceeds Rs. 150. This description of the word debtor has given rise to regular flood of applications from persons who in the ordinary course could have approached the Land Mortgage Banks. The Debt Conciliation Boards, in some cases, gave the maximum concession possible in respect of number of instalments and exemption from interest and thus left no incentive to the debtors whose debts were conciliated to apply for loans from the Land Mortgage Banks which charge interest at 6½% to 7% and take mortgages of the property. The facility given by the Debt Conciliation Boards, namely, that recovery of advances made subsequent to the agreement will be stayed over until the debts under the agreement have ceased to exist, comes in the way of fresh financing which the Land Mortgage Bank could have made for purposes other than repayments of old loans. This difficulty can, however, be got over if this point is examined and it is definitely ascertained whether the disputes can be filed with the Registrar, Co-operative Societies and Awards or Orders can be obtained for debts which the societies may advance after the settlement of the Debt Conciliation Boards and whether such Awards or Orders can be enforced against the property of the Debtor who is a party to the settlement of the Debt Conciliation Board. Secondly there is a provision in the Debt Conciliation Act (vide Section 17) that every transfer of property made with intent to defeat or delay the creditors of the debtors after an application had been made to a Board under Section 4 and until the agreement registered in respect of such application has ceased to subsist, shall be voidable at the option of any creditor so defeated or delayed. This provision too re-acts adversely on the working of the Land Mortgage Banks. The debtors and creditors get protection under this provision and thus are not inclined to approach the Land Mortgage Banks which also are unable to render assistance to them on business principles. Section 27 of the Debt Relief Act affords an additional facility of fresh readjustment of instalments granted by Debt Conciliation Boards. If the Debt Relief Court is satisfied that the instalments are beyond the repaying capacity of the debtor it can readust the instalments so as to bring them within his repaying capacity. In short the facilities afforded by the Debt Conciliation and Debt Relief Acts had had a deterrent effect on the purposes of the Land Mortgage Banks. Now that the Debt Relief Act has ceased to exist, one could have expected better results but owing to general rise in the prices of lands, the debtors are rather inclined to part with portions of their properties and rid themselves of their debts than approach the Land Mortgage Banks and get themselves fettered.

WAR AND LAND MORTGAGE BANKS IN MADRAS.

Some Unsolved Problems—New Outlook.

(Contributed).

Since the entry of Japan into the war, there has been a phenomenal rise in the value of lands and of agricultural produce. The borrowers have been taking advantage of the prevailing conditions and have been making large advance repayments by sale of a portion of their property. In Madras during the period of 11 months from July 1942 to May, 1943, a sum of Rs. 34,07,579 has been received from primary banks towards principal repayment which is far above the total repayments in the year 1941-42 and 1940-41, viz., Rs. 22,97,075 and Rs. 18,09,756 respectively. There has also been a pronounced fall in the disbursement of loans in the period, July 1942 to May 1943. The amount lent during this period is Rs. 21,47,825 as against a sum of Rs. 40,32,100 in the year 1941-42 and Rs. 40,77,760 in 1940-41. The bank is thus faced not only with a marked fall in the issue of new loans but also heavy advance repayments, resulting in great reduction in the earnings of the bank.

The new Board of the Madras Central Co-op. Land Mortgage Bank which was elected on 10-1-1943 considered the action to be taken for improving the transactions of the bank. The first point that was taken up was reducing delays in sanctioning and disbursing loans in Land Mortgage Banks. Much of the delay was, of course, due to the time taken by a member in presenting all documents of title to the property. Still it was found that some time could be saved if the investigation was taken up with alacrity, avoiding delays at every stage in the investigation by the Supervisor, the group Director, the legal adviser, the Co-operative Sub-Registrar and the Deputy Registrar, and the Central Land Mortgage Bank. The President, therefore, issued a circular that delays at every stage should be avoided and a progress sheet inserted in the loan file explaining any delay caused in the various stages. The banks were exhorted that delays should be avoided, if they were to make themselves attractive as business institutions. The President prepared a memorandum in which he detailed his suggestions for stabilising and improving the transactions of the bank.

One of the important reasons for the fall in the issue of new loans is the present lending rate of the bank to the ultimate borrower, viz., 6%. This rate is, of course, on a par with the majority of mortgage loans as seen from the registration statistics. But only persons of good standing and excellent credit with adequate property and repaying capacity could hope to obtain a loan in a land mortgage bank. Such persons could easily obtain their loans from private money lenders without the necessity of waiting till the investigation is completed. They may even be able to obtain loans on pronotes at reduced rate of interest. But in a land mortgage bank, a member has to pay heavy share capital (5% of the loan amount), entrance fees, administration and legal fees, and has to secure all documents of title, some of which private parties may not insist upon . This expenditure and trouble could be avoided by resort to money-lenders. It was reported that applications for loans in land mortgage banks were withdrawn in some cases, as the members were able to obtain accommodation from private parties at cheaper rates of interest. The President considered that unless land mortgage banks were able to reduce the rate of interest, private money lenders would be easily able to attract the borrowers and that, therefore, the bank should reduce its lending rate. The bank was borrowing on its debentures at 3% and had to retain a margin of 3% bewteen the borrowing and lending rates as per Government's orders. No reduction in the lending rate was, therefore, possible, unless the Government agreed to a reduction in the margin. The Board considered that it is necessary that the lending rate should be reduced if the land mortgage banks are to improve their business and decided to approach the Government to permit a reduction in the margin from 3 to at least 2½%. The Registrar has been addressed on the subject and it is hoped that the Government would see their way to accede to this reasonable request made with a view to improve the transactions of the bank.

Prior to the war, loans for over Rs. 5,000 and up to Rs. 10,000 were being issued by the bank in select areas. This practice was stopped as a result of the financial stringency occasioned on the outbreak of war. The primary banks repeatedly requested in the conferences that the issue of loans up to Rs. 10,000 should be resumed. Their request was not, however ,acceded to till January 1943, when the Trustee wrote that he had no objection to the bank resuming Rs. 10,000 loans. Though the land values have increased enormously, the lands offered for security in land mortgage banks are still being valued on the price levels existing prior to the war. It was considered that it would be quite safe if the land mortgage banks in the province were permitted to issue loans up to Rs. 10,000. Hence, the President made the suggestion that the individual maximum borrowing power in all banks may be raised to Rs. 10,000. The Registrar accepted the suggestion and circularised the banks to adopt the necessary amendments to their by-laws.

Primary banks were agitating in the conferences that second loans should be granted for all legitimate purposes either on the security of the property already mortgaged, if there was enough margin, or on the security of other property. But this suggestion was not agreed to previously on the ground that when once a member took a loan from a land mortgage bank, he should not incur fresh debts for any other purpose. Members, however, were incurring fresh debts for higher education of the members of their family, for purchase of land and for other domestic purposes. These debts they were raising by resorting to money lenders by remortgaging the property already mortgaged to the bank. In some cases borrowers were selling away portions of their hypotheca to repay the debts so incurred. At the time of the annual revaluation of mortgaged properties, these alienations were detected and the banks instructed either to have the alienations rectified or close the loans. This resulted in the closure of several loans on account of alienations. It was found that on 30-6-42 alienations were noticed in 999 cases involving an amount of Rs. 14,66,000. All these loans would have to be closed if the practice of closing loans for alienations were to be strictly enforced. It was thought that it was neither expedient in the present circumstances, nor necessary to close all these loans, as the rights of the bank on the hypotheca were in no way affected on account of subsequent alienations. The President, therefore, suggested that loans may not be closed where the value of the residual security excluding the alienated property was double the amount of the loan outstanding and where the repaying capacity of the borrower was adequate. This suggestion was agreed to by the Board of Directors and the Trustee and appropriate instructions have accordingly been issued to the primary banks.

The main reason for these alienations still remained to be tackled. The bank was, no doubt, giving second loans for limited purposes. The procedure involved was round-about and cumbersome. When a borrower has mortgaged all his properties and desires to take a second loan from the bank on the same property, he has to obtain a release of a portion of the property by a regular release deed executed by the Trustee, the Central Land Mortgage Bank and the Primary Land Mortgage Bank. This procedure became necessary, as the by-laws of primary banks stipulated that the lands mortgaged to the banks as security shall have no prior encumbrances save the mortgage or mortgages to be redeemed by the loan given by the bank. A second loan issued on the same property would amount to a second mortgage. The President suggested that the by-laws of primary banks might suitably be amended for the issue of second loans on the same property, provided the security was sufficient. The Board has agreed to the suggestion and has requested the Registrar to take suitable action. The Board also accepted the President's proposal to give second loans to the borrowers on the security of other property for all legitimate purposes provided they stand the usual tests of valuation and repaying capacity.

In the year 1941, the Board of Directors of the Central Land Mortgage Bank framed rules for the issue of land improvement loans and circulated them to the primary banks with a special request to popularise this type of loans. However, only three or four applications for land improvement loans were received. In order to popularise these loans, it was felt that certain practical difficulties experiencd on account of the rules in force should be suitably dealt with. Rule No. 4 of the land improvement loans laid down that no loan for land improvement shall be sanctioned until the Board are satisfied, in consultation with the Agricultural Department, that the improvement proposed was suitable. Representations were received that the consultation with the Agricultural Department was not necessary in all cases of land improvement and that such consultation will only lead to avoidable delay. The Board considered this and amended the rule deleting the provision for "consultation with the Agricultural Department in all cases" and making it obligatory to consult the Agricultural Department only in cases where the improvement contemplated involved an examination of the suitability of the soil for a particular garden or crop. Another Rule (No. 7) required that the repayments of loans should commence at the latest within two years from the date of the disbursement of the first instalment of the loan, whatever be the type of improvement effected on the land. It was suggested that certain crops, for example, fruit trees, would not begin yielding within 3 to 5 years from the date of their planting and that in such cases only interest should be collected annually and that the concession given by the Government (in land improvement loans) of beginning repayments of the annual instalments within five years from the date of the loan, should be allowed in land mortgage banks also. The Board considered this suggestion and changed the rule permitting the beginning of repayments of the principal amount of the loan within 5 years of the date of the first disbursement, provided the borrower pays the interest on the loan amount every year and also agrees to repay completely the loan within the period of the original loan. The Board came to this conclusion, as it will not be difficult for the borrower to comply with this condition as the increased income from the land will enable him to pay the increased annuity for the shorter period after meeting his family expenses.

The Central Land Mortgage Bank was not permitting issue of loans in unsurveyed "Mittas". Representations were received from time to time that money lenders were doing profitable business on the security of such lands, which could be easily identified by their local names. The Central Land Mortgage Bank, however, did not agree to issue loans in such areas, as there may be difficulty in identifying and fixing prior encumbrances on such lands. The Registrar suggested that with the local knowledge possessed by the Directors, it should be possible to identify the lands and suggested that loans on unsurveyed mitta lands may be given as an experimental measure in the Tiruchengode area. The Board, however, decided to refer this suggestion to select banks which are having in their jurisdiction unsurveyed mitta and zamin lands.

The Land Mortgage Banks are issuing long term loans, viz., 20-year loans, while Co-operative Credit Societies are issuing loans for periods not exceeding 3 years. Agriculturists who require loans for medium terms ranging from 7 to 12 years for purposes of construction, buying or repairing of buildings, dwelling houses or cattle sheds are now not able to obtain the accommodation from the Co-operative organisation. The Registrar suggested that the land mortgage banks may step into the gap with advantage to its members and supply the finance for the above purposes. This was agreed to by the Board of Directors. There are, however, certain difficulties in taking up the issue of such loans at once. Under the by-laws of primary land mortgage banks, loans can be granted only (1) for the redemption of mortgages on agricultural land (2) for the improvement of agricultural land and of methods of cultivation, (3) for the discharge of other prior debts and (4) for the purchase of land in special cases so as to enable the ryot to round off his holding and work it more economically. The by-laws will have to be amended so as to include purchase or construction or repair of buildings, dwelling houses, and cattle sheds as one of the purposes for which loans can be granted. The Board, therefore, resolved that the Registrar be requested to have the by-laws altered suitably. The other difficulty is in regard to the binding character of a mortgage for such purposes on the members of a Hindu family. Under the Hindu Law, a father can mortgage joint family properties for discharge of antecedent debts or for necessity or benefit. It is a matter not beyond doubt if a mortgage executed by a Hindu father for raising money to construct or purchase or repair a building or a dwelling house will bind the interests of the other members of the family. In order to make the position of a land mortgage bank advancing loans for the above purposes safe and immune from attack by the members of a mortgagor's family, it is necessary to amend the Land Mortgage Banks Act so as to make such attack impossible. Already the Act provides that a loan taken by a manager of a joint Hindu family in a land mortgage bank for (1) the improvement of agricultural land or methods of cultivation and (2) the purchase of land shall not be regarded as purposes not binding on a member of the family. It will be necessary to amend this section by including the purchase, repair or construction of a building or a house as a purpose which shall not be regarded as not binding. The Registrar has been requested by the Board to have such an amendment carried out. When these amendments to the by-laws of the primary land mortgage banks and the Madras Co-op. Land Mortgage Banks Act are carried out, the bank will be in a position to advance with safety loans for the above purposes.

On the suggestion of the Registrar, the Board agreed to issue loans up to Rs. 20,000 in select areas. But such loans, they said, should be made repayable within 16 years.

On the advice of the Reserve Bank of India, the bank has constituted sinking funds separately for each series of debentures, beginning with the 24th series issued in 1937-38. According to the Trust Deed, the bank has to pay into the sinking fund account of each series an equated annual instalment, which together with interest at the assumed rate, would accumulate necessary funds to pay off the debentures on maturity. After making payment of this amount into the sinking fund accounts, the bank is at liberty to deal with surplus funds at its discretion in the usual course of business. The bank has, however, adopted the method of paying into the sinking fund account the total amount of the principal collections including advance collections received from the primary banks from loans financed from the funds of the particular series. On account of the present conditions, heavy advance payments have been received and have been remitted into the sinking fund accounts. The amounts in the sinking fund accounts can be invested in Government securities or in the bank's own debentures. The debentures of the bank are not easily available, as the investors are generally very steady customers, who do not send their debentures to the market in any eventuality. It is not, therefore, possible to purchase debentures in the market. The bulk of the principal collections have, therefore, to be invested in Government securities. The yield on the Government securities is about 3%, subject to incometax, whereas on some of our debentures we are paying interest at 3½ per cent. The heavy advance repayments are, therefore, causing not only a reduction in the income of the bank, but also loss on account of the reduced earnings of the sinking funds. In order to curtail this loss, the bank has to either re-loan the principal collections or make only the stipulated payment into the sinking fund account and utilise the surplus principal collections for the issue of loans. The Bombay Provincial Co-operative Land Mortgage Bank, it is understood, is adopting the latter course and has satisfactorily solved the problem of advance repayments. If the same course is adpoted, the Central Land Mortgage Bank would be able to carry on its business without resorting to any further debenture loans. These suggestions are at present receiving the attention of the authorities of the bank and the Registrar. On a satisfactory solution of this problem of advance payments and of the issue of new loans for land improvement and other purposes, lies the future progress and well-being of the bank.

RELIEF OF INDEBTEDNESS IN DRY AREAS

BY

R. SURYANARAYANA RAO,
Servants of India Society

Various measures for the relief of indebtedness have been adopted by Government from time to time and how far they have been successful in achieving the purpose is a matter for investigation. It is felt in certain quarters that the position of the cultivator now is not what it was when debt legislation was undertaken and this is not considered the time when the debtor needs further special protection. This opinion is not shared by many as the plight of the small pattadar with his uneconomic holding remains the same, if not worse. However, the Committee on Co-operation long ago suggested certain amendments to the Agriculturists' Relief Act, the Madras Debt Conciliation Act, the Madras Debt Protection Act and fresh legislation for the regulation of money-lending and the licensing of money-lenders. The Government have come to the conclusion that these proposals may be deferred for the duration of war. But there is no denying the fact that the heavy load of debt which hangs round the neck of the cultivator has always retarded both extensive and intensive cultivation. Whatever may be the causes of his indebtedness, he is all the while aware that the creditor will not allow him to enjoy the fruits of his labours and he has to meet the insatiable demands of his creditor as otherwise he would be deprived of his land which is his only mainstay. So it is all the more necessary now than ever before to remove all the causes which retard the progress of the "Grow More Food" campaign in order that more food crops may be cultivated to satisfy our growing requirements.

It was early realised that mere debt legislation alone without the necessary facilities for liquidating such settled debts would be of no avail. Besides loans under the Agriculturists' Loans Act for relief of prior indebtedness, the Government encouraged the movement for co-operative land mortgage banking. The position of pre-eminence now occupied by the Central Land Mortgage Bank and the primaries affiliated to it is largely due to the assistance rendered by Government by giving guarantee to the principal and interest on debentures raised by the Bank besides many other facilities. This is as it should be as the Bank is performing functions of a highly useful character by assisting in the rehabilitation of agriculture which is not only the main-stay of the people but also the main source of income to the State. Naturally there is cry from everywhere that primary land mortgage banks should be started to afford relief from indebtedness. Such assistance as the Government offer under the Agricultural Loans Act is hardly sufficient to satisfy the needs of cultivators. Moreover, rigorous conditions governing them scares away many a needy ryot. Limits imposed practically render these loans useless for the purposes for which they are meant. Except the village money-lender there is no other agency to meet the long-term financial needs of the villagers.

Conditions in dry areas which entirely depend on rain-fed crops and where rains are irregular, present problems which have to be faced and solved. Neither the Government nor the Co-operative movement are justified in shirking the solution of the problems merely stating they bristle with difficulties. The strength of any movement is judged only by the facilities it affords to those who need them most. The question how far the machinery of co-operative land mortgage banks can be utilised in the dry areas for the grant of long-term loans for redemption of prior debts and for land improvements was considered at length by the Committee on Co-operation. The Committee was fully conscious of the difficulties and made bold to offer a solution which under the circumstances is the best one. The Committee recommended that special arrangements should be made by which the Government undertake to offer temporary accommodation to the financing bank either from the general revenues or from the Famine Relief Fund to enable the bank to meet its interest liabilities in respect of its investments in dry areas during periods of distress due to failure of seasons. Every one who has even a cursory knowledge of the conditions prevailing in the dry areas will concede that failure to make regular instalments towards loans by the cultivators in dry areas is due to circumstances over which they have no control. The default in regard to payments is not wanton. Recurrence of unfavourable seasons is driving small pattadars into the hands of a few well-to-do and in recent times a marked tendency for increase in the number of landless labourers is noticed. The problem of rehabilitating not only the growing number of landless labourers but also steps to retard the process are absolutely necessary in the agricultural economy of the country. No longer can those interested in agricultural development, especially the Government, can view with equanimity and allow natural forces to take their course. Measures for the relief of indebtedness must be undertaken. As already stated the help which Government can render at present is neither adequate nor helpful. Land mortgage banks can do a great deal. That is the reason why the Committee on Co-operation gave so much attention to this topic.

Provision of temporary accommodation to the financing bank in respect of over-due amounts to enbale it to discharge its responsibilities to debenture-holders may appear to some as somewhat novel. But to co-operators who believe in the dictum 'All for each, Each for all' and who see nothing radically wrong in the principle of 'Pooling Resources' it must appeal. However, lest the temporary accommodation may turn out to be a permanent liability and thereby result in imposing a serious burden on the finances of the province, the method of financing from the Famine Relief Fund is not open to the same objections as this purpose is covered by the purposes for which the fund is constituted. In fact before 1936 the excess over the statutory limit of Rs. 40 lakhs could be utilised for grant of loans for relief of distress or for writing off irrecoverable balances of such loans. As the amount of the fund will be used only for providing temporary accommodation to the banks, no objection can be raised. It may be the Madras Famine Relief Fund Act, 1936, may have to slightly amend not only to cover this purpose also, which practically amounts to restoring the position existing prior to 1936, but also providing for greater annual contributions from the general revenues to the Famine Relief Fund. Seventy five lakhs given away in the shape of remission in land tax which practically afforded no relief to small pattadars or proceeds of a tax like the sales tax may as well be ear-marked for this purpose. For what better purpose can this allotment be usefully employed?

At the last annual meeting of the Central Land Mortgage Bank, Sri T. A. Ramalingam Chettiar referred to the difficulties in working banks started in dry areas. But the solution he offered can by no means be considered satisfactory. He suggested the Government undertaking financing for long-term purposes in such areas. As already pointed out that arrangement is not satisfactory. As long as the risks involved in financing are not more than those existing in other areas, why should a co-operative institution like the Central Land Mortgage Bank feel nervous? No one questions the dictum laid down by Sri Chettiar that co-operation is business and not philanthropy. Any scheme for financing the dry areas should certainly be based on business principles, paying due regard to the peculiar conditions of the tracts. There are dry areas in the presidency where financing for long-term purposes has even now made great progress and it cannot be asserted that those areas are always immune from failure of seasons. To quote an instance: Parts of Coimbatore district suffer from severe drought in 1939, necessitating famine relief operations on an extensive scale. There may be other areas as well in a similar plight but which have not received consideration they deserve. The severity of suffering is only a question of degree. As the rehabilitation of dry areas is equally important, it behoves all, Government and the Co-operators, to put their heads together and devise a plan taking into account the conditions prevailing in those areas. To my mind the proposal put forward by the Committee on Co-operation appears to be eminently suitable considered from all points of view.

RECENT TRENDS OF THE CO-OPERATIVE MOVEMENT IN BENGAL.

[Khan Bahadur Chaudhuri Afsar Ali, Registrar of Co-operative Societies, Bengal and Rai Sanat Kumar Chatterjee Bahadur Dharmabhushan, Director, Bengal Provincial Co-operative Bank who attended the Joint Meeting of the Standing Committees of the All India Co-operative Associations held in Madras on the 24th and 25th April explained to the Meeting the present position of the working of the Co-operative Movement in Bengal and the effects of the new Co-operative Societies Act and the Rules passed in 1942. The notes prepared by them for the occasion which are informing and instructive in regard to the recent trends of the movement in Bengal are published below.]—*Editor.*

NOTE I.

By

KHAN BAHADUR CHAUDHURI AFSAR ALI,
Registrar of Co-operative Societies, Bengal.

The most notable event in Bengal, after the All India Co-operative Conference which met at Nagpur in April, 1942 has been the enactment of an entirely new Act (Provincial) and the Rules thereunder which are known as the Bengal Co-operative Societies Act 1940 and the Bengal Co-operative Societies Rules 1942 in complete replacement of the old Act namely the Co-operative Societies Act of 1912. They have come into force with effect from the 2nd July, 1942. It is a very comprehensive Act and makes up much of the deficiencies of the previous Act. While on one hand it provides certain effective safeguards against the maladministration of a co-operative society, on the other it is conceived in a broader outlook. A well managed co-operative society can be invested under this Act with all the powers of the Registrar excepting of course those which are specially reserved for him. As regards the recovery of co-operative dues the Act is a great advancement over the old Act. In the case of a recalcitrant primary society it gives the financing bank power to make requisition to the Registrar for an award against an individual defaulting member of the society. Even where the financing bank shows lapses on its part, the Act empowers the Registrar to make on his own motion an award against a defaulting member. Co-

operative dues have also been made recoverable through the summary procedure of certificates. Hitherto these dues could only be recovered through the long drawn process in a civil court, much to the disadvantage of the movement. But the Act has not come too soon; it would have made a good deal of difference in the position of the movement today if it had come only a few years earlier.

The recovery of old loans has presented a special problem to us. Due to the prolonged economic depression over more than a decade the repaying capacity of a member has suffered perhaps beyond repair. Advantage is being taken of the B.A.D. Act and settlement of old debts is being effected through the Debt Settlement Boards established under the Act, according to the paying capacity of the debtors. In order to speed up the settlement of these debts, special D. S. Boards have also been established to settle the debts of members of co-operative societies exclusively. But unfortunately the ignorant members have not been found to be so keen on such settlement of their debts and on their taking advantage of the benefit that lies in it. Their attitude has been one of "wait and see" and they are perhaps under the impression that if they could successfully withhold payment for a longer period, more concession would follow. Partly as a result of the extensive propaganda undertaken by the Department and partly as a result of the introduction of the new Act, the members have now started coming to the D. S. Boards. But still those that have so far actually applied before the D. S. boards for the settlement of their debts in the course of the 5 years, that the B.A.D. Act has now been in operation, represent only one-third of the total number of old members which is in the neighbourhood of 5 lakhs. It was a five year Act and its term has lately been extended for another two years by the legislature. A fee known as the "determination" fee has to be paid on the determined amount of every debt. A fee has also to be paid for obtaining copy of an award. These are also to some extent responsible for the slow progress of filing of applications for settlement of debts. We moved the local Government for the remission of these fees but they would not make any special case for the co-operative societies. Where the instalments of awards are defaulted recovery is effected through the certificate procedure and this also requires prepayment of advalorem fees causing hardship to the societies in their present financial difficulties, although such a fee is ultimately recoverable from the defaulting members themselves. Delay is therefore bound to occur in the actual recovery of the dues. Post payment of fees may help the societies a good deal.

It is in contemplation that when the debts of all the individual members have been settled through the D. S. Boards according to their repaying capacity and the total amount of recoverable assets thus ascertained, the creditors of the financing bank would be asked to accept such portion of their money as the recoverable assets would permit and in instalments gradually as the realisation proceeds from the individual debtors year after year. As a considerable portion of the funds that are now locked up in old loans have been supplied by the Provincial Co-operative Bank, this will have no small repurcussion on the financial position of this bank unless the Government comes to its help. The Bengal Provincial Co-operative Bank is the apex bank and if its financial position is allowed to be adversely affected beyond its capacity the whole structure of the movement is likely to be shaken to its very foundation.

Bengal has been in the immediate throes of the great war since Japan entered into it as a belligerant. Precautionary defensive measures taken so far have involved large scale military activities resulting in evacuation of certain areas and also in the coastal belt of the province being declared a "denial area" where movement of boats which is practically the only means of conveyance has been restricted. This has made the supervision of Co-operative societies in this area a difficult task and collection of dues has been very much affected. Due to various difficulties no fresh seasonal loans could be advanced in any part of the Chittagong Division and in the coastal area last year. But, the movement cannot in this manner be indefinitely suspended on account of the war. The complete stoppage of co-operative activities in these areas would mean a serious setback to the movement and also a setback to the collection of old loans as the members are likely to lose their confidence.

Lately we brought to the notice of the Government the difficulties arising out of restrictions enforced in the "denial area" and the Government has been pleased to issue instructions to the local executives to give all possible facilities of touring to the officers of the Department and the central banks in such areas.

There has no doubt been phenomenal rise in the prices of agricultural commodities, but unfortunately Bengal has not been much benefited by this. There jute is the principal money crop which has proved an exception to the general rise in price. Next comes paddy. Paddy is being sold in Bengal almost as gold and the last issue of the Calcutta Gazette showed that it was selling at 1¼ seer per rupee at Feni in the Chittagong division. But the irony of fate is that there has been much diminished outturn this year with the result that an average cultivator has hardly any surplus to dispose of. This has been an exceptionally good year for the more substantial agriculturists but their number is

limited and they are not ordinarily the members of the co-operative societies. The collection of the loans has not therefore showed any marked improvement this year in spite of the prices of the agricultural commodities going up by leaps and bounds.

We have organised as many as 16,000 new village credit societies with a total membership of 4 lakhs or so, in the course of the last 4 years, on a purely crop loan basis. The need for expansion was very great indeed as the rural credit from other sources became so shy because of the introduction of certain ameliorative legislation, of which the B.A.D. Act and the Bengal Money Lenders' Act may be particularly mentioned. There has been a growing pressure on the co-operative movement for the supply of rural credit. As the Bengal Provincial Co-operative Bank is not in a position to meet the entire demand of the seasonal needs of the cultivator, its resources are being supplemented by the Government by advance of funds at a moderate rate of interest. Provision for Rs. 60 lakhs has been made by Government for the purpose this year.

For the supply of long term credit to the cultivators we started 5 Land Mortgage Banks organised as far back as the year 1934 in 5 out of the 27 districts of the Province more or less on the same lines as the Land Mortgage Banks in Madras are functioning. Last year the Government sanctioned the establishment of 5 more such banks, 4 of which have been organised and given a start and one is under organisation. The land mortgage banks in Bengal began quite well and gave a promising account of themselves during the past three or four years. But after that signs of deterioration have been in evidence and overdues are accumulating. This is assigned to the repeated failure of crops and also to a general feeling of nervousness created by the war which has approached the very doors of the province. Coercive measures in the shape of filing of certificates were taken in the case of selected wilful defaulters as an exemplary measure and of late there has been some improvement in the collection of the overdues. Large scale institution of certificates is not being favoured by these banks lest they which are still at an experimental stage might become unpopular. The total investment that has been so far made through the five old land mortgage banks amounted to Rs. 9 lakhs roughly of which Rs. 6½ lakhs are outstanding. One of the causes for the comparatively slow progress is to be found in the fact the rate at which interest is charged from the members is considered to be rather high. It was originally 9⅜% which was subsequently reduced to 8½%. The idea was to raise funds at a sufficiently low rate of interest by floating debentures but it did not materialise due to the war which has upset the money market.

Perhaps we may have to wait till the conclusion of the war, before we can make loans available to the members at a further reduced rate of interest.

Yet another important cause of the slow progress in the business of the Land Mortgage Banks is perhaps furnished by the establishment of debt settlement boards. These boards are scaling down the debts of the agriculturists according to their repaying capacity and also making provision for their realisation through easy instalments spread over a number of years, limited however to 20. The settled debts carry no further interest. The land mortgage banks are taking over such debts by making fresh amicable settlement on a cash payment basis, with the creditors. But still, often the fresh loan to be incurred from the Land Mortgage Banks to pay off the creditors on a cash payment basis carrying interest as it does, does not compare favourably with the amount that the settled debt can further be possibly reduced to on the basis of cash payment. The agriculturists therefore do not always feel very encouraged to go in for fresh loans unless they derive any substantial benefit by replacing the existing settled debts with the loan obtained from the Land Mortgage Banks.

The scope of the loans obtainable from a Land Mortgage Bank is at present confined to the following three objects only:—

1. Redemption of prior debts. 2. Improvement of land and 3. Purchase of adjoining lands to round off the holding and work it more economically. Hitherto attention was concentrated on the redemption of prior debts only. But increasing attention is now being paid to the other two objects also.

We have not yet been able to resume the issue of medium term loans to the cultivators. Crop loans go to barely meet their immediate cultivation needs. They are therefore at a disadvantage in this respect. They find it difficult to buy their bullocks which have to be replaced periodically and also agricultural implements etc. Crop loans are not again paying—they leave almost negligible margin to the Central Banks. Apart from its necessity the issue of medium term loans will sustain the position of the Central Banks by leaving a workable margin to them. We have started 4 new Central Banks issuing crop loans exclusively, leaving very little margin to them. It has been a problem to the Department how to maintain these Central Banks purely out of such business. But the issue of medium term loans would mean funds. It is difficult to find them within the movement in its present state. Until such time as the confidence of the investing public is regained, the issue

of such loans can only be possible with the help of the State. But the Bengal Government has already assumed the responsibility of supplying funds for issue of crop loans and it is doubtful if they can be saddled with greater responsibility, especially during the present emergent time.

The almost prohibitive rise in the prices of necessaries of life has presented a peculiar problem to us. No province has perhaps been involved in such trying conditions as Bengal has. At least in the matter of foodstuffs, the other provinces are generally much better off than Bengal. We have been making attempts to meet the situation as far as practicable. The Central Banks, important primary societies and also marketing societies have been instructed to open a stores section and many of them have already done so with some relief to the members. But the problem is a stupendous one. Where there are no Central Banks and important co-operative societies, new co-operative consumers' societies are being organised to tackle the problem of supply of elementary necessaries of life. Some central banks and other important societies bought paddy and rice during the harvest time at a cheaper rate and stored them for the benefit of the members. The local executives are assisting the co-operative societies in dealing with the problem in their individual capacity. But the time has now perhaps come to recognise that effective and equitable distribution can only be possible through the agency of co-operative societies. This will eliminate the profiteering and hoarding practised by the private merchants to further their own ends. The co-operative societies should also receive preference in the matter of supply. The situation may perhaps be considerably eased by organising a net-work of consumers' societies with the backing of the Government behind it. Otherwise the people will be left as now at the mercy of the unscrupulous traders and business men and their sufferings will continue.

Goverment just started arranging supply of "standard cloth". The distribution of this cloth should be entrusted to co-operative organisations. The Central Banks can efficiently take up this work This will eliminate any possible abuses and ensure a more fair and equitable distribution. I have already moved in the matter. For the benefit of the members of weavers' co-operative societies we have secured an order to the extent of Rs. 6 lakhs from the Director-General of Supply to begin with. The yarn will be supplied at the controlled rate by them.

NOTE II.

By

Rai Sanatkumar Chatterjee Bahadur,
Director, Bengal Provincial Co-operative Bank, Ltd.

The story of the co-operative movement in Bengal during the last year and a half presents a very interesting study from more than one point of view.

In its struggle between the officials and non-officials it is rather a replica of what took place in Madras which has been described by Mr. Ramalingam Chettiar, President of the Madras Provincial Co-operative Bank. There was the same attempt at tightening of the official control by legislation direct as well as through the machinery of new legislation through the rule-making power of the executive Government, by the driving out of tried old workers in the co-operative field by the artificial bar of the want of the Registrar's sanction for being eligible to the next election which were imposed upon by the rules. This sanction which was almost automatic was now sought to be withheld in the majority of cases. There was naturally a repurcussion which found its expression mostly in the provincial institutions, viz., the Bengal Provincial Co-operative Bank and the Bengal Provincial Co-operative Alliance. The late Registrar practically cut off the business relations with the former and starved the latter.

I am glad however to inform you that with the change of the personnel of the Registrar and the assumption by the present incumbent Khan Bahadur Chowdhury Afsar Ali of the office of Registrar, who is here with us to-day, there has been a change of hearts and the harmonius relations have been resumed and we hope there would be no trouble on these scores as long as he would be there.

I shall deal with the present position of the Movement under the following heads:—

1. Crop loans.
2. Land Mortgage Banks.
3. Multi-purpose societies.
4. Special type societies.
5. Old loans.

1. *Crop loans.*—In the last Joint Meeting of the Standing Committees in October, 1939 in Madras we placed before you our plan of starting a large number of crop loan societies in Bengal with a view to

revive the movement and give it a new orientation. In pursuance of the said policy which the Bengal Provincial Co-operative Bank accepted in the last few years, about 1,600 societies have been started which in the first year were financed by the funds of the Bengal Provincial Co-operative Bank, but from the second year were financed by the funds placed at the disposal of the Bengal Provincial Co-operative Bank by the Government at an interest of 3¼%. This was working smoothly; but in the last year on the plea that the Bengal Provincial Co-operative Bank has not repaid the money in full which they kept in hand as additional fluid cover on account of the exceptional conditions prevalent in Bengal, the late Registrar cut off this business relation and in the last year these crop loans were financed direct by the Government through the Registrar to the various crop loan societies and Central Banks, thus introducing a dual system viz., financing of old loans through the medium of the Bengal Provincial Co-operative Bank and financing of crop loans by the Government direct through the Registrar. This had a serious repercussion on the realisation of the dues of the Bengal Provincial Co-operative Bank. In past years through the medium of crop loans i.e., at the threat of withholding crop loans in case the annual interest and a part of old loan be not repaid, the Bengal Provincial Co-operative Bank could realise a substantial amount from its borrowers but last year naturally the department concentrated its activities in realising the advances it had made and the Bengal Provincial Co-operative Bank having no independent collecting staff of its own and being dependent on the departmental staff for its collection had to suffer a deficit. I am glad to announce to you that our present Registrar has succeeded in restoring the business relationship and this year the Government will place 60 lakhs of rupees with the Bengal Provincial Co-operative Bank for financing the crop loans and the dual system is going to be put an end to.

2. *Land Mortgage Banks.*—In Bengal as you are aware there is no Separate Central Land Mortgage Bank. The Bengal Provincial Co-operative Bank used to advance these loans out of its own resources on the expectation that they would be recouped as soon as the Government-guaranteed debentures would be floated. The Government referred the matter to the Reserve Bank of India who, we understand, did not favour the idea of floatation of long term debentures at this juncture as the same was not possible at a reasonably low rate of interest. The result was that during the last year not a single farthing was advanced by the Bengal Provincial Co-operative Bank towards these long term investments as it was deemed to be against elementary banking principles to invest short term deposits not exceeding three years in long term commitments of 20 years or thereabouts.

There was a consequent deadlock and this part of the movement suffered a serious setback. The present Registrar has however succeeded in clearing the atmosphere by inducing the Government to pay down to the Bengal Provincial Co-operative Bank Rupees five lakhs out of its advances of Rs. 5,60,000 and placing with the Bengal Provincial Co-operative Bank a further sum of Rupees two lakhs for future advances towards the Land Mortgage Banks for this year. We had 5 land mortgage banks and five more are going to function shortly. This advance by the Government to the Bengal Provincial Co-operative Bank is however a charge on the general assets of the bank. In future years with the growth of this part of the movement the Bengal Provincial Co-operative Bank expects further advances from the Government on the same terms.

3. *The multi-purpose societies.*—In Bengal we have a few large multi-purpose societies, for example the Parbatipur sale and supply societies. These societies were also put into great financial difficulties on account of the stoppage of finance in the last year on account of the exceptional conditions which prevailed. In spite of these difficulties they have made substantial profits on account of the rise in prices. With the resumption of the business relationship we expect substantial progress in the current year.

4. *Special Type Societies.*—I need only refer to two of these—firstly the Bengal Co-operative Alliance Ltd., the apex non-official organisation in the province. On account of the differences I have mentioned above the annual Government grant of Rs. 10,000 was not paid last year. We had naturally to pass through great financial difficulties. The present Registrar has however perceived the utility of non-official criticism and has got us a grant of Rs. 6,500 for this year though he could not get us back the lapsed grant of Rs. 10,000 of the last year. However with the change of outlook we hope this institution will be able to resume its healthy and substantial work as a fearless exponent of the non-official views on the co-operative movement in the province.

Secondly we have several fishery societies in Bengal. These could not adequately function last year—and in one of the biggest of these viz., the Bidyadhari Spill Society in the vicinity of Calcutta, even the Government lease was withheld. However these have been very recently restored and we hope that useful work will be done in the near future.

5. *Old Loans.*—This is the most difficult of the problems which are before us. We are attempting to tackle the same in two different ways:—(1) Through the medium of the special Debt Settlement Boards. In every Central Bank we have got a special Debt Settlement Board presided over by the Inspector of Co-operative Societies in charge. The

cases of membrs of the co-operative societies are dealt with and debts are scaled down by these boards and then the scaled down debts are realised either amicably or through the certificate procedure. A fair amount of work is being done in many Central Banks in this direction. Naturally there will be certain losses in the primary Societies and in the Central Banks and some will fall in the long run on the Provincial Bank. (2) Under the new Co-operative Societies Act the co-operative financing institutions have got the benefit of the certificate procedure and that is expected to improve the collection in the future.

There are proposals pending before the Government regarding rehabilitation of the movement. But the problem is a difficult one at any time and requires detailed and careful handling. New factors have arisen which further complicate the matter. The difficulties at the present moment are (1) the disturbing conditions due to apprehension of invasion and bombing by the enemy which make the borrowers reluctant to pay; (2) the uncertainties of legislation—the debtors expect further reliefs by fresh legislative measures in their favour; (3) the successive failure of crops for several years and (4) the natural reluctance to meet one's obligations in these uncertain times.

In addition to these we have got the trouble of 'denial areas' like Chittagong which is being bombed often and the evacuated areas. In the latter sometimes we have got good collection on account of fair compensation being paid to our debtor members but on many occasions we have not been able to collect anything as the traces or whereabouts of the debtors are often lost. In the denial areas on account of stoppage of advances and the precarious conditions of the masses, collection has been seriously hampered and they present special problems for Bengal to tackle with at this moment.

ORGANIZATION AND WORKING OF AGRICULTURAL CREDIT IN THE AGRICULTURAL COUNTRIES OF CENTRAL EASTERN EUROPE.

BY

MR. J. G. BHANDARI, M.A., C.I.E.

Financial Adviser, Co-operative Department, Lahore, (Punjab.)

[Mr. Bhandari, in supporting resolution No. 16 passed by the meeting of Joint Meeting of the Standing Committees, which deals with the establishment of a proper financial link between the *Reserve Bank of India and the Co-operative Credit Institutions* in the country, made an interesting speech. We give below a summary of his speech.]—*Editor.*

In September, 1937, the Assembly of the League of Nations asked its Economic and Financial Organisation to undertake a study of systems of agricultural credit and insurance, with a view to the elaboration of principles calculated to strengthen internal and external credit and suitable for adoption by countries contemplating a modification of their existing legislation.

Subsequently, Mr. Tardy, Honorary Director-General of the National Council of Agricultural Credit, Paris, was appointed by the Secretary-General of the League to conduct this enquiry into organisation and working of agricultural credit and insurance in the various countries, with special reference to the position of the agricultural countries of Central and Eastern Europe.

In the discharge of this mission, Mr. Tardy went to Belgium, the Netherlands, Czechoslovakia, Germany, Bulgaria, Austria, Hungary, Yugoslavia, Rumania and Greece. His Assistant also paid visits to Poland and the Baltic States of Lithunia, Latavia, Estonia and Finland.

In each of these countries, the Committee made contact with the Government by interviewing the Ministers concerned, or their representatives, and visiting the economic and agricultural services and the governors of the national banks of issue and agricultural or land banks.

The Committee were thus able to enquire on the spot somewhat briefly into the organisation and working of the principal credit and savings establishments which have relations with agriculture, and the agricultural insurance and co-operative organisations.

The Committee interviewed a large number of persons, economists, professors and experts having a theoretical or practical acquaintance with agricultural questions, especially those affecting credit. They also visited a number of co-operative and collective farms of various kinds, and associations which had had the benefit of agricultural credit.

I have given these details with a view to give the house an idea of the nature of the enquiry conducted by the Tardy Committee, the care and thoroughness with which it was conducted, the facilities which were afforded to the committee by the agricultural institutions and the Governments of the countries concerned. The Committee were able to collect a wealth of material on the points of investigation and I venture to suggest that the conclusions reached by the Committee after such a thorough investigation should carry great weight with the house. In the concluding portion of their report, they have made the following observations:—

"It is clear from our investigation that a properly organised system of agricultural credit with adequate funds is necessary in every country in order to help the farmers to carry on, to prevent a drift to the towns and to ensure agricultural prosperity.

Furthermore, a survey of the existing organisations in the different countries shows that it is institutions based on principles of mutual assistance and co-operation, whether fostered by the State or not, that are commonest and the best suited to the special needs of agricultural production in countries where farmers are sufficiently educated and realise the value of solidarity." Gentlemen, mark the words *where farmers are sufficiently educated.* Unfortunately, we in India are far from that stage. "These institutions, which generally confine their operations to agriculture, are well equipped to grant adequate loans to farmers, with whose requirements they are acquainted, and to obtain a more or less joint guarantee of repayment from borrowers".

In the opinion of the Committee, agricultural credit, to serve a really useful purpose, should, conform to the following criteria:—

(1) It should be granted for a sufficiently long period, commensurate with the length of the operation which it is designed to facilitate;

(2) It should be granted at a low rate of interest;

(3) It should be adequately secured, in order, more particularly, to avoid any abuse of credit facilities but the security should not necessarily be material; it should, if necessary, be in the form of a personal credit secured mainly by the borrower's moral standing and farming ability;

(4) It should be adopted to the average yield and capacity for repayment of the farms, particularly during periods of economic depression;

(5) It should be placed in the hands of institutions, the directors of which have received special training and had actual banking experience.

In view of their importance, I make no apology for giving such extensive quotations from the Tardy Committee's report. The general conclusions that emerged from the Committee's enquiry and from Mr. Tardy's long experience of agricultural credit and practice in Europe have been summarised in the Committee's report. It is for the house to consider to what extent these conclusions are applicable to India and whether the system of agricultural credit obtaining in India conforms to the criteria laid down by Mr. Tardy's Committee. If our system of agricultural credit does not conform to those criteria, it is for the house to press its point of view with all the emphasis it can command upon the Government of India and the Reserve Bank authorities.

IMPRESSIONS OF THE JOINT MEETING OF THE STANDING COMMITTEES OF THE ALL INDIA CO-OPERATIVE INSTITUTES' AND BANKS' ASSOCIATIONS

BY

DEWAN BAHADUR PROF. H. L. KAJI,

Vice-President, All India Co-operative Institutes' Association.

The Joint Meeting of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association was held on the 24th and 25th April, 1943 at the office of the Indian Co-operative Review, Farhatbagh, Mylapore, Madras, the residence of the President, the Honourable Mr. V. Ramadas Pantulu.

The Meeting was quite a successful one, in this that it brought together co-operative workers from different parts of India in the discussion of co-operative problems, common to all parts of the Country as well as those which are special to any one of them. It promoted a better understanding of co-operative problems and a better contact with men, who serve the cause. I had the prospect of a long wearisome journey by myself, when I learnt that Mr. V. L. Mehta and Prof. Kale had to cancel their programme of joining me. But I was delighted to have as my travelling companion Sir Madhaorao G. Deshpande of Nagpur, and in a sense our Co-operative Conference practically began from the commencement of our journey.

We reached Madras in the early hours of the morning of Saturday the 24th April, 1943 and we felt a little embarrassment when we found no co-operator from Madras present at the station as we expected to find. Sir Madhaorao went however to the Mylapore Branch of the Madras Provincial Co-operative Bank evidently by previous arrangement. I was lucky enough to be met at the station by a friend of mine who took me to Mr. Pantulu's residence. I was sorry to find, there, that our very good friend and guide Mr. Pantulu was obviously not well. But Mr. N. Satyanarayana of Alamuru, the Joint Secretary of the All-India Co-operative Institutes' Association whooped down and collared me and took me to the residence of his brother Dr. N. Sundararama Sastri, Lecturer in Statistics at the Madras University. I learnt by the way that some of our Co-operative friends from other Provinces were lodged in the Madras Provincial Co-operative Bank's premises and a few were provided for in the Woodlands at Mount Road.

The Meeting commenced at 3 p.m. I was not however punctual on account of my neglect in not taking into account the difference in speed between a motor car and the Madras Rickshaw. On entering the Assembly Hall I found a fairly large number of persons gathered together including visitors interested in the co-operative movement from Madras City also. A damp was thrown on the meeting by the ill health of our venerable President Mr. Pantulu, who could not preside or conduct the meeting ,but had to be content with giving us the pleasure of his company in an arm chair. Mr. T. A. Ramalingam Chettiar, the president of the Madras Provincial Co-operative Bank welcomed the delegates in an extempore address. In the course of his fairly long speech, he gave us an idea of the Food problem in Madras and how the Co-operative Movement could assist in food distribution and in other ways.

The Presidential address was read by me at the request of the President. It was an exhortation, holding forth the high ideals of the Movement, the International scope that it has, and the great importance of adopting co-operative principles in post-war reconstruction in India. In the absence of Mr. Pantulu, Sir Madhaorao G. Deshpande, Vice President of the Indian Provincial Co-operative Banks' Association was in the Chair.

The co-operators from different parts were now invited to give, in brief, an idea of the chief changes and currents in the Co-operative Movement in their part of the country, since the last meeting of the Associations. These brief reviews by non-officials, each one of his own province or state, are very desirable and should be very instructive. Very many of the delegates had a great deal to say and a great deal of enthusiasm to back up what they wanted to say. Several of them even jotted down what they wanted to say and read their jottings aloud. I must confess that these brief (?) reviews bored me somewhat, particularly when they were read out, because we get in this way a surfeit of manuscript eloquence. Some of the reviews were more taxing because the reviewers, instead of confining themselves to the main developments of the movement in their respective Provinces or States during the last 12 months, indulged in a general retrospect, introspect and prospect. They tend to get stereo-typed year after year: I wish members confine themselves just to bringing out in a short speech anything of importance that occured during the intervals between their meetings, in their respective parts of the country.

It is however very encouraging to note that while some of the older co-operators have lost, not their *faith* but their *enthusiasm*, some do cling with tenacity to the spirit of service as the driving force for co-operative workers. Mr. Satyanarayana of Alamuru gave us a vivid account of his multi-purpose society experiment in Alamuru and our bearded Travancore friend (Mr. K. Velayudhan Pillai) expatiated in a similar strain on life workers in an Indian Co-operative Brotherhood. In these days of tightening official control of the movement, it is refreshing to see devoted optimism and an exuberant and unflinching faith in the aims and ideals of the Co-operative Movement on the part of non-officials. It was also very refreshing to see in several cases complete amity and accord between the non-official delegates and the Departmental heads of the region. This was not only true of smaller areas like Coorg, but also of a big province like Bengal, where it appeared that Mr. Chatterjee of the Provincial Bank and the Registrar of Co-operative Societies, Bengal worked very harmoniously together.

The tea party by the Honourable Mr. Ramadas Pantulu brought the first day's meeting to a pleasant close.

Some of us had however to stay on, forming ourselves into a Subjects Committee, to draft the resolutions to be moved in the Open Meeting on the 25th April, 1943.

We met on the 25th at 11 a.m. and in the absence of the President, I had to take the Chair as the Vice-President of the All-India Co-operative Institutes' Association. We had a long agenda and it appeared to me as if the keenness of speakers would probably keep us busy till late in the evening. But I was very thankful to the delegates present in responding to my appeal to be as brief and to the point as possible. Of course, we all know, that at meetings, some stray a good deal; others find themselves entangled in the meshes of their own verbosity. But such instances were, I am glad to say, very few, and we went through the heavy agenda quite in time. One of the dominating personalities of the day was Mr. Bhandari, Financial Adviser to the Co-operative Department, Punjab, whose weighty personality and beaming activity always brightened up things a good deal and often provoked a retort from Mr. Rana Sherjang Khan of the Reserve Bank of India, which he had to defend in many a verbal duel against the dexterous and sharp thrusts of Mr. Bhandari.

Mr. Ramalinga Chettiar and Sir Madhaorao Deshpande played their parts well as senior elders while the beneficent shadow of Mr. Pantulu was ever present. His hospitality—tea and lunches—his great and abiding love for the Co-operative Movement and his gift of a portion of his residence to the service of the Co-operative Movement deepens our love and affection for him. What Mr. Lallubhai Samaldas and Sir Vithaldas Thackersey did for Bombay, Mr. Pantulu has been doing for Madras and in a way for all India, gathering and stimulating bands of workers in the service of Co-operation. Our Secretary, Khan Mohammad Bashir Ahmed Khan, ever smiling, courteous and efficient was always in evidence to smooth and tide over difficulties.

We all left the meeting with a sincere prayer for the speedy recovery of Mr. Pantulu.

Though the meetings were over, our task was not yet completed. Obeying the insistent desire of Prof. K. C. Ramakrishnan, President of the Triplicane Urban Co-operative Society, several of us paid a visit to the T.U.C.S., the Indian counter part of the Rochdale Society, built up to its present stage of extended services in the food distribution in the City of Madras by the devoted services of Rao Saheb Hanumanta Rao and his early poineering comrades. We were struck of the low cost of management which only appeared to us to make it possible to run the institution. We gladly pay our tribute to Prof. Ramakrishnan and his institution for providing in the T.U.C.S. a Mecca for Consumers' Co-operation and to South Indians in general who have in Mysore and in Madras shown their great natural aptitude and genius for consumers' stores.

We were next taken to the Madras Provincial Co-operative Marketing Society which is yet a young institution. This Society promises to serve the interests of the Producers' Soceties in Province while the T.U.C.S. serves the consumers in the City. We all made a few purchases more as a souvenir of our visit than otherwise.

We were next taken to the Fine Building of the Madras Provincial Co-operative Bank. The Secretary who was throughout with us in our visiting programme, showed us round. The Library was well furnished and well stocked, but only lacked the research workers and students!

This brought to an end our Co-operative visits. Obeying the call of Prof. Ramakrishnan, Lecturer in Economics, of the Madras University and the insistence of my own host, I met the research workers in Economics at the University where I effected the advantageous exchange in this that I had their tea and they had from me a few empty words.

Such Co-operative meetings are in my opinion always very useful and instructive. Their usefulness would be increased considerably, if in addition to brief reviews on the first day, and hot discussions on the 2nd day, there is arranged a programme of visits to Co-operative Institutions on the 3rd day.

REVIEWS

THE FARMER, HIS WELFARE AND WEALTH.—By Dr. M. G. Bhagat, M.A., Ph.D.,—Published by the Co-operators' Book Depot, 9, Bake House Lane, Fort, Bombay—Pages 303—Price Rs. 10 nett.

This book is the first of the series of studies in agricultural economics published by the Co-operators' Book Depot. It embodies the results of the author's investigations into the economic and social life of the people of a group of 45 villages in the Bhiwandi Taluk in North Konkan, a Marathi speaking tract in Thana District, Bombay Presidency. The area selected for the study is not claimed to be a typical one or characterised by any peculiar features which determined the selection. It is due to an accidental circumstance. While Dr. Bhagat was carrying out an investigation into the financial position of the members of the primary co-operative societies in Bhiwandi Taluk under instructions from The Bombay Provincial Co-operative Bank Ltd., the Bombay University awarded him a research studentship, which enabled him to extend the scope of investigations already begun by him. The present work is a result of his extended investigations. He was awarded the Ph.D., degree by the Bombay University for the work.

For the purpose of his detailed studies, which comprised 760 families in the area, the author classified the important agricultural groups residing in those villages under three heads viz., the farm-owners, the farm-tenants and the farm-labourers. The author himself admits the difficulty of classifying rural population in any area into waterweight compartments and the possibility of one group overlapping the other. Nevertheless the method adopted by the author for studying the economic and social conditions of the 760 families was well-conceived and was calculated to bring out the peculiar characteristics of these three agricultural groups.

As a result of his investigation, he found that, in the last three decades, there was a decrease of 4% in the rural population of the villages under survey. In discussing the causes for the decrease, the migration of the rural population into the neighbouring towns and cities is not given as one of the causes. A special chapter is devoted to the problem of agricultural indebtedness. The estimated total debt of over Rs. 3 lakhs works out to Rs. 406 per family and Rs. 58 per individual in the 760 families. These figures have to be accepted with the same caution which is generally called for in regard to estimates of rural indebtedness in any area. The book contains a fairly exhaustive and detailed account of the working of the co-operative movement in the villages surveyed. JL.

The conclusion arrived at by the author is that co-operation has failed in the Taluka. He attributes the failure to causes not in any way peculiar to the social and economic conditions of the villages surveyed. The author's remedy for improving the co-operative movement in the area is two-fold, namely, the conversion of all the societies into multi-purpose societies and the provision for long-term credit. It is doubtful, on the objective data presented by the author on the working of the co-operative movement, whether the villagers who were unable to manage a simple village society and benefit by ordinary rural credit could turn a multi-purpose society and long-term credit to a better use. The chapter on the 'Income and the Expenditure of the Family' shows that the family budgets of the 760 families were studied carefully and all available information was gathered laboriously. The author devotes a special chapter to 'Some Village Problems' and gives us an insight into the actual living conditions of the people in the area. In the chapter on the 'Rural Development Scheme' the author gives expression to his strong conviction that the co-operative movement is the only foundation on which a scheme for 'Rural Development' can be successfully built and that there is really no other alternative solution to the problem of the poverty and the backwardness of the masses. Here again Mr. Bhagat reiterates his faith in the multi-purpose society which he says will make a great appeal to the loyalty of the villagers. The author was attracted greatly by "The Folk-Song," of the villagers. He gives a lengthy description of the various kinds of folk-songs sung in the area and gives some select ones with English translation in the Appendix.

Dewan Bahadur Sir T. Vijayaraghavachariar who wrote the foreword to this book pays a well deserved compliment when he says that the author "is obviously trained in the art of collecting facts—not such an easy thing as at first sight it might be supposed—and the book amply vindicates the methods he has chosen." The impression left on our own mind from a perusal of the book is that Dr. Bhagat is unquestionably well-equipped for the task.

The work does not purport to be a mere economic and social survey of the group of villages; on the other hand as its title "The Farmer, His Welfare and Wealth" shows, it is also an attempt to present a complete picture of the villager's life and to deal with the problems of his life in its entirety. The author frequently enters on a general discussion of economic and social problems and gives us his views thereon, as well as on State policies and other factors, that react on the wealth and welfare of the farmer. The Bombay Co-operators' Book Depot deserves to be congratulated on its enterprise in publishing this very useful study. We hope that similar studies in agricultural economics will follow quickly.

THE EASTERN ECONOMIST—Published Weekly—Edited by Dr. P. S. Lokanathan, M.A., D.Sc., (London), New Delhi—Annual Subscription Rs. 40 Single Copy Re. 1.

The Eastern Economist published in New Delhi, the first issue of which appeared in the 3rd week of May, 1943, is a welcome addition to the Indian Journals dealing with finance, industry, trade and commerce. Started under very influential auspices and published under able editorship, the journal already takes its stand alongside journals of established reputation and standing like the Indian Finance and Capital of Calcutta and Commerce of Bombay. The Eastern Economist devotes considerable space to agricultural economics and to the problem of food supply, both on its production and distribution sides. Co-operators will find the journal useful, for some of the problems with which the co-operative movement is grappling are being dealt with as, for instance, in the special article on "Agricultural Co-operation in India" appearing in the 4th issue, the leading article on "Co-operation and the Consumer" appearing in the 5th issue and the special article on "Industrial Co-operatives for India" appearing in the 11th issue. An interesting feature is the special section devoted to post-war planning. The outlook of the Journal on problems of finance, industry, trade and commerce of India with which it deals is thoroughly national; at the same time its judgment on all controversial matters is sober and balanced.

CONFERENCES AND MEETINGS.

Proceedings of the Joint Meeting of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association, held on the 24th and 25th April, 1943 at the Office of the Indain Co-operative Review, Farhat Bagh, Mylapore, Madras.

The Opening Session of the Meeting was commenced at 3 p.m. on Saturday, the 24th April, 1943 under the presidentship of the Hon'ble Mr. V. Ramadas Pantulu. The following Members of the Standing Committees were present:—

The Hon'ble Mr. V. Ramadas Pantulu, President.

Dewan Bahadur Prof. H. L. Kaji, Vice-President, All India Co-operative Institutes' Association.

Sir Madhaorao G. Deshpande, Vice-President, The Indian Provincial Co-operative Banks' Association.

Khan Mohammad Bashir Ahmed Khan, Honorary Secretary, All-India Co-operative Institutes' Association.

Mr. N. Satyanarayana, Joint Secretary, All-India Co-operative Institutes' Association.

Khan Saheb W. Zaman, Joint Secretary, The Indian Provincial Co-operative Banks' Association.

Mr. T. A. Ramalingam Chettiar, The Madras Provincial Co-operative Bank Ltd., and the Madras Provincial Co-operative Union.

Mr. V. Ramamurty Pantulu, The Madras Co-operative Central Land Mortgage Bank, Ltd.

Khan Saheb Khan Hasham Khan, The Punjab Provincial Co-operative Bank, Ltd.

Rai Sanat Kumar Chatterjee Bahadur, The Bengal Provincial Co-operative Bank, Ltd.

Pt. W. B. Lakhe, C. P. & Berar Provincial Co-operative Bank, Ltd.

Khan Saheb Mohammad Hamid Chisti, The United Provinces Co-operative Union, Lucknow.

Rai Sahib Dalip Man Singh, The United Provinces Co-operative Union, Lucknow.

Mr. S. Sreenivas, The Mysore Co-operative Institute, Bangalore.

Mr. K. Velayudhan Pillai, The Travancore Co-operative Institute.

Mr. P. Paramu Pillai, Secretary, Travancore Co-operative Institute.

Mr. I. P. Kariappa, The Coorg Central Co-operative Bank, Ltd., Mercara.

The following official and non-official co-operators, among others, were also present on invitation:—

Mr. J. G. Bhandari, Financial Advisor, Co-operative Department, Punjab.

Rana Sher Jungkhan, Officer-in-charge, Agricultural Credit Department, Reserve Bank of India, Bombay.

Khan Bahadur C. Afsar Ali, Registrar of Co-operative Societies, Bengal.

Mr. S. D. Ujwal, Registrar of Co-operative Societies, Jodhpur.

Mr. P. M. Chengappa, Registrar of Co-operative Societies, Coorg.

Mr. K. Subbarao, Registrar of Co-operative Societies, Mysore.

Sardar K. J. Khosla, Deputy Registrar of Co-operative Societies, Patiala.

Mr. J. C. Rayan, Joint Registrar of Co-operative Societies, Madras.

Mr. K. Subrahmanyam Naidu, M.A., Additional Joint Registrar of Co-operative Societies, Madras.

Mr. M. Hayat, Deputy Registrar of Co-operative Societies, Madras.

Mr. M. G. Padmanabhan, Personal Assistant to the Registrar of Co-operative Societies, Madras.

Mr. G. A. Bhonsule, Manager, C. P. & Berar Provincial Co-operative Bank Ltd., Nagpur.

Mr. S. Chayapathy, C. & M. Station Co-operative Society, Bangalore.

Mr. K. C. Ramakrishnan, President, The T.U.C.S., Madras.

Mr. H. F. Kapadia, Secretary, M. & S. M. Railway Employees' Co-operative Bank, Ltd., Madras.

Mr. T. Raghavendra Rao, Secretary, The Madras Provincial Co-operative Bank, Ltd., Madras.

Mr. V. Krishna Mohan, Assistant Secretary, The Madras Provincial Co-operative Bank, Ltd., Madras.

Mr. N. S. Koneti Rao, Secretary, The Madras Central Co-operative Land Mortgage Bank, Ltd., Madras.

Mr. V. Venkatachalam, Secretary, The South India Co-operative Insurance Society, Ltd., Madras.

Mr. V. Viyyanna, Secretary, The Madras Provincial Co-operative Union, Madras.

Mr. R. Suryanarayana Rao, Editor, The Madras Journal of Co-operation, Madras.

Mr. K. L. Narasimha Rao, Director, The Madras Central Co-operative Land Mortgage Bank, Ltd., Madras.

Dr. N. Sundara Rama Sastry, University of Madras.

Mr. T. A. Ramalingam Chettiar, President of the Madras Provincial Co-operative Bank, Ltd., Madras, welcomed the co-operators present.

WELCOME ADDRESS

Brother Co-operators,

My welcome address ought to have been coupled with the presidential address, because all the arrangements for this meeting and for your reception and stay here have been made by the President, who thus took the entire burden on himself. I am here simply because I am the President of the Madras Provincial Co-operative Bank and on account of the convention that as such, I should initiate the proceedings of this meeting. It is indeed very good on the part of you to have come from such long distances in the heat of the sun and under the inconvenience which you should have all experienced in your journey.

We are all meeting in a most critical time, if I may say so. Whatever political differences there may be, so far as people are concerned, all of them are feeling the weight of the war more and more, and in many parts of the country, the food problem is causing great anxiety to all. In our own province as early as July or August, 1942 we felt the trouble, and I addressed the Government to take immediate steps for the purpose of organising food supply. I told the Government that the Co-operative Movement as a whole was prepared to play its part in tackling the position. If they so choose, all the financial and administrative arrangements may be made by the Co-operative Department, and the work would be undertaken by the societies. All the Co-operative Societies will help provided the Government agree to bear any loss that the central stores may be put to in the changing conditions of the markets. The reason for asking the Government to bear such loss was that the prices were changing from time to time and were being controlled by the Government and losses have been suffered thereby. It was on account of the control of prices that the prices were changing everywhere from time to time. Of course in general, we have agreed to the scheme as early as August or September last year but in the usual way they went on discussing matters with the result that they have passed orders only three or four weeks back. But the scheme has been changed out of recognition altogether. They have now converted the food supply scheme into a scheme for emergency supply, as they call it. They have selected a number of towns for which they want that some supplies should be kept ready for emergencies. Where there were central stores, they were to undertake the supply of food stuffs and to stock the requirements of a proportion of the population for a period of about 3 months. They have guaranteed the loss that these stores may suffer if they suffer any loss at all. They have also given the assistance of the junior inspectors and senior inspectors to these Central Stores and some big primary stores. This is the scheme which was sanctioned about 3 weeks back and which is being put into operation. In the meanwhile, there is a lot of trouble in working the scheme, because the question of food supply needs special attention. The Revenue Officers have to give permits or licenses for all dealers, including co-operative societies; and in many cases, a co-operative society is treated merely as one of the dealers. They have also to sanction the particular quantity which a dealer can purchase in the area from which the food supply has to be obtained and brought. In dealing with this matter the Co-operative Stores are treated very badly. For instance, in Coimbatore which is a big town, the supply that is given for the District is eight thousand tons a month. This is a deficit district unlike Tanjore, Godavari and Kistna districts. Out of these eight thousand tons a month, two hundred and forty tons are given to the Central Stores; and there are about fifty or sixty stores in the district affiliated to the Central Stores. You will thus see how the co-operative stores are treated. You will find that the scheme is unworkable, as the revenue authorities are prepared to allow only two hundred and forty tons for a big store like the Coimbatore Stores. When the Collector was asked about this absurdity, he seems to have said "why should the primary stores come to the Central Stores? Why not they purchase from the merchants or those dealers who purchase from the merchants?" Then, there will be no necessity for the Central Stores. Under the scheme of the Government now sanctioned, the Central Stores is supposed to meet the emergency supplies not only for the co-operative stores but also for the whole town in emergency times. This is the position in regard to rice, and we are not able to get the proportionate quantities for various reasons. You know in these days it is not merely getting paper permits that will enable you to get the thing. At every turn we are facing difficulty. So, unless some solution is found for the purpose of enabling these stores to get required quantities of food supplies by means of alloting certain quotas and providing certain facilities for transport for these stores, I think it will be very difficult to work. We have been trying to get over these difficulties one by one even before the matter has become acute; but I may say that without the co-operation of the Commissioner of Food-supply the scheme is not workable. In spite of the difficulties, the Co-operative movement is prepared to work as best as it can, so far as our province is concerned. I do not know how things stand in other provinces.

Last April, when the Government had the idea of stocking some commodities in Madras, the Triplicane Urban Co-operative Society, popularly known as the T.U.C.S., came to the rescue of the Government. And the Government placed some money at the disposal of the T.U.C.S., for the purpose of purchase and stocking of food-stuffs. There is always trouble in the matters, when the officials and non-officials were to work together. Jsut now, Mr. Bashir Ahmad Khan, our worthy Secretary told me that I was attacking and supporting the department by turns. I told him that the mistake was not mine. I am one of those who feel that we should both work together. The department is not different in its aims from non-officials. We both exist for the people and it is a department which is for service and not for power. When we work together and when we co-operate, it is not always possible to keep each other in their own respective spheres. What happens is that one of them wants to encroach on the other's sphere and there the trouble arises. In this province, we wanted to co-operate. We tried our best. There was too much interference as we thought. Again there was a change, and we are now thinking that there is co-operation between us and the department. If at any time we feel that there is too much interference, we will protest. We will tell them so. But that does not mean that under all circumstances we are attacking them or supporting them. We keep what we consider as our respective positions.

Talking about the T.U.C.S., there again a stage has come when co-operation is necessary. There were some conditions imposed by the Government for continued co-operation. The T.U.C.S. cannot agree to those conditions. I do not exactly know what is going to be done. Some sort of agreement is always possible and I hope good sense will prevail. These are the special circumstances or special experiences we have had in this province.

As regards the price obtained by the agriculturists, they no doubt get a little more than what they used to get before. But the actual price paid by the consumer is very much more than what an agriculturist gets for a bag of rice. I worked out the cost and I feel the difference to be accounted for, was something like Rupees seven per bag. The agriculturist actually gets about Rupees ten and the consumer has to

pay about Rs. 17. So there is a difference of Rs. 7 to be accounted for, and the transport charges cannot account for more than a fraction of it. But the Government think that they have satisfactorily solved the problem. As you know, intervention of merchants makes it impossible for food grains to be sold at the prices fixed by the Government. One day the price is Rs. 21 and another day it goes up to Rs. 27; but the controlled price is the same. If only the co-operative societies are used as they should be, and they offer to be, it will be possible for people to get rice at the controlled price. While the poor agriculturist who cultivates, as I said, gets just a little more for his efforts and he has been able, to a certain extent, to pay off his old debts, he has to pay for the goods he has to purchase much higher prices. In the Provincial Bank, last year about this time, our outstandings amounted to a crore of rupees and now at the present moment, it is only 35 or 36 lakhs. Even this is mainly used for starting of stores societies and not for rural societies.

The price of every commodity has risen. For instance, gram which used to be sold at Rs. 8 per bag is now sold at Rs. 30. Tamarind which used to be sold at Rs. 1-4-0 per maund is now sold at Rs. 8. Naturally the cultivator has got to pay very much higher prices for purchases to be made by him. What will be left out of the increased income he gets is a question which you would like to ask. I feel this year and in the years to come, the agriculturist would again be facing his old deficit budget. The seemingly prosperous condition which started last year comes to a close, and he won't be in a position to maintain the prosperity which we thought he would. It is for all of us to consider how we can permanently improve the position of the agriculturist. Some sort of decision should be arrived at as to what he ought to get and how his standard of living would be improved. It has no doubt improved to a very little extent during the first year or two of the war. But, of late, the prices of commodities which he has to purchase from his income have risen about four times.

I have some connection with textiles, and I may tell you that the prices now ruling are some thing very extra-ordinary. On the one hand we have got the mill-owners making huge profit, while on the other hand the Government is simply playing with the problem. They are talking about the standard cloth and things like that. I do not understand the standard cloth scheme at all. I do not know if the Government understood it or is going to evolve a scheme in the future. Things will have to be settled hereafter. Here, the sort of cloth that is going to be produced, as I understand, will be such that I do not think even the labourers of these parts will be prepared to use it. I do not know whether the price has been fixed at all. This is the state of affairs.

Recently there has been a proposal to strengthen the Provincial Hand Loom Weavers' Co-operative Society in this province. They wanted to purchase yarn and supply to the Provincial Weavers' Society at the panel price. You must know what exactly is the panel price. The market price of yarn is Rs. 40 per packet of 40s yarn, while the Government will get for the Society at the panel price, that is Rs. 17 a packet. You will note the enormous difference that exists between the two prices. The original scheme I think, as it was mentioned to me, was this in brief: The Government would give the yarn to the Provincial Weavers' Society, and they should give wages which will probably be 30 or 40% over and above the ordinary wages paid in pre-wartime. The Provincial Society will itself take up the finished products and sell them at the market prices. That is to say that the weaver will get very little, and the Provincial Society will get yarn at the panel price and sell the cloth at the market rate. The Provincial Society will get paid about three lakhs a month or thirty six lakhs a year. So, the Provincial Society by this scheme of the Government was to be profited by Rs. 36 lakhs a year and the weaver himself was to get about 30% over his pre-war wages. While the Society is intended for the weaver, very little is going to him under this scheme. We are having any number of controllers—Yarn Controller, Food Controller, Wheat Controller and so on. The difficulty seems to be that the numerous controllers and the way in which they work retard the supply and distribution of goods rather than help the consumers.

I suggested to the Government that there might be a Provincial Committee consisting of the Food-Supply Controllers, representatives of the two Railway Companies and a few non-officials. The reply I got was of course rather funny. The Adviser to the Government said that there were already two committees for supply and transport, and the only need was to co-ordinate the activities of the two. There was no necessity for constituting another committee. I feel that unless such a committee is brought into existence in every province and the responsibility placed on them for the purpose of distribution and supply of food grains and for making satisfactory arrangements for transport and other facilities, it may be that the whole country may not suffer, but parts of the country will suffer from lack of adequate food-stuffs. There are many things in these days which do not find a place in papers. Probably we may have to suffer more; but I hope that we will be able to put before the Government some satisfactory scheme and they will adopt the same.

With these words I welcome you all to take part in the proceedings and arrive at a satisfactory solution of the problems facing the country at present.

The Hon'ble Mr. V. Ramadas Pantulu, President, then requested Dewan Bahadur H. L. Kaji to read the Presidential Address on his behalf.

The following is the text of the Presidential Address:—

My Dear Comrades in Co-operative Service,

It is indeed very kind of you to have acceded to my suggestion to meet in Madras and come down to the southern-most province of India, particularly at a time when conditions in your several provinces and states are by no means such as to permit you to leave your homes with confidence and prospect of a convenient travel. I am particularly grateful to you for having given me this opportunity to come into personal contact with you after the lapse of over two years. My prolonged and serious illness during this time prevented me, to my great regret, from attending your meetings. I hope and trust that your deliberations at this joint session will help to reinforce the faith of the co-operators in India in the movement as a world force and in its potentialities in post-war economic reconstruction.

I have no new co-operative problems to present to you or any new solutions to our old maladies to offer. But every old problem is assuming a new garb and every old principle is calling for a new application in the present conditions of the world. The present conflagration had shaken the very foundations of political organisations, social order and economic structure in almost every country in the world. Every nation is looking forward to the emergence of a new world order built from the bottom upwards on more stable and sound political, social and economic foundations. The present "price and profit system" is universally condemned. It was described by an eminent economist of the New York University in a recent address as an "outmoded creaking economic instrument". The recent utterances of international co-operators and the proceedings of international co-operative gatherings reveal the lively interest which co-operators all over the world are taking in evolving plans to make co-operation play its proper role in our task for the future. In all countries there is marked dissatisfaction with the present mode of production and distribution and the desire to overhaul the system thoroughly is universal. The objects aimed at are a fair deal to all agencies employed in production and distribution and an effective control to the consumers over the means of production and distribution. One notable feature of utterances at the international gatherings is the growing realisation that co-operative action must be on the national as well as the international planes and that wherever there are national planning committees the national co-operative organisations should form planning committees of their own to collaborate with the work of the national committees. This is as it should be for two reasons: The essence of co-operation is that while it postulates the liberty of each unit, it enjoins all the units to work for the good of each unit and each unit to work for the good of all the units. In the next place the international character of the movement does not call upon any country which is a member of the co-operative commonwealth to overlook issues which are peculiarly national or policies imperatively dictated by its own internal economy. No single problem that awaits solution can be satisfactorily solved either purely on an international or purely on a national basis but most problems can be solved by a harmonious blending of national and international policies and programmes. Even in regard to the difficulties created in the internal economy by the war, they are brought about by varied causes. The *Country Woman* (London) in a recent issue puts the matter thus: The shortage of food, taking the most simple instance, is due to "complete cessation of imports in countries that had always to get from abroad a large proportion of their foodstuffs like Belgium and Greece; diminished productivity due to lack of imported fodders and fertilisers, as in Denmark and Holland; actual war conditions and disruption of transport as in Yugoslavia; excessive requisitioning as in Poland, where even peasants are starving because they have to give up all their produce. In most countries two or more of these causes are operating at the same time." So in any planning for the future each of these countries must guard against recurrence of similar conditions.

It is a matter of common knowledge that India's financial position and the economic condition of her masses hardly bear comparison with those of many other countries which are involved in the war; figures in support of this have been adduced often in the past and it is not necessary to repeat them. Let us see how the war has affected Britain and India! In Great Britain the number of tax payers in the lower catagory of £500 which stood at about 3,000,000 before the war has now risen to 9,500,000 and their income also has risen from £23 million to £270 million. Again, workers' earnings in Britain are reported to have risen by about 70 per cent while the cost of living has only risen by 20 per cent. In regard to America it has been said that from August 1939 to August 1942 while the price received by the farmer had risen by 85 per cent, that paid by the farmer had risen by only 23 per cent. There are no similar estimates for India. But most people believe that the cost of living in regard to the bare creature comforts of man such as food and clothing alone must

have risen in this country by about 400 per cent over the pre-war figure. Have the wages and salaries risen any where near 400 per cent? So in what sense can we say that the problems of post-war economic reconstruction of India are similar to those of countries like Britain and America? As one Indian economist puts it, "there is no doubt whatsoever that, taking the real sacrifices of the people, that is, sacrifices in terms of welfare, into consideration, India's burden is the heaviest when compared with a number of foreign countries including the mighty United States of America, Great Britain and her Dominions."

In some respects India is no doubt favourably situated particularly in regard to her natural resources and capacity to make herself self-contained at least in respect of food and clothing. Nevertheless, we now find that India is unable to adequately feed her people. The existence of a problem like shortage of food in a predominantly agricultural country like India, with her seven lakhs of villages where eighty per cent. of her population, whose wants are few, whose diet is sparse and whose standard of living is perhaps the lowest, live mainly occupied in working on the land, is an anomaly for which no parallel can be found in the civilised world. This regrettable position is not merely the outcome of the situation created by the war. In spite of her resources and potentialities India has been a backward country in the matter of agricultural production. The phenomenal poverty of the population results in low agricultural production which in its turn leads to increased poverty. Thus things have been moving in a vicious circle for generations. The evil has been aggravated by oppressive and irrational systems of land revenue and land tenures. Prospects of removal of these handicaps to Indian agriculture are not yet in sight. It is, therefore, no wonder that Indian agriculture is in the main a deficit economy and as a mode of living is at best precarious. So the insistence of the co-operative movement in India to lay special emphasis on the need for her self-sufficiency effort, at least to grow all the food she wants and to make all the cloth she needs, is legitimate and is certainly not anti-co-operative or anti-international. Similarly in regard to development of India's industries, trade and commerce the theory of *laissez-faire* or the free-trade principles of the orthodox economists will not suit her. If there should be "managed free trade and managed currency and exchange" in the new world order, they should be "managed", so far as India is concerned, by her in her own interest and not by others who profess or assert to have a right to "manage" her affairs for her. She must chalk out her own lines of national planning; and in that process we must endeavour to put the principles and methods of co operation to the utmost possible use.

But what are India's chances of being able to chalk out her own plans of post-war reconstruction? India is really a part of the British colonial empire to which political and economic freedom is still an object of future goal. It is only when India labours in her own interests and is able to use her own resources that she can succeed in raising the standard of living of her people. But in the imperialistic system under which she is governed this ideal is not attainable. We can accomplish nothing without first achieving political and economic freedom. This point has been very forcibly brought out by Dr. J. P. Warbasse in a notable contribution which he recently made to the pages of the *Review of International Co-operation* on "Co-operative World Organisation after the War". He says, "among the exploited colonial peoples, the co-operative method changes the nature and the result 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". It is precisely what India wants to do. She wants her people to labour in their own lands upon which they work for the elevation of their own standard of living and culture. She can only do so if she becomes self-governing. British co-operators have often assured us, and in fact have asked me to convey to you through the Indian National Co-operative Movement their readiness to stand by us in our endeavour to shape our own economic destinies. It is up to us to tell our British comrades that the first plank in the programme of post-war economic reconstruction of India is securing for her true political and economic freedom. All else is dependent on that. We in our turn assure them that we realise that victory for the democracies is necessary for the continued existence of the free co-operative institutions throughout the world and that we in India are therefore with them in their endeavour to win the war and the peace.

No item of the programmes of post-war reconstruction has attracted so much attention, particularly in the western countries, as the comprehensive plan of compulsory social insurance. The first concern of every man, woman and child is to have some real security after the war and a minimum standard of life and not to face the dreadful uncertainties—the blizzards and hazards of life and work—any more. Freedom from want is a freedom that men and women will vote for, work for, and fight for; and the *Co-operative Review* of Manchester predicts that, if there were a general election now on the issue of the Beveridge Report alone, candidates who are opposed to the report will forfeit their deposit. It does not mean that there are no vested interests even in England strongly opposed to the scheme of compulsory social insurance

and allied services. But in the opinion of British co-operators who are competent to speak on the subject, it appears that "the war has already swept away the conservatisms of life and that many overdue changes are now easy of attainment". "The British people are eager to embrace a new and wider measure of co-operation of all for all."

Alluring as all this is, what about India? Is there a plan of post-war social security for India, So far as we know, there is not. Indeed, one prominent Indian publicist says that it is unthinkable for India. While this may be accepted in a broad sense taking India as a whole and so long as no National Government is established in this country, we need not accept this as the last word on the subject. Mr. Thomas, Superintendent of Insurance, Government of India, I think, is more near the mark when he says in a recent contribution to the *Indian Journal of Social Work* that the achievement of a widespread system of social insurance in India is bound to come in due course, but will be gradual in coming, beginning with the more urgent services like sickness insurance. There may be room for difference of opinion on details, such as, which service should be treated as more urgent. But the main difference between India and countries to which the Beveridge plan is meant to be applied is this: The idea of social insurance, though not on a universal and compulsory basis, has been in operation in several important spheres of social life in those countries for decades. But in India we have to practically write on a clean slate. To me it appears that any attempt to evolve and work a scheme for relief of unemployment should succeed and not precede planning for removing unemployment or providing employment for every able-bodied person who is willing to work. Similarly insurance for relief of sickness must follow a well-conceived scheme of national health insurance and not precede it. In England the National Health Insurance Schemes were first tacked on to the activities of the Friendly Societies, which have done yeomen pioneer work in the field. But no social welfare movement in India has yet shown any active and practical interest in similar schemes. As in the case of the human organism, so in the case of social organism, relief by way of therapeutic treatment can prove effective and of permanent value only when continued healthy existence of the organism is ensured in an environment which is made congenial to such existence by constant attention paid to prophylactic and hygienic measures.

I am tempted to say a few words about the effects of inflation on our co-operative credit movement. If I attempt to deal with it I must do so without adequate data. I have tried to get contributions to the *Indian Co-operative Review* from several provinces and states in order to get some light on the extent to which the increase of purchasing power has enabled members of our societies to discharge their old debts and how it affected their fresh borrowings; in other words, whether the repayments to the societies and central banks have been larger than in the pre-inflation period and whether the economic position of our members has improved. The answer to such questions in its turn depends upon how far the rise in the prices of agricultural produce has benefited our cultivating members and to what extent such rise is offset by the rise in the cost of living due to increase in the cost of commodities and services all round. But I have not been able to get any information on the subject. It is perhaps not a matter for surprise. Collation, classification and publication of statistical information relating to co-operative credit institutions is now solely vested in the departments of co-operation. There is no other source from which we can get statistical information on a district and provincial basis. There is really no reason why our provincial organisations like the provincial banks and the provincial institutes should not be invested with the duties of collection and publication of such information. India is perhaps the only country where even central and apex co-operative organisations have to depend upon the state departments of co-operation for statistical information. The Government of India have given a useful lead to the Provincial Governments by transferring the duty of compiling and publishing statistical information relating to co-operative organisations on a provincial basis to the Reserve Bank of India. It is time we urged upon the Provincial and State Governments to follow the lead of the Central Government and afford the necessary facilities to our provincial organisations to collect and publish such information which is very necessary to have a real grasp of the trends of the movement and to evolve suitable schemes for its reform.

One of the effects of inflation cannot, however, escape our notice. It is the growing idle surpluses in some of our central and apex co-operative banks. The accumulation of these surpluses is mainly the result of the discrepancy between the increase of the purchasing power (expansion of currency) resulting from the methods of war-finance adopted in this country and the dwindling volume of consumers' goods and services so much in demand by the civilian population. If India's productive effort grew simultaneously with the increase of her purchasing power this discrepancy would not have arisen. The increased volume of money which cannot be utilised for purchasing the necessary consumers' goods and services will naturally find its way into credit and savings institutions in the first instance. But if no shackles are placed on our national productive effort, these savings would find an outlet into industries, trade and commerce. But the past and present industrial policies pursued in

this country militate against such a development. Moreover even to the extent there is scope for such outflow the co-operative credit institutions are at greater disadvantage than commercial and other credit agencies as the scope for investment of the funds of the co-operative banks is severely restricted by the statute. It is for us to find out whether and if so in what directions the mounting surpluses in our credit institutions could be utilised for the economic benefit of our members and if necessary of non-members as well, under a well-conceived and carefully worked plan of productive co-operative credit.

I understand that in some parts of India schemes are being evolved to invest part of these surpluses in the purchase and stocking of foodstuffs and other domestic necessaries through co-operative stores and sale societies. It is said that in Madras, central banks either from their own resources or out of their borrowings from the Provincial Bank will advance moneys to the central or wholesale stores, which are recently formed to co-ordinate the activities of the primary stores, whose number has grown enormously of late; and the central or wholesale stores are presumably expected to buy goods in bulk and distribute them among the primary stores for retail trade. It is proposed to try the scheme in thirty-four towns to begin with and provide accommodation to the extent of thirty-four and a half lakhs of rupees.* Besides guaranteeing repayment of these loans, the Government of Madras have also provided for free services of a number of departmental inspectors to ensure that the stores are efficiently run and properly managed and to keep down the cost to the ultimate consumer. The Government are certainly entitled to our grateful thanks for these financial and allied reliefs. This mode of investment by way of loans to stores to purchase consumer's goods is, however, now looked upon as a purely temporary and war-time measure and does not afford a satisfactory solution even partially for the absorbtion of our surpluses. While it is welcome as a war measure, in my opinion, this is not a healthy line of development either in regard to the utilisation of our surpluses or the consolidation and expansion of consumers' movement. In any case we must make every endeavour to see that these new stores do not die with the termination of the war but will continue to function as permanent limbs of our peace-time organisation.

*The T.U.C.S., the famous Triplicane Store, has been helped with direct financial assistance by the Government of Madras. A loan to an extent of three lakhs of rupees has been granted, rupees one lakh free of interest and the other two lakhs at a favourable rate of interest.

I feel that at this juncture when strenuous propaganda is being carried on to grow more food there is a great scope for utilising the machinery of co-operative credit to finance the cultivator for the growing, processing and marketing of his products. In the process of resuscitating agricultural industry by a better-regulated system of agricultural credit many of our one hundred thousand rural societies can be so re-organised, if necessary with wider functions than merely providing credit, as to help the agriculturist 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 the establishment of a closer relation between the farm and the factory. Developed on proper lines co-operative banking is bound to play a very important role in the scheme of our national planning, particularly in the sphere of rural finance and marketing. All the so-called surpluses in our credit institutions are insignificant, compared with the financial needs of the agriculturists if there are sound schemes at work to cater to them.

There are many other subjects of great topical interest which are included in the long and exhaustive agenda before you. It is not possible for me to deal with them all. If, however, I may single out one important topic, it is the question of the standard cloth for the poor. In the past we laid considerable stress on the duty of the Government to provide the poor with clothing at prices suited to their means. The standard cloth scheme is no doubt taking shape. But the hardship suffered by the hand-loom weavers and the consumers of cloth is so great that they require more prompt and effective attention. Here again, I have not been able to get information for publication in the pages of the *Indian Co-operative Review* about the schemes in operation in regard to relief to hand-loom weavers and bringing down the price-level of the cloth worn by the poorer classes. From a report in the press which appeared this week it appears that the Madras Government contemplate to have the standard cloth manufactured in the villages as a cottage industry and that the distribution of yarn, collection of finished cloth and distribution for consumption are all to be undertaken through the medium of the co-operative societies. The Madras Government have also helped the Madras Hand-loom Weavers' Provincial Co-operative Society to get an over-draft accommodation to the limit of ten lakhs of rupees from the Madras Provincial Co-operative Bank to ensure supply of yarn to its member societies. I have no doubt that we who are gathered here would like to know what is being done in other provinces and states in this matter.

Before I conclude, I desire to convey to you a personal desire of mine. I am anxious that the tradition of co-operative activities, which are associated for the last two decades with this hall in which we have met to-day, should not terminate with my life. The *Indian Co-operative Review* had its birth here a little over eight years ago. Nothing can give me greater satisfaction than the thought that this work continues to be carried on in this hall, which I now dedicate to the Indian Co-operative Movement, with a request to you as representatives of the Movement to accept this small gift as a humble token of my love for the Movement. Such library as I have, which is not on view here to-day, goes with it. As soon as convenient I shall execute a trust deed to clothe the gift with legal validity. I do so in the hope that this hall will be a true temple of co-operation into the portals of which class antagonism, sectarianism, communalism, party spirit and factious strife shall have no entry. Let us convert every one of our co-operative institutions into a temple of Akbar's dream and instal co-operation in it.

> "A temple, neither Pagoda, Mosque nor Church,
> But loftier, simpler, always open-door'd
> To every breath from heaven, and Truth and Peace
> And Love and Justice came and dwelt therein".

It is premature to indicate the precise nature of the work that is to be carried on here or the agency which is to do it. But the main idea is to create facilities for study and research in co-operation and rural economics and to give opportunities to young men and women to train themselves for the spread of the gospel of co-operation—for carrying its life-giving message to the doors of those who are waiting to receive it. We have abundance of literature; we have also competent teachers to co-operate with us in our task; and too we have facilities for publicity. But all these are of no avail unless we have the right type of men to shoulder the responsibilities of the movement and to popularise its ideals, aims, principles and methods. We want not only such men, but a very different environment for them to work in. There is no reason for pessimism or despondency. If we have faith in the religion of co-operation and in ourselves and continue to discharge our duties with that exalted sense of duty that the task demands and in a true missionary spirit, a new generation of men and women shall soon arise "with flame of freedom in their souls and light of knowledge in their eyes" to succeed to the glorious heritage of a new, united and free India.

Then Khan Mohammad Bashir Ahmad Khan, Honorary Secretary of the All-India Co-operative Institutes' Association, read the messages of good-will and greetings received from the following, among others:—

J. D. Tyson, Esq., C.B.E., I.C.S., Secretary to Government of India, Education, Health and Lands Department, New Delhi.

The Registrar of Co-operative Societies, United Provinces, Lucknow.

The Registrar of Co-operative Societies and Director of Rural Development, Bombay Province, Poona.

The Registrar of Co-operative Societies and Director of Rural Reconstruction, Punjab, Lahore.

The Registrar of Co-operative Societies, N.W.F.P., Peshawar.

The Registrar of Co-operative Societies, Sind, Karachi.

The Registrar of Co-operative Societies, Indore.

The Registrar of Co-operative Societies, Pudukkottah.

The Registrar of Co-operative Societies, Trichur, Cochin.

The Hon. Secretary, The Cochin Central Co-operative Institute, Trichur.

The Editor, Co-operation, Lahore.

The Secreatry, The Indore Co-operative Central Association.

The Co-operative Dominion Bank, Hyderabad. (Deccan).

The Sind Provincial Co-operative Bank, Ltd., Karachi.

Dr. P. Gurumurty, Rajahmundry.

The Secretary then made a brief statement on the action taken on the resolutions passed by the 5th All-India Co-operative Conference held at Nagpur, in April, 1942, as follows:—

For the information of the house, I beg to state that necessary action was taken on the resolutions passed by the Fifth All-India Co-operative Conference, Nagpur. A copy of each resolution was forwarded for information and necessary action to all concerned, Viz. Provincial Co-operative Institutes, Provincial Co-operative Banks, Editors of Co-operative Magazines, the Registrars of Co-operative Societies, the Reserve Bank of India, the Governments of Provinces and States and the Government of India.

In response to our resolutions Nos: 11 and 30, the Deputy Secretary to the Government of India, Department of Supply, Directorate General of Supply, Co-ordination Directorate, New Delhi informed me under his No: CDN/584 (Genl.) dated 26-11-1942 that the Supply Department had held Conferences on 23rd and 24th March, in New Delhi with the representatives of the Provincial Governments and Indian States to consider the use of small scale industry for production of war supplies. As a result of that Conference it was decided to appoint official agencies in Provinces and States. These official Agencies will deal with the Co-operative Societies and other small producers acting as large contractors dealing with many small sub-contractors. Supply Department through its representatives in the Provinces viz., the Controllers of Supplies, Karachi, Lahore, Bombay, Cawnpore, Calcutta and Madras will deal with these official agencies only. The scheme is making good progress and supplying adequate material required for Defence Services.

The resolutions passed by our Conference are of an advisory nature. It is hoped that necessary action will be taken by the Provincial Co-operative Institutes, the Provincial Co-operative Banks, the Registrars of Societies, the Reserve Bank of India and the Governments of Provinces and States.

At this stage, the President requested Sir Madhaorao G. Deshpande, K.B.E., Vice-President of the Indian Provincial Co-operative Banks' Association to occupy the chair to continue the Opening Session on that day.

Then Sir Madhaorao took the chair and called upon the Co-operators assembled to give a brief account of the progress of the movement in their respective provinces and States. The following is the summary of statements made in response to the Chairman's request:—

Mr. S. Sreenivas, (The Mysore Co-operative Institue,) **Bangalore:**— I have the pleasure to place before this meeting a brief report on the progress of the movement in Mysore for the period ending December, 1942. A Co-operative Advisory Committee is constituted which is being consulted before any changes etc., are made.

During last half-year particular attention was paid to the organisation of Marketing Societies for paddy, cotton, cocoanuts, copra etc. The consumers' movement was developed further by the organisation of 25 New Stores' Societies and inducing quite a large number of credit societies to open stores as adjuncts to their credit activities, the main object being to provide at least one society for each Hobli which would cater not only to the needs of members but also to the general public by storing and supplying essential commodities and foodstuffs. With a view to provide for emergencies some select societies were made to purchase and stock some of these essentials with the help of loans granted by Government, free of interest. And the following are the important measures which have been taken now on hand owing to the war emergency:—(1) Organisation of a Provincial Marketing Society: (2) Organisation of Marketing Societies for handling paddy, vegetables, milk, butter, mangoes, pomogranates, tamarind, soapnuts, groundnuts etc., and linking them up with the Provincial Marketing Society and consumers' societies: (3) Organisation of Industrial Societies for war supplies such as Kamblies, sandals, and the development of bee-keepers' society at Sapalespur and organisation of a new one at Mudigere: (4) Organisation of cottage industries on co-operative lines, that is, handloom weaving, porcelain ware basket-making and hand made paper etc. (5) Organisation of a Rice Hulling Society at Mysore and Krishnarajanagar and a cotton ginning factory at Maridipalli in Haripur Taluq and Arsikere: (6) Organisation of co-operative association for the opening of and management of schools and libraries (Gandhian High School): (7) Opening of an Ayurvedic and Unani Medical Aid Societies in the rural areas (Bangalore Medical Aid Society): (8) Organisation of labourers' societies for road making and timber removing from forests in Malnad (Shimoga Dt.): (9) Supply of agricultural implements, seeds, manure, etc., through co-operative societies: (10) Development of consumers' movement making the societies serve as fair price depots to ease food situation created by War.

Khan Saheb Mohammad Hamid Chisti. (The United Provinces Co-operative Union), Lucknow:—Now there are about fifteen thousand credit societies in the United Provinces with a working capital of about Rs. 4 crores. We extended our activities towards the organisation and development of industrial societies, consolidation of agricultural holdings, marketing of fruits, vegetables, milk, cotton and production of war supplies. Since the year 1939 we have undertaken to market the syrup and we have brought into market the products of members which have been sold in our co-operative stores. To Government alone we supplied Rs. 1,40,000 worth of food products in the time of food shortage in the province. About 22 shops are now working. All this is being done with the financial assistance of the Central Banks. I have to submit that without an apex bank it is very difficult to carry on the work. We have been working hard for the organisation of the apex bank and the prospect of it is not yet in sight. As I have told you in the beginning it is the supply of war productions which has given a good drive to the cottage industries. We have so far supplied material worth about Rs. 45 lakhs. No doubt the societies are earning some profit. But it is a very temporary phase and we are taking steps for the retention of these industrial societies even after war.

Mr. N. Satyanarayana (Madras): Is it a fact that many of the societies are combined on unlimited liability basis in the U. P.?

Khan Sahib Md. Chisti. Not many; but only in certain cases wherever it is found desirable.

*Rai Sanat Kumar Chatterji Bahadur, Director, Bengal Provincial Co-operative Bank and Khan Bahadur C. Afsar Ali, Registrar of Co-operative Societies, Bengal explained the events which led to the passing of the Bengal Co-operative Societies Act (Provincial) and the working of the movement since the Act and the rules thereunder have been brought into force.

Mr. N. Satyanarayana wanted to know from the Registrar of Bengal how the banks were financed.

Registrar of Bengal: They are being supplied with short term loans. Special societies are being organised for the purpose. 10,000 societies have been formed in the last four years.

A voice: How are they working?

Registrar of Bengal: Prosperously.

Khan Mohammad Bashir Ahmad Khan: Membership please?

Registrar of Bengal: Nine to ten lakhs. I shall be very glad to supply you with any detailed information you require if you write to me later.

Mr. N. Satyanarayana: What is the limit of a loan?

Registrar of Bengal: It is limited to Rs. 25 per member.

Pt. Lakhe of C. P. & Berar Provincial Co-operative Bank, Ltd.: I want to ask one question and that is if any audit fee is charged.

Registrar of Bengal: We propose to recover it. But no audit fee is charged for the first eighteen months.

Pt. Lakhe: What is the profit available for paying all these things

Registrar of Bengal: It will work in such a way that they do.

Mr. J. G. Bhandari: The problem of getting financial accommodation for agricultural needs at a reasonable rate of interest has been engaging my attention for sometime past. The high rates charged by the Imperial Bank first came to my notice in connection with the arrangements for the overdraft allowed by the Imperial Bank of India to the Punjab Provincial Co-operative Bank Ltd., Lahore. I found that the Imperial Bank of India was charging the Provincial Bank 1 to 1½% over the Imperial Bank advance rate which was 3½% then. After prolonged correspondence the Bank agreed to charge interest at 3½%, the Imperial Bank advance rate. Some months later when the Reserve Bank gave us a loan of 3 lakhs, the Imperial Bank agreed to reduce

*Their notes on the subject appear elsewhere in this issue under the caption "Recent Trends of Co-operative Movement in Bengal," (Vide page no. 134).

the rate of interest from 3½% to 3%. This is the present position in the case of the overdraft to the Apex Bank. I found that some branches of the Imperial Bank of India were charging interest at high rates varying from 3½% to 5% for overdraft allowed to our Central Banks and Banking Unions in the Mofussil. I took up the matter with the Head Office of the Imperial Bank of India and I am glad to say that the Head Office of the Imperial Bank issued instructions to its Branches to reduce their rates of interest. This is the position in the Punjab, but I would like to know how matters are in other provinces.

Rai S. K. Chatterji Bahadur: In Benagl up to 10 lakhs we have got to pay 4½% and beyond 10 lakhs we get for less.

Mr. J. G. Bhandari: I have related to you our experience in the Punjab. At present we pay interest at 3% to Imperial Bank in the case of loans to the Provincial Bank and at 3½ to 4% in the case of our Central Banks and Banking Unions in the mofussil.

The question of Loan and Sale societies in Madras has been specially engaging my attention for some time past. You know, perhaps, that the Reserve Bank of India has recently adumbrated a scheme offering financial accommodation to approved Provincial Banks at a low rate of interest for the purpose of marketing agricultural produce. I find that enormous business is being done by Sale societies, especially in Godavari and Kistna Districts in Madras Presidency, but they do not seem to take advantage of the Reserve Bank scheme. Development of these societies will greatly help the agriculturist to obtain better prices for his produce. I would like to know, what are the special conditions in the Madras Presidency that favour the successful working of these societies. If similar conditions prevail in other provinces, I see no reason why Sale societies should not be started there.

The other point to which I would like to draw the attention of the house is the Reserve Bank scheme for giving Remittance Facilities to Scheduled Banks and Co-operative Banks. The original scheme has been modified materially as the result of representations made by the Punjab. While we are thankful to the Reserve Bank of India for small mercies, I feel that the Co-operative Banks in the Punjab work at a disadvantage as compared with the scheduled banks. I believe, the position is the same in other provinces also. You know Co-operative Banks work at a low margin, as their aim is to help the cultivator by advancing money at a low rate of interest. This they can do only if they obtain finance at a reasonably low rate of interest from the Reserve Bank.

Mr. N. Satyanarayana: What is the ultimate borrowing rate in the Punjab?

Mr. J. G. Bhandari: About 6% to 7%.

For sometime past, our Central Banks and Banking Unions have been getting enormous sums of money. So much money is coming in that we do not know what to do with it. I imagine the same must have been happening in the other Provinces also. The question of finding a suitable avenue for the investment of surplus funds should receive our serious consideration.

Money is coming in very largely. I think the same thing must have been happening here. These are some points to which I liked to draw your attention.

Mr. N. Satyanarayana: I would like to place before you one or two facts about the primary societies which form the real foundation of the co-operative movement. The deposits in the village societies both of members and non-members constitute a very small percentage of the working fund. It is true we have got enough working capital at our disposal. But we derive our money from rich people, safeguard its investment and repay it with interest. But in order to make the village societies real life centres of the movement, we have to collect deposits from the poorer and the labouring classes in small sums of even a rupee or less by promoting thrift and saving habit among them. This aspect of co-operation which forms the weakest link in the chain of co-operation must be looked into.

Mr. I. P. Kariappa: (The Coorg Central Co-operative Bank, Ltd.,):— Coorg is a small province with a population of 1,68,000 and an area of 1580 sq. miles. There are 340 societies of which 7 are grain banks and one central bank, working with a capital of Rs. 22 lakhs. In credit societies the percentage of collections is 75 and in the central bank it is 89. Even in the field of non-credit societies we have made great progress. 2 paddy marketing societies, 3 cardamoms, 3 provision stores and one khadder sale society are in existence and working. I should make special mention of the honey and orange marketing societies. We sell about 50,000 lbs. of honey all over India. For the sale of oranges we have 2 co-operative sale depots at Mysore and Bangalore. The extraction and preservation of fruit juice is under consideration. Ladies thrift society is working well. Two lady organisers have just been appointed. There is perfect harmony between the Registrar and non-officials. It may be of interest to you to know that out of 274 revenue villages, 272 villages are served by the co-operative movement. 12 village credit societies have been converted into multi-purposes societies and are working well. 6 anti-lantana and anti-malarial societies are also working well. In our central bank we have plethora of funds of late and we hope some of you will solve our problem of remunerative investment.

Mr. P. M. Chengappa, (Registrar of Co-operative Societies, Coorg): I have one or two problems to place before you and particularly I should like to consult the Reserve Bank of India on certain matters. We are placed in a very peculiar position. Probably many of you do not know that. We are somewhere cut away from the rest of India with no railway communications. We are 75 miles away from the nearest railway station with no bank, Reserve Bank of India, Imperial Bank of India or any other big bank. We have to subsist as a separate province. We have got one Central Bank and 340 co-operative societies.

We have no Land Mortgage Banks. But every village co-operative society is a miniature land mortgage bank. Loans are given for a period up to ten years on mortgages of property and thereby we have done away with the land mortgage banks. At one time there was a proposal to have a separate land mortgage bank. But the Government and the people thought best not to have a land mortgage bank and entrusted the work to societies. Our difficulty is finance. At present we have ample funds and we have a cash balance of 2 lakhs lying idle for nearly 8 months. We really do not know how best to invest. The Reserve Bank of India has advised me to invest in loans only a limited sum of these cash balances. The Government treasury has refused any link with the provincial treasury. We have one Central Treasury and 3 branches. At one time we lost about Rs. 43,000 in an investment. So we require some assistance. I am terribly nervous. In normal times I would like the Reserve Bank of India to find us a solution as to how best we can solve our financial problem. It is impossible to exist like this having a separate co-operative bank. A crisis might come and we may not be able to meet the demands.

Mr. K. Velayudhan Pillai of The Travancore Co-operative Institute, Travancore, gave a description of the physical features, population agricultural and other occupations in the state of Travancore. He said that Travancore was depending for the supply of paddy and rice to a substantial extent on Burma. He has also stated how the regulation of the sale of the paddy is affecting the internal economy. While the price of paddy has risen 400%, wages have not increased by more than 50%. The condition of the rubber, tea and other plantations which was bad before the war, has improved since and the estates are yielding good incomes. He said that the condition of the co-operative movement in the State was on the whole not satisfactory and that there were 2,000

co-operative societies with a membership of 2 lakhs. There is a land mortgage bank which is now run as a State bank though the original idea was to organise it on a co-operative basis.

Mr. P. Paramu Pillai (Travancore): I must first refer to the part taken by Government to help the movement, i.e., the appointment of a committee to make recommendations for rehabilitation, the approval of the scheme submitted by them, and the appointment of a rehabilitation special Officer, empowering him as a Liasion Officer to help societies in food-production and distribution activities; and the industrial and agricultural improvement that have come about in the State as a result of co-operative activities, especially cultivation of paddy and tapioca on an extensive scale by societies intensifying of spinning and weaving, mat-weaving by palm leaves and screw pine leaves, jaggery making, tapioca flour making, (to be used as startch in the place of farina,) spinning and weaving of coir yarn, production of copra and marketing of these articles by the Travancore Co-operative Wholesale Society, and the Travancore Central Weaving and Industrial Co-operative Society. Even though the Government has not appointed a separate full-time officer for the charge of the co-operative department, the appointment of the Special Officer has considerably made good the deficiency and materially improved the condition of societies.

With regard to the Central Bank, it is my duty to repeat again, that the Government has been kind enough to help it with a loan of Rs. five lakhs, and has promised a further loan of another lakh this year, to successfully get over the pressure created by depression.

Coming to the emergency of the war, I beg to state, we foresaw, the difficulty of the food-stuffs and carefully prepared a scheme for intensifying food production, by cultivation of paddy and tapioca on lands which were uncultivated so far, and which were obtained on lease from Government as also big land lords. We have succeeded to bring under cultivation about 2,000 acres in this way and this has contributed largely to ease the food problem. We are further developing the plan by intensive propaganda.

In the field of distribution also, the societies in the State have contributed substantially. The Institute issued bulletins and circulars, indicating the importance of this imperative duty of co-operators, and some unions have spent their whole time and energy in this matter so much so, that the distribution of controlled commodities like paddy, rice, sugar and kerosene oil, has fallen entirely into the hands of co-operatives in certain Taluks. Some unions have formed even experimental societies in places, where there were no registered societies to take up distribution. As a result of these useful activities, societies which were even defunct have obtained new life, and the people have come to understand the usefulness of the co-operative societies and rally round them. The experience of the last few months shows that the problem of rehabilitation itself could be effectively solved, if the societies are nursed back to life in this way.

Mr. S. D. Ujwal, (Registrar of Co-operative Societies, Jodhpur):— Jodhpur is a small State with about 25 lakhs of population. We started the movement recently in the State and we have 110 societies. Just at present I came here more to learn than to tell you anything. The State is very sympathetic with the movement. Happily the official and non-official feeling is absent there.

Mr. P. Paramu Pillai of Travancore:—In order to make a comparative study of the facts of the movement in each Province or State it is desirable that the Secretary should collect information from non-official sources and publish an All-India Review.

Mr. T. A. Ramalingam Chettiar of Madras:—If there is going to be a Review it ought to be coming from the Institute and it ought to be passed by the Committee of the Institute.

Mr. Rana Sher Jung Khan of the Reserve Bank of India, Bombay:— We have already taken over the publication from the Government of the statistical tables. We propose to continue the publication of the Review of the co-operative movement. But owing to shortage of paper it has not been possible for us to bring out the publications as yet. If you also publish a Review it would be duplication of work. If the material collected is sent to us it would be helpful.

Mr. K. C. Ramakrishnan, President, T.U.C.S., Madras:—Conflict of views.

Prof. H. L. Kaji:—They derive the data from us.

Mr. T. A. Ramalingam Chettiar:—He wants to do the other way.

Mr. Rana Sher Jung Khan:—It is unnecessary duplication of work. Our review is based on official information.

Prof. H. L. Kaji:—Ours is non-official. We will send you a copy as soon as it is published. You can take our facts into account also. But we would not like to loose our idea.

Mr. Rana Sher Jung Khan:—Our review will be based upon both official and non-official views.

Mr. K. Velayudhan Pillai of Travancore:—My experience in most of the places at least as far as I know, these institutes are under the thumb of the Registrars. Therefore I fear it would not be possible to get a real non-official version from each part.

Prof. H. L. Kaji:—I thoroughly agree with him. We cannot help the opinion being dominated by official opinion.

I wish to make just a few remarks. I do not propose to speak of the Co-operative Movement in my Province generally; but shall confine myself to any striking changes that may have become noticeable, since we last met in Conference, at Nagpur. The Co-operative Movement has entered upon, it seems, a queer phase in this, that it has become a Department of Government activities for the time being. Stricter Official control has been there. But during the war, with all the exceptional circumstances in the country about trade and transport, the Movement is under greater supervision and control, than before. This is the striking change, so far as I can see. I hope it is a temporary phase, and that when normal conditions prevail after the war, a process of de-officialisation will set in.

To-day, the one problem that attracts attention in Bombay as elsewhere, is the Food problem. So far as co-operation is concerned, the question of how to utilise Co-operative Societies, for the purpose of distribution of food stuffs has come to the forefront. With the exception of the T.U.C.S., there is no stores organisation in India, which can shoulder this task of food distribution. It is easy to talk about organising more consumers stores and the services they can render in this connection. But the problem is very difficult, and I do not think, co-operation can play any effective part in food distribution under a scheme of ration. If at all, consumers' stores can usefully serve the population, they must be organised by localities and not by occupation as it has happened in some cases in Bombay.

Employees' Societies undertaking the work of food distribution would hardly succeed, whereas the stores in residential areas, can certainly render greater assistance. The Store Societies in the City of Bombay met in a Conference and they adopted a scheme, under which the Bombay Co-operative Marketing Society, of which I am the Vice-President, has undertaken to serve as a medium for obtaining the supplies to the various co-operative organisations under the Scheme of Rationing. It is too early to say, how far this scheme succeeds. But it is a good beginning of co-operative effort, and might lead to a better organisation and a better co-operative spirit.

After that, the Meeting appointed a Sub-Committee consisting of the following members to prepare draft resolutions, to be placed before the Business Session next day:—

Dewan Bahadur H. L. Kaji.

Mr. T. A. Ramalingam Chettiar.

Khan Mohammad Bashir Ahmed Khan.

Mr. N. Satyanarayana.

Rai Sahib Dalip Man Singh.

Khan Sahib Hamid Chisti.

Rai Bahadur Sanat Kumar Chatterjee.

Khan Sahib Khan Hasham Khan.

Mr. K. Velayudhan Pillai.

The Opening Session terminated at 6 p.m. The Members of the Standing Committees and others were then entertained at Tea by the President, the Hon'ble Mr. V. Ramadas Pantulu.

After Tea the drafting Sub-Committee met and sat till late in the night and completed the business entrusted to them.

2ND DAY'S PROCEEDINGS—SUNDAY THE 25TH APRIL, '43.

The Business Session of the Meeting commenced at 11 a.m. to transact the business of the agenda. Dewan Bahadur Prof. H. L. Kaji, Vice-President of the All India Co-operative Institutes' Association occupied the chair to conduct the proceedings of the Business Session. Resolutions on the agenda paper were then taken up one by one. After some discussion the following resolutions were adopted by the Meeting.*

1. This meeting begs to convey its grateful thanks to the President, the Hon'ble Mr. V. Ramadas Pantulu, for the munificient gift of the Meeting Hall and the Library announced by him and prays for his speedy recovery.

2. The question of food supply has become very acute in all parts of India and it has assumed a critical situation in some of the States and Provinces. The arrangements made by the Governments are very inadequate. This meeting is of opinion that for satsifactorily meeting the situation, it is necessary that in every Province there should be a Committee consisting of the Food Supply Commissioner, Registrar of Co-operative Societies, Representatives of the Railways working in the Province and some Non-officials, especially representatives of the co-operative movement, for the purpose of allocating areas for purchase, for arranging for transport, and for otherwise making arrangements for purchase and distribution of foodstuffs. This meeting is of opinion that the Co-operative Institutions should be very largely used for the purpose of distributing food and other essential supplies.

*We regret that it has not been possible for us to report the discussions on the resolutions as the stenographer who took notes of the proceedings in shorthand took ill suddenly and no long hand transcript for the same could be obtained.—*Editor.*

With reference to the complaints received from some provinces in the matter of distribution of allotments for co-operative stores and the issue of permits for sale, this meeting urges on the Governments that the Central Co-operative Stores and where there are no such stores, the co-operative institutions on a regional basis, should be allocated the major portion of the allotment for each area.

3. In view of the importance of Co-operation as the basis for post-war reconstruction, this meeting urges on the Government of India to nominate a few representatives of the Co-operative movement on committees appointed by them for post-war reconstruction work.

4. The linking of producers' co-operative societies with consumers' co-operative organizations for the mutual benefit of both the producers and the consumers is desirable and should be encouraged.

5. This meeting reaffirms its resolution No. 9 passed at Bombay in January 1941 with reference to service conditions of employees in Co-operative Institutions and urges on Co-operative Organizations to give effect to the minimum conditions laid down in this resolution in the following way:—

(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 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.

6. This joint meeting reaffirms its conviction that Women Co-operative Societies should be organized and to facilitate such organizations, Women Inspectors & Women Assistant Registrars should be appointed.

7. Resolved that the Indian Provincial Co-operative Banks' Association sanctions a contribution of Rs. 2,000 for the conduct of the Indian Co-operative Review for the year 1943.

8. In view of the rise in price and scarcity of paper and cost of printing, this meeting is of opinion that an Year Book for 1943 on anything like the original plan cannot be brought out; but a concise publication covering not more than 200 pages and embodying, among other information, brief reviews of the working of the co-operative movement in the various Provinces and States obtained from representative co-operative institutions, may be brought out.

The reviews may be called for and edited by the Hon'ble Mr. V. Ramadas Pantulu, Editor, Indian Co-operative Review.

9. Resolved that the Co-operative Department, with the help of the Department of Industries, should take special interest in organizing and introducing suitable cottage industries in rural and urban areas on a co-operative basis which while being mainly engaged in the manufacture of articles required for war purposes for the duration of war will function as industrial Co-operative Societies in normal times.

10. In view of the diverse methods of maintenance of books of accounts, uniformity be aimed at as far as possible; Central Unions and the Departmental authorities will do well to definitely classify the several types of co-operative societies and to prescribe, for each homogenous group, the method of keeping accounts—*i.e.*, standardizing and systematizing accounts keeping.

11. Resolved that the All-India Co-operative Associations, with the help and co-operation of similar organizations in all democratic countries, should make earnest efforts to impress upon the minds of the people of the world that all post-war planning for removing the economic ills of the world should be based on co-operative principles and practices.

12. Resolved that in Provinces and States where the Rural Development Departments have been closed down or are not functioning satisfactorily, the Rural Reconstruction work should be carried on on co-operative basis by the Development Departments and the Provincial Governments in these Provinces and States should place sufficient funds in the hands of the Provincial Co-operative Institutions for the organization and supervision of the societies engaged in carrying on such work.

13. This meeting reaffirms its request to the Provincial and State Governments to include the provident fund of the employees of co-operative institutions in the list of those recognised under the Provident Fund Act.

14. This meeting urges upon the Coorg Government the necessity of granting free remittance transfer facilities to co-operative societies in Coorg, in view of the special conditions and difficulties existing in that area.

15. This joint meeting is of opinion that a properly organized system of agricultural credit, with adequate funds, is necessary in India to help the farmer and to ensure Agricultural prosperity. With this object in view, it recommends to the authorities of the Reserve Bank of India that they should evolve and develop a special credit system for the financing of agricultural societies on lines suited to the requirements of the country with a special lower rate of interest for the agricultural borrowers. This meeting notes that such systems are in vogue in the U.S.A., Australia and other foreign countries. Such special credit systems for helping the Indian farmer are very necessary in the present times when the campaign of 'Grow More Food' is being earnestly taken in hand.

16. In view of the many important questions of policy and procedure relating to the co-operative movement in this country, which require a sympethetic consideration by the Reserve Bank of India, it is resolved that a memorandum of the points to be discussed should be prepared by the Secretaries of the Associations, after collecting information from the Provinces and States and then a deputation consisting of the following co-operators, with power to co-opt, should, if necessary, wait on the authorities of the Reserve Bank of India:—

(1) The Hon'ble Mr. V. Ramadas Pantulu, (2) Sir Madhao Rao G. Deshpande, (3) Prof. H. L. Kaji, (4) Mr. V. L. Mehta, (5) Mr. T. A. Ramalingam Chettiar, (6) Mr. J. G. Bhandari and (7) Secretaries of the two Associations.

17. Resolved that the organisation of a band of life workers devoted to co-operative service in different Provinces and States, as contemplated in the resolutions passed at the meetings of the Standing Committees held at Jubbalpore and Madras in 1939 and in the scheme prepared as per the said resolutions and circulated among members, be organized as early as possible and the President be empowered to do the needful to bring the scheme into working order.

18. This Committee urges upon the Provincial Co-operative Institutes and Provincial Co-operative Banks to undertake the duty of collection and publication of statistical information relating to the co-operative movement in India. It further requests the Governments of Provinces and States to afford the necessary facilities to these Provincial Organisations to collect such information which is very necessary to have a real grasp of the trends of the movement and to formulate suitable schemes for its reform.

19. This joint meeting, while welcoming a scheme of rediscounts for and advances to Provincial Co-operative Banks adumbrated by the Reserve Bank of India in its letter No. A.C.D.I.|B.S. 81-42, dated 2nd January 1942 for extending financial accommodation under section 17 of the Reserve Bank Act for the purpose of financing seasonal agricultural operations or the marketing of crops, notes that so far full advantage has not been taken of these facilities by the Provincial Co-operative Banks. In view of the great potentialities of the scheme for the welfare of the Indian farmer, it recommends to the agricultural credit institutions to take full advantage of the scheme, specially under present conditions when the prices of agricultural produce are so favourable. With this object in view, the Joint Committee recommends to the Provincial Governments to give special facilities in the shape or loans and subsidies for the construction of godowns and warehouses fcr the storage of grain.

20 Resolved to co-opt. Dr. P. Gurumurty of Rajahmundry as a member to the Standing Committee of the All-India Co-operative Institutes' Association and Mr. V. M. Thakore, Secretary of the Bihar Provincial Co-operative Bank, Patna as a member to the Standing Committee of the Indian Povincial Co-operative Banks' Association.

The Hon'ble Mr. V. Ramadas Pantulu:—I am so thankful to you for your indulgence and co-operation. I am grateful to the representative of the Reserve Bank of India, Mr. Rana Sher Jang Khan and to the Financial Adviser to the Co-operative Department, Government of Punjab, Mr. J. G. Bhandari, for the keen interest they have shown in helping us to come to a satisfactory solution of our co-operative problems. I am thankful to Mr. T. A. Ramalingam Chettiar, President of The Madras Provincial Co-operative Bank, Ltd., for the co-operation he extended. And the Registrars and other Official Co-operators are entitled to our grateful thanks for the trouble they have taken to attend our meeting and take an active part in the deliberations.

The Associations will take necessary action on the resolutions passed by you. With regard to the publication of the statistical information relating to the co-operative societies in each province or State, I wish to say that, if the governments do not intend to publish the annual administration reports of the departments of co-operation, we undertake to publish in the INDIAN CO-OPERATIVE REVIEW such statistical or other information from those reports, if made available to us.

Sir Madhaorao G. Deshpande:—I now propose a vote of thanks to Mr. Ramadas Pantulu who in spite of his unsatisfactory health has guided the proceedings of the Meeting. You all know the trouble he took in convening the meeting here at Madras. Till recently he was at Bezwada. It was very difficult for him to sit and doctors advised him not to work and to have complete rest. I pray the Almighty to give him long life to carry on the work of co-operation during his whole life.

Rai Sahib Dalip Mansingh:—It is our earnest prayer that Mr. Ramadas Pantulu must have a speedy recovery. In spite of his ill-health he has been present here and his valuable advice has been available to us. We had excellent arrangements for our stay here in Madras. For this we want to thank Mr. T. A. Ramalingam Chettiar, President, The Madras Provincial Co-operative Bank, Ltd., and others who have made all possible arrangements to make our stay comfortable and the meeting a complete success.

Dewan Bahadur Prof. H. L. Kaji:—Now I am tempted to say one or two words. You must have seen here two or three sections representing two or three points of view. There are the idealists and there are the business men; those who love their point of idealism and those who like their business methods. Here we have a Joint Meeting of the two Associations. The Banks' Association is a business body and the Institutes' Association is an idealist working body which is devoted to the service of Co-operation. It will be to the advantage of all that a little idealism should prevail so that the solutions to our problems may be agreeable from all points of view. I am not pessimistic about approaching the Government for something or other in a spirit of service. Even if we do not feel satisfied with the progress we made on the road towards success, I believe the movement has still a bright future before it. Though some are more sceptical about the future of the movement in certain respects, I for one, though I too had felt sometimes a sort of disillusionment coming over me, resist it with all my might. Failures have been overcome in some directions. If we continue to work with faith, the co-operative ideal is the best.

Mr. Khan Mohammad Bashir Ahmad Khan:—I consider it my duty to thank those who have given us all the facilities. Even in these hard times they have made good arrangements for our stay etc. I must also pay my respectful thanks to our worthy Chairman for giving this Hall to the cause of Co-operation. We have already passed a resolution touching this generous gift. During the course of several years in which I have been working with him it has been a real pleasure to be guided and to be advised by hm. Therefore, I with you all, pray that he may recover soon and be in a fit position to take an active part in our deliberations. I must also thank our two Vice-Presidents who have taken the trouble of conducting the proceedings these two days. But for their thorough knowledge, resourcefulness and long experience, it would not have been possible to finish so quickly the work which would have taken three days at least. I am not unmindful of the trouble taken by the Registrars of the various provinces and States who are here. Their vast and varied experience has enriched our deliberations. I am also thankful to Mr. J. G. Bhandari, Financial Adviser to the Co-operative Department, Government of Punjab, for having come all the way from Lahore to Madras for attending this meeting. Before closing last but not the least I must also thank my friend Mr. Rana Sher Jang Khan, Representative of the Agricultural Credit Department, Reserve Bank of India. His presence at our meetings has been of great value to us as it helped in casting off any misapprehensions that were lingering in our minds with regard to the Reserve Bank. He has been of sympathetic attitude towards our problems, and the relations between the co-operative institutions and the Reserve Bank of India have since improved. I have no doubt that our relations will be happier in future. Therefore we are obliged to him. I must also thank all the delegates who have taken the trouble of attending the meeting. In view of the transport and other difficulties I doubted that there may not be much representation. But I am glad to find that representatives have gathered from almost all the provinces and States. I am obliged to them for taking so much interest.

I suppose I need not give any formal invitation for the next meeting to be held at Lahore. We will be only too glad to welcome you all to Punjab. The meeting, if possible, will be held in October.

The President, while bidding farewell to the departing delegates and visitors thanked them for their good wishes for his recovery.

PROCEEDINGS OF THE CONFERENCE OF CO-OPERATIVE STORES

A conference of leading Co-operative Stores in the Madras Presidency was held in the Silver Jubilee Hall of the Triplicane Urban Co-operative Society, Madras, on the 5th and 6th June, as resolved by the Board of Directors of the T.U.C.S., and suggested by the Registrar.

Rao Bahadur Professor S. K. Yegnanarayana Ayyar presided over the conference. Invitations were sent to 20 wholesale stores and 60 primary stores in the order of their transactions. About forty delegates attended the Conference, in addition to 17 Directors of the T.U.C.S., and some officials of the Co-operative Department and prominent co-operators in the city.

Mr. K. C. Ramakrishnan, President, T.U.C.S., welcomed the delegates and visitors on behalf of the Board of Directors of the T.U.C.S. He summed up the salient features of the working of the Society, the present problems it had to face, most of them in common with other stores societies in the Province, in respect of the supply and distribution of essential food-stuffs, and pointed out the need for and the benefits of a Provincial Organisation of Co-operative Stores from the point of view of not only voicing grievances, but of propaganda, education, training and in course of time in joint purchase and production of a variety of articles.

Mr. W. R. S. Satthianathan, Registrar of Co-operative Societies, Madras, opened the conference with an address wherein he gave an account of the rapid development of store-societies in recent months, the aid given by the Govt. and the Provincial Co-operative Bank for running emergency food supply scheme in 35 towns in the Province; the need for linking consumers' and producers' societies and the scope for a provincial organization of store-societies and congratulated the Directorate of the T.U.C.S. on giving the lead in the matter. (Extracts from his Opening Address are published at Page 188).

After some messages, including Rao Bahadur P. N. Marthandam Pillai's and the Hon. Mr. V. Ramadas Pantulu's were read out, Prof. S. K. Yegnanarayana Ayyar delivered his presidential address. He dealt on the benefits of a strong centralised store-society like the T.U.C.S. operating in a compact city like Madras, instead of a number of small independent societies. He gave his impressions of the working of a district wholesale store and the affiliated primaries, pointing out certain flaws. He drew the attention of the delegates to the very many difficulties experienced by expansion of store societies in a country, where there is yet little standardisation or grading of articles as in the west, the margin between wholesale and retail prices is very narrow, and the retail shop keeper was content with a subsistence minimum, and was treated as an integral factor of urban as well as rural economy. He next pointed out the practical difficulties in linking consumers' and producers' societies, whatever be the ideal and referred to the unwholesome intrusion in retail trade by the Provincial Marketing Society in the city. He pleaded for a strong provincial organization of co-operative stores as the next step forward and felt happy that the T.U.C.S. was taking the lead and the Co-operative Department was fully supporting it.

RESOLUTIONS PASSED AT THE CONFERENCE OF CO-OPERATIVE STORES

The following were among the resolutions passed by the Conference after two sessions of deliberations:—

1. Distribution of controlled foodstuffs within a district should be entrusted to Co-operative wholesale, as per quotas fixed by the Collector guided by an Advisory Committee representing Co-operative Department, Co-operative Stores and merchants.

2. Where the quotas fixed are insufficient, co-operative stores be not compelled to sell controlled articles to non-members.

3. Fair Price Grain Shops be entrusted to Co-operative Stores, or social service agencies or at least run by the Government and not by merchants.

4. Grain Purchasing Officers should render accounts, pass delivery orders and fix prices expeditiously.

5. Primary stores should ordinarily purchase from Central Co-operative Stores, which should buy from producing centres and as far as possible from producers' sale societies instead of from local Commission Agents.

6. No Co-operative Wholesale or Marketing Society should ordinarily sell goods in retail to individual members if there is a Co-operative Stores in the area functioning.

7. It is desirable to register only one general stores society in a compact urban area to serve all the population and it is only in exceptional cases that separate societies may be registered for people belonging to any community or establishment.

8. Co-operative stores should be encouraged to sell the products of cottage industries and of Weavers' Societies and they should be given preference in the distributions of standard cloth.

9. In store societies having more than 500 members it is desirable to substitute in place of the General Body meeting of all shareholders a meeting of a Representative Body elected on a territorial basis, and the concerned sections of the Co-operative Act and Rules be so amended.

10. Provision be made in the by-laws of Store Societies for the payment as bonus to staff of an amount varying with the net profits, but not exceeding 15 days' pay in the half year.

11 A Provincial Organisation of Consumers' Societies be formed in the first instance for education, propaganda and training of the staff of stores, and to act as an agency to collect and disseminate informations useful to the stores and that a committee of 14 be constituted to draft a constitution for the same.

Convenor of the Committee:—Prof. S. K. Yegnanarayana Ayyar.

12. All wholesale stores be requested to contribute Rs. 10 and all Primary Stores not less than Rs. 3 towards the initial expenses of the above committee.

13. The above committee be empowered to be in charge of the resolutions passed at the Conference and to take such action as may be necessary to implement them.

14. As co-operative stores are obliged to sell essential foodstuffs to the public at cost price or with a very narrow margin of profit, the Government be requested to exempt all Co-operative Stores from payment of Sales Tax.

15. This Conference requests the Government to arrange the supply to Co-operative Stores of paper at controlled rates for their stationary requirements.

Extracts from the speech of the Registrar of Co-operative Societies, Madras, in opening the Conference of Co-operative Stores, held on 5th and 6th June, 1943 at the T.U.C.S., building.

The present War has given a great stimulus to the working of co-operative stores. From the year 1938-39 there has been an increasing demand from the public for the organisation of stores. New societies are, therefore, being started almost every day. The number of stores societies which was 73 on 30th June, 1938 rose to 625 by 15-12-42 and on 30th April, '43, there were 844 stores societies. The value of goods sold was about Rs. 22 lakhs in 1937-38; in 1941-42 it was Rs. 100·20 lakhs. The sales will probably exceed Rs. 2 crores this year which will end with 30th June, 1943.

A feature of the recent development of the co-operative stores in the Province is the formation of the district Central or Wholesale Co-operative Stores. With the starting of a number of primary stores in each district, the need for central organisations was felt. It was found that isloated stores could not confer the maximum benefit unless they got their goods in bulk from sources of Production at favourable prices and that co-operative central stores, primarily federations of primary stores, could, with their large financial resources, efficient management and business ability, make seasonal bulk purchases from centres of production and ensure supplies to the primaries at reasonable rates. The primary stores in the Madura and Ramnad Districts were federated into the Madura-Ramnad Co-operative Wholesale Stores in February 1940. Other districts followed suit. We have to-day 21 co-operative wholesale stores serving the needs of districts in this province.

All of you are aware that Government have recently sanctioned an emergency scheme for the purchase, stocking and distribution of essential commodities in mofussil towns through the agency of stores. The main objects of the scheme are to check profiteering by private dealers, to bring down the prices of essential commodities and keep them at a reasonable level and to relieve distress in food supplies in the event of an emergency. To begin with, this scheme will be worked in 34 towns through the agency of 14 co-operative Wholesale Stores and 65 retail stores and will be extended to other towns if successful. Government have sanctioned special staff for the general supervision of stores societies, for working as secretaries or managers of wholesale and retail stores covered by the schemes and also for the supervision of groups of well-established retail stores. The money required for the purchase of special stocks to be held under the scheme is being advanced by the District Central Banks. Government have been pleased to stand guarantee for the repayment of these loans. The scheme was introduced only in April last. I am fully aware that some of the stores are already confronted with difficulties in working the scheme, but am confident, that with a little more help from the Collectors and better appreciation of your problems, these difficulties can be solved. Most of the stores are being run by prominent non-officials, gentlemen of status and position. I somehow feel that these gentlemen are perhaps too inarticulate in voicing their grievances as regards the running of these institutions. If they join together and in one voice represent to the authoriities that their legitimate requests have not been complied with, I believe that many of our difficulties, such as supply of insufficient quotas, will tend to disappear more quickly than they are doing now.

While one recognises the need to increase the number of stores societies, one cannot afford to lose sight of the equal need to ensure and to maintain the working of these institutions at a high standard of business efficiency. It is well that we

concentrate our attention on this. The existing societies should demonstrate their vast potentialities for doing good and their great usefulness to the public.

You may be aware that in England and other western countries women take a keen interest in the working of consumers' co-operative societies. They also serve on the committees of stores and in some cases as their presidents or secretaries. Their association with the working of stores will prove advantageous to these institutions. After all, women are better equipped than men to gauge the needs of a household as regards food and clothing. They can instinctively pick out good material from bad. They are the experts, for the running of the home and especially of the kitchen is their particular province.

Stores societies should be judicious in making their purchases and in stocking them. Business losses can be averted if the purchases are made at the right moment and from the right place. For this purpose, the primaries should, under ordinary circumstances, get their requirements from the wholesale or central stores of which they are members. Purchases from other agencies should be restored to only in exceptional circumstances. This, I think, will enable the central stores to make seasonal purchases of essential commodities in bulk from centres of production and supply. As things stand, I do not find primaries going to the central stores for the bulk of their needs and their purchases from central stores form a very small fraction of their total requirements. The reason given is that the prices of the wholesale stores are higher than market prices or that the articles of the required quality are not available. The success of the central stores depends upon its ability to supply the things the primaries need at reasonable prices. Primaries and wholesale-stores should establish their relations on sound business principles, and this is a matter which should engage their attention in this early stage of their development and which, I hope, will receive the careful consideration of this conference.

The problem of bringing the producers' and consumers' organisations together is no doubt difficult, but it is not impossible. Producers and consumers organisations should each try to understand the other's point of view, and arrive at an amicable settlement advantageous to both. I have been stressing this point ever since I assumed charge and I am glad to tell you now, that something has been achieved in this direction. Eight co-operative stores during 1941-42 and 12 stores in 1942-43 purchased paddy and rice to the extent of Rs. 2.68 lakhs and Rs. 5.06 lakhs respectively from the Tanjore Co-operative Marketing Federation. The Nellore Co-operative Marketing Federation also supplied paddy and rice to a number of co-operative stores. During 1941-42, 39 stores, made purchases from it to the value of Rs. 1·11 lakhs and during 1942-43 so far, 24 stores made purchases to the value of Rs. 69,200 I hope to see better progress in future.

There is no reason why co-operative stores should confine themselves to the sale of food stuffs. They may with advantage take to the sale of cloth also. The T.U.C.S. and some other stores societies have already taken the lead in the matter. A linking of weavers' societies with stores societies will be of advantage not only to the weaving community but to the general public as well. As many of you may be aware, the Provincial Handloom Weavers' Society has recently enlarged its activities. There will not only be an increase in the production of the normal varieties of goods, but there will also be, in fact, this will be for some time their chief activity what is called 'handloom cheap cloth.' This cloth is intended to be sold at prices which are much lower than the prevailing market rates. I have already advised all co-operative institutions, including wholesale and retail co-operative stores, to take up the sale of these goods and earnestly hope that they will do it with enthusiasm.

The phenomenal growth in the consumers movement during the last 3 or 4 years is based on and accelerated by a newly born faith of the people in the social justice which it seeks to render; it represents an economic defensive and is probably a true reflection of the state of public feeling against the inequities of the private distributive system. And when we have met here to discuss our problems and difficulties, we receive the encouraging news that one of the recommendations made by the United Nations Food Conference at Hot Springs relates to the further establishment of producer and consumer co-operative societies. Well; this is significant and is in keeping with the spirit of changing times in which we live and the modern trends of economic and social thought. Ours is a great and sacred social movement, the foundations of which, it should be our endeavour to lay true and strong; and I have every hope that through your conclusions at this conference, you will be making a practical contribution towards such foundations so that this movement which is springing up from the difficult days of the war, may prove to be an efficient peace-time organisation of great social service. We, in Madras, have built up a sound system of co-operative credit. Let us try to build up an equally sound system of co-operative stores.

EXTRACTS

Extract from the Paper contributed by Mr. R. A. Palmer* on Co-operation in Europe and Post-War Reconstruction, to the Conference on Co-operative systems in European agriculture held on 16th and 17th April, 1943.

One of the fundamental needs in each country in the first stages of post-war reconstruction, whether administration is in the hands of an effective central government or of an international authority, will be the collaboration of reliable national elements which are not only capable of performing certain economic functions but also have the confidence of the people, for it is inevitable that the ideological character and brutal methods of totalitarian war will have left their mark in varying degree upon the social and spiritual outlook of the nations which have been their victims. One of the most valuable of these positive elements, and one which will be available in nearly every country, is the Voluntary Co-operative Movement with its machinery of distribution and production. Most of the Governments, I think I may say, are fully alive to the services which the Co-operative Movement can render and are giving them a place in their post-war programmes. In some countries, in fact, the co-operative machinery may be the main factor in the distribution of relief supplies.

The extent to which the principles of Voluntary Co-operation have been successfully applied to almost every aspect of economic and social life is perhaps not generally recognised. Europe may well be called the Co-operative Continent; its Co-operative Organisations are old-established, well-developed and diversified, while their membership in a number of countries represents the majority of the population.

According to a survey published in 1939 by the I.L.O., †Europe (excluding U.S.S.R.) had 242,000 Societies of all kinds with 50 million members, out of a world total (excluding U.S.S.R.) of 458,000 Societies with 73 million members. These 242,000 European Societies included approximately 20,000 Consumers' Societies with 19 million members; 11,000 Housing Societies, which also come into the Consumers' category with 3 million members; 20,000 Artisans' and Traders' and Productive Societies of Workers, with 5 million members, 188,000 Agricultural Societies (including Credit but not Insurance Societies) with 22 million members.

The Movement in the U.S.S.R., with 287,000 Societies and 60 million members, comprised 24,000 Rural Consumers' Societies with 39 million members, 16,000 non-

*Mr. R. A. Palmer, Vice-President of the International Co-operative Alliance prepared an interesting paper the first part of which deals with CO-OPERATION IN EUROPE AND POST-WAR RECONSTRUCTION which leads to a quick glance at the co-operative movement in each country in the immediate pre-war period, its past achievements, powerful ramifications and its potentialities. The Conference was held in London, S.W.I., under the auspices of British Association for the Advancement of Science.

†"Co-operative Societies Throughout the World".

Agricultural Producers' Societies with 2 million members and 247,000 Agricultural Societies or Collective Farms with 19 million members. It is, I think, well known that in September, 1935, by a Decree of the Council of Peoples' Commissars and the Central Committee of the All-Union Communist Party, all the Organisations of Consumers' Societies in towns were liquidated and their property transferred to the People's Commissariat of Internal trade.

In many lands, especially in Eastern and South-Eastern Europe and Denmark, the sphere of activity of Consumers' Societies, which in Great Britain is almost wholly urban, covers both the industrial and agricultural population. In the more agricultural countries Consumers' Societies often act as Agricultural Supply Organisations or collect agricultural produce from their members, for example, in Denmark, Finland, the Baltic States, and Hungary. In these countries farmers and peasants form the great majority of co-operative membership. But even where the Consumers' Movement relies more on the industrial workers, other sections of the population are well represented in its membership, for instance, *Sweden*, where 50 per cent of the members derive their income from industry, 20 per cent from agriculture; in *Norway*, 52·4 per cent are in industry, fishing and transport, 26·3 per cent are farmers, 6·2 per cent forestry and farm labourers, and 11·6 per cent clerical workers; in the Finnish Neutral Movement 63.4 per cent of the members are agriculturists, 24·5 per cent clerical workers and officials, 11·5 per cent industrial workers.* In *Poland* peasants constituted 44 per cent of the membership, industrial workers 31 per cent and clerical 10 per cent.

[Extract of the introduction written by Pt. Jawaharlal Nehru shortly before his arrest to the Indian Edition of Nym Wales's Book "China Builds for Democracy."]
—*Editor.*

PLANNING FOR FREE INDIA

A Lesson From China's Industrial Co-operatives

BY

PANDIT JAWAHARLAL NEHRU

In the late summer of 1933 when the fate of Czechoslovakia hung in the balance, I met at the house of an English friend in London some people who had recently come from China.

They were both Chinese and English, and they told us of the early beginnings of a village co-operative movement to produce goods which China lacked so much and to prevent an influx of Japanese commodities. It was a brave idea, but it was still in its infancy and one could hardly imagine then that it would grow and grow till it made a vital difference to events in China.

Later when I was back in India, small pamphlets and folders came to me from time to time from Hong Kong and Chungking telling me of the rapid growth of the Chinese Industrial Co-operatives. My interest in them grew, not only because of China, but because of our own village industry movement in India. When I went to China in August, 1939, I was eager to find out more about the C.I.C. and to visit, if possible, some of their centres. Some more information I gathered in Chungking, but my visit was suddenly cut short by the war in Europe and I hurried home.

Pamphlets and sometimes articles, chiefly in American magazines gave further information and as I read these my excitement grew. I referred to "Indusco" in my speeches and in aticles in the newspapers and many letters came to me asking for further details. I suggested that some of our village industry experts should go to China to study the Chinese Co-operatives on the spot, and some C.I.C. experts should be invited to pay a visit to India. But war developments brought new complications in India and all our attention was diverted to these.

*There are two sections of the Finnish Consumers' Movement—one comprising mainly the town workers and generally known as the "Progressive" Movement, the other comprising mainly the rural workers which is known as the "Neutral".

CHINESE CO-OPERATIVES

I went to prison. In the summer of 1941 a copy of Edgar Snow's new book reached me in Dehra Dun Jail. I read it with intense interest but no part of it held me so much as the chapters on the Chinese Industrial Co-operatives. Two or three months went by and then came a packet from Madame Sun Yat-sen from Hong Kong, containing Nym Wales's "China Builds for Democracy." Since it dealt with this fascinating experiment which had already achieved so much and which held so much promise for the future, when I came out of prison in December last, I spoke about this book to many friends and every one wanted to borrow it from me.

It is obvious that there is a particular demand for information about the Chinese Co-operative in India: for in many ways we have to face the same problems as in China. One of the problems that India has thought of for many years has been the relation of big industry with village industries. Is there an inherent conflict between them, and must one of them survive at the expense of the other? Is there no way of co-ordinating the two? The experience of China is of inestimable value to us, and I am sure we can learn much from it.

I have long held that the industrilization of India is essential in order to increase rapidly our production and our national wealth and thus to raise our standards and living. I do not think that we can solve our poverty problem without idustrialization and the growth of big industry. I do not think that any non-industrialized country can be economically independent.

And yet I have worked for the spread and growth of village industries not merely as a matter of political discipline but because I believed in them.

TWILIGHT OF CAPITALISM

Many of my friends have not appreciated this dual urge of mine and have charged me with a lack of faith in this or that, and with attempting to reconcile the irreconcilable. They have not convinced me, and I still hold that in India we must push both big industry and village industries and co-ordinate the two. I recognize that this cannot be easily done under the present capitalist system. Change that system then. Indeed it is bound to go under the stress of this war and its after effects, and give place to a planned economy.

Gandhiji has, I think, done a great service to India by his emphasis on village industry. Before he did this, we were all, or nearly all, thinking in a lop-sided way and ignoring not only the human aspect of the question but the peculiar conditions prevailing in India. India like China has enormous man-power, vast unemployment and under-employment. It is no good comparing it with the tight little countries of Europe which gradually industrialized with small and growing populations. Any scheme which involves the wastage of our labour power or which throws people out of employment is bad. From the purely economic point of view, even apart from the human aspect, it may be more profitable to use more labour power and less specialised machinery. It is better to find employment for large numbers of people at a low income level than to keep most of them unemployed. It is possible also that the total wealth produced by a large number of cottage industries might be greater than that of some factories producing the same kind of goods.

The objective aimed at should be maximum production, equitable distribution and no unemployment. With India's vast population this cannot be achieved by having big industry only, or cottage industry only.

The former will certainly result in much greater production of some commodities, but the unemployment problem will remain more or less as it is, and it will be difficult to have equitable distribution. It is also likely that our total production will be far below our potential because of the wastage of labour power. With cottage industries only, there will be more equitable distribution but the total production will remain at a low level and hence standards will not rise. In the present state of India, of course, even widespread cottage industry can raise standards considerably above the existing level. Nevertheless they will remain low. There are other factors also which make it almost impossible for any country to depend entirely on cottage industry. No modern nation can exist without certain essential articles which can be produced only by big industry. Not to produce these is to rely on imports from abroad and thus to be subservient to the economy of foreign countries. It means economic bondage and probably also political subjection.

Therefore it seems essential to have both big industries and cottage industries in India and to plan them in such a way as to avoid conflict. Big industry must be encouraged and developed as rapidly as possible, but the type of industry thus encouraged should be chosen with care. It should be heavy and basic industry, which is the foundation of a nation's economic strength and on which other industries can gradually be built up. The development of electric power is the prerequisite for industrial growth. Machine-making, ship-building, chemicals, locomotives, automobiles and the like should follow. All these and others like them are wealth-producing industries and work-producing industries which do not create unemployment elsewhere.

FREEDOM FIRST, THEN PLANNING

Lighter industries should not be encouraged to begin with, partly because the capital at our disposal is limited and required for heavy industry, partly because they are likely to come into conflict with cottage industries and thus create unemployment.

Unfortunately industrial growth in this country has been confined to the lighter industries. The few attempts that our industrialists made to develop heavy industry were effectively scotched by the British Government. British industrialists, thinking of the brave new world to come, were more anxious to preserve their

economic strangle-hold in post-war India than to help win the war by allowing basic industries to develop there.

This ordered development of industry in India and co-ordination between large-scale, medium and cottage industries, can only be achieved by national planning.

There can be no effective planning without political and economic freedom. Nor can there be any planning without a great deal of state control. The basic industries and public utilities and transport services should in any event be owned or fully controlled by the state.

The measure of control over other industries might be less. But it is desirable that any big industry which might come into conflict with a cottage industry encouraged by the state, should be fully controlled by the state.

The use of electric power has made an enormous difference to Industry, and it is now possible to decentralize even big industries. This works greatly in favour of small and cottage industries.

All these considerations apply to normal times. War conditions have, however, enormously enhanced the value of small and cottage industries, and it is here especially that the example of China is of great importance to us. It seems to be ideally suited to war conditions and for resistance to an invader. What has amazed me is the extraordinary poduction ratio of these industrial co-operatives. The monthly production value is stated to be two times greater than capital investment. This may be due to war factors: nevertheless it is astounding.

The democratic basis of these co-operatives and their development on this basis in this warring world are full of interest and significance. On this basis political democracy may survive; it is doubtful if it can do so on any other basis.

Neither India nor China is now going to have a normal capitalist industrial development. Yet go ahead industrially we must, or we perish. We shall have to find our own way to seek our own equilibrium. Possibly the future will lead us and others to a co-operative commonwealth. Possibly the whole world if it is to rise above its present brutal level of periodic wars, will have to organize itself in some such way.—Asia.

—*Rural India, (June '43).*

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

A Press Review

[The review published below was sent to us by Mr. M. Colombian, Chief of the Co-operation Service, International Labour Office, Montreal, Canada with a covering letter in the course of which he says:—

"*The Year Book and Directory of Indian Co-operation*, 1942 which you kindly sent me some time ago is a mine of statistical and other data: it amply covers our needs for factual information on the forms, structure and size of the co-operative movement in India. I wish, however, that this could be supplemented by some concrete description and authorised statements explaining the economic and social problems India will have to face after the War and suggesting the elements of solution the co-operative institutions of all types could offer to those problems under certain conditions."]—*Editor*.

Pantulu, Ramadas V. (general editor). *Year-Book and Directory of Indian Co-operation, 1942*. Madras, All-India Co-operative Institutes' Association (Lahore) and Indian Provincial Co-operative Banks' Association (Patna), 1942. xvi+718 pp. 5 rupees.

This publication, although presented in the form of a year-book, contains an admirable survey of the past achievements, present problems, and future prospects of the co-operative movement in India, made by experts, and constitutes a substantial contribution to a study of Indian rural economics with reference to post-war reconstruction. The survey consists of three sections, the All-India section dealing with national co-operative organisations, and the other two, consisting of monographs drawn up on uniform lines, devoted to the British Indian Provinces and the Indian States respectively. Each monograph opens with a description of the general features of the Province or State and a retrospect, followed by a study of the different forms of co-operative activity—co-operative finance, purchase and sale societies, consumers' stores, special types of societies, federations, and supervision, education and audit. Full statistical data are included. The place of co-operation in Indian economy is described in the following appropriate terms by the able and experienced editor in his introduction to the volume:

Every country which is thinking of post-war reconstruction is turning its vision to co-operation... 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.... 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.

—*International Labour Review, of January, '43.*

CO-OPERATIVE NEWS AND NOTES*

A conference of the Co-operative Central Banks in Berar was held in Malkapur under the Presidency of Dewan Bahadur K. V. Brahma, O.B.E., C.I.E. The conference was opened by Mr. D. V. Rege, I.C.S., Registrar of Co-operative Societies, C.P. and Berar. Representatives of eight central banks in Berar and several official and non-official co-operators were present. The registrar warned the conference against the consequences of liquidating even a single central bank and said that steps were, therefore, taken to rehabilitate all the central banks in Berar. He further said that with the improvement and increase in prices of lands and commodities, the results achieved so far were satisfactory. Dewan Bahadur Brahma, the President of the conference exhorted the co-operators assembled, to organise the people in the villages on a co-operative basis so as to assure them sufficient supply of food stuffs and enable them to get proper prices for the commodities. Resolutions bearing on financing of crop loan societies, development of urban banking and opening of consumers' societies were passed.

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The Government of Mysore have been constantly examining the programme of rural reconstruction with a view to improve the general standard of the Village Panchayat Administration and of Village amenities. The Mysore Information Bullettin for May 1943 says that with a view to associating non-official initiative and direction in the new scheme of rural welfare work, Government have proposed to utilise the services of honorary workers residing in the Hoblies and to train them in batches. The distinctive feature of this new scheme is that the immediate agency employed for carrying on concentrated propaganda is not official but non-official. The Hobli workers work in an honorary capacity and are selected from among persons who have intimate knowledge of rural problems. The worker is given training both in theory and practice according to a carefully prepared programme so as to give him the necessary knowledge and confidence to tackle the various village problems.

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Complete prohibition of money-lending in India is advocated by Sir Douglas Young, former Chief Justice of the Lahore High Court, in the course of an article in a recent issue of the Punjab Boy Scout's Bulletin. He says that a very short Act providing that no action would lie for money lent after a certain fixed date by a money-lender would end this evil for all time.

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Rapidly expanding production and large defence expenditure were responsible for an unprecedented increase in the Indian note circulation. In the fiscal year 1941-42 the total rose from Rs. 2,580 millions to Rs. 4,100 millions, and in December, 1942 it reached Rs. 5,630 millions; an advance

*We are indebted to the I. C. A. News Service, Digest of The Co-operative Press, I.C.A., Co-operative Information, I.L.O. and Co-operative Review, Manchester of March, April and May '43 for items 4 to 10 of these notes.

of 37 per cent in a period of 7 months. (By the end of June '43 it reached the figure of Rs. 7,460 millions). Compared with the pre-war circulation of Rs. 1,790 millions the increase exceeds 300 per cent. The rise resulted in a substantial expansion of purchasing power, and the absence of an effective price control produced highly inflationary developments. The Calcutta wholesale price index rose from 121 to 154 in 1941, and from 154 to 227 in 1942, and there was an even greater rise in the case of some foodstuffs.

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The British Co-operative Movement made substantial financial contributions towards the war effort. In addition to the many services rendered by the movement towards winning the war, it has placed at the disposal of the Government since September 1939 £62,650,000 and the present holdings in Government securities amounted to £150,000,000 by March 1943.

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The World Food Conference in dealing with the expansion of production stated that there would be a transition period during which each country must progressively adjust its available agricultural resources to conform with a long-term scheme on a world scale. This scheme, the conference says, should be based on measures to improve farming and land tenure systems, extend credit fascilities and co-operative services and intensify educational procedures. Plans for a world-balance sheet showing each country's agricultural production from year to year are being formulated at the International Food Conference. It is understood that each country will, in addition, be asked to give a permanent United Nations Food Commission figures of exports and imports on an annual basis. Each will also estimate what production goals it will reach in a given period.

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A decision of considerable importance was given by the Supreme Court of the United States upholding the right of Co-operative Health Association of U.S.A. to operate without interference from the organised medical profession. The Group Health Inc., Washington brought an action against the American Medical Association and the Columbia Medical Society in regard to an attempt made by them to destroy the 'Group Health Association' by combining and conspiring to prevent the successful operation of the Group Health plan. The supreme court found the associations guilty of the offence and fined the former 2500 dollars and latter 1500 dollars. The supreme court found that the Medical Association thus combined and conspired to prevent the successful working of the Health Group Association, (1) by imposing restrictions on physicians affiliated with group health by threat of expulsion or actual expulsion from the societies; 2. by denying them the essential professional contacts with other physicians; and 3. by using the coercive power of the societies to deprive them of hospital facilities for their patients.

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"Early Every Morning" is the title of a new colour film produced by the film department of the London Co-operative Society which shows the production and distribution of milk by the society. Employees of the London Co-operative Society constitute the cast and the film was taken on the Society's 3,300 acre farms, in the dairies and on the milk rounds.

The Hon'ble V. Ramadas Pantulu, in an article entitled "Co-operation and Post-War Reconstruction," reproduced in the April issue of the *'Review of International Co-operation'*, discusses the role of the State and the different Schools of Economic Thought, and makes the following short reference to the Beveridge Report: "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 the 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-operation 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".

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The Co-operative College, Manchester, has recently been equipped with two model co-operative shops. These very fine model grocery and dry goods shops have been designed by the shop-fitting experts of the C. W.S., in conjunction with our technical salesmanship experts on the College Staff. These two model shops are unique in the Co-operative Movement—they are well-stocked! In some cases they are stocked with real goods and fictitious representation of at the moment unobtainable goods. The shops will have fictitious and imaginary customers, and members too. But it is up to management committees and education committees of co-operative societies to supply us at the College with *Real* employees as trainees in our special schemes for Employee Training and Recruitment Courses.

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The Louisiana Rural Economist, La, (U.S.A.)
The Madras Agricultural Journal.
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The Bombay Co-operative Quarterly.
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Rural India, Bombay.
Indian Journal of Social Work, Bombay.
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