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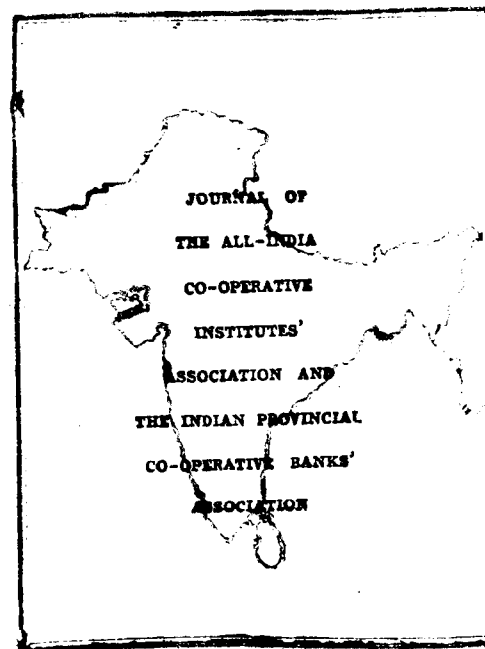
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JULY—SEPTEMBER, 1943

The

INDIAN CO-OPERATIVE REVIEW



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THE INDIAN CO-OPERATIVE REVIEW

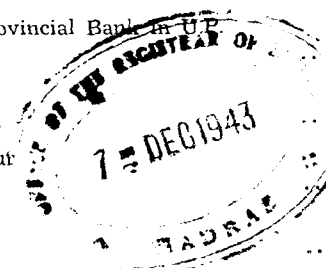
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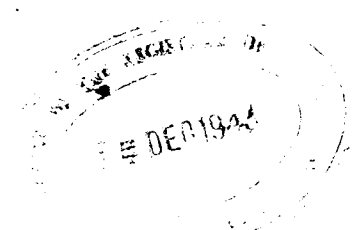
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THE INDIAN CO-OPERATIVE REVIEW

VOL. IX

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EDITORIAL NOTES

OUR RESEARCH WORKERS' CORNER

Till recently the Universities and certain departments of governments were practically the only bodies which interested themselves in conducting research in different branches of economics. But of late private enterprise has come into the field and some institutions have been started for research in the economic and social problems. Some of them like the Punjab and Bengal Boards of Economic Enquiry and the Gokhale Institute of Poona also specialise in Agricultural Economics. In our last issue we referred to a new organisation namely the Indian Society of Agricultural Economics inaugurated by a band of economists in Bombay under the leadership of Sir Manlal B. Nanavati, Retired Deputy Governor of the Reserve Bank of India. We publish in this issue a "rough sketch" of the programme of the Society. The main aim of the Society is to function as a clearing house of information on agricultural economics and allied subjects. We are delighted to read that the Board of Directors of the Eastern Economist, Ltd., of which Mr. G. D. Birla is the Chairman, have decided to found a Research Institute of Economics and Social Research in Delhi with Dr. P. S. Lokanathan, Editor, Eastern Economist as its Director. The objects of the Institute are said to be (a) to study economic and social problems in their Indian and International aspects, (b) to conduct and guide objective research in various subjects in economics and other social work, (c) to publish monographs, papers and books and (d) to give training in methods of research and grant certificates. The Institute is expected to function from November.

We have no doubt that Co-operation which is generally admitted to be one of the "agencies whose present activities in the social and economic field affect the conditions under which post-war programmes will be carried out" by reason of both its achievements and of the principles and methods which it embodies, will receive its due share of attention at the hands of these several research institutions. We also



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now find that there are some students who are engaged in conducting economic research on their own initiative and who seem to evince increasing interest in co-operation. It is the duty of the All India Co-operative Associations of Institutes and Provincial Banks and of their organ the Indian Co-operative Review to give facilities for the publication of the results of research workers in this field particularly in so far as their research bases on co-operative principles and methods. Our aim must be to ascertain how far agricultural and industrial enterprise can be organised on a co-operative basis. This is a special field of work and workers in this field have a right to look to the two All India Co-operative Organisations to afford them facilities for necessary study of the problems and the publication of the results of their work.

Our Research Workers' Corner which we hope to make a regular feature of the Indian Co-operative Review is intended to serve this purpose. But such work requires some special guidance apart from the guidance given by Economic Boards and other institutions mentioned above. With this end in view we have also started a humble institution called the "Indian Institute of Co-operative Research and Service". We hope to publish in our next issue details of its constitution, aims, and objects. This institution will work in the premises, dedicated in trust for the Indian Co-operative Movement by the President of the All India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association, in which the office of the Indian Co-operative Review is also located.

We shall be glad to publish in our Research Workers' Corner contributions from research workers based on objective studies in the field of Co-operation, Rural Economics and Allied subjects.

THE BOMBAY PROVINCIAL CO-OPERATIVE INSTITUTE

We congratulate the Bombay Provincial Co-operative Institute, one of the most important members of the All India Co-operative Institutes' Association, on the celebration of its Silver Jubilee on the 13th July 1943. At the time when the Institute was formed on the 13th July 1918 its objects were stated to be: (1) focussing every form of co-operative endeavour; (2) being responsible for all forms of propaganda, education and inquiry; and (3) representing independent co-operative opinion on all questions affecting the movement. It is claimed that though the constitution of the Institute has undergone radical changes in later years particularly in 1926, 1934 and 1942, the objects remain, in the main, what they were at the outset and that it has achieved a creditable measure of success in fulfilling the purpose for which it was founded. Among the

original organisers of the Institute the name of Rao Bahadur S. S. Talmaki, the first Honorary Secretary of the Institute who held office from 1918-32 needs special mention. Among the first promoters and signatories of the Institute we find the name of the well-known philanthropist Sir Vithaldas Thakersey, whose memory is perpetuated by the magnificent memorial buildings in Bakehouse Lane, which bear his name and in which important co-operative institutions are located. The Institute is fortunate in having at its inception a Registrar with the wide outlook and co-operative spirit of Mr. R. B. Ewbank. The Institute had also the good fortune of having been fostered and developed by perhaps the most leading co-operators in India in the past. Among its Presidents and Vice-Presidents we find publicists and co-operators of eminence like Sir Lalubhai Samaldas, Mr. G. K. Devadhar, Sir Chunilal V. Mehta, Mr. B. V. Jadhav, Dewan Bahadur H. L. Kaji and Prof. V. G. Kale. Its present Secretary, Sjt. Vaikunth, L. Mehta to whom the Indian Co-operative Movement owes a great deal has been for long the power behind the throne and the chief adviser and a dynamic force guiding the activities of the Institute. The Bombay Co-operative Quarterly was started in 1917 and ever since has the benefit of the able editorship of Sjt. Mehta.

The Registrar on the occasion of the celebration, speaking on the curtailment of the Institute's functions expressed the view that the re-organised and revitalised Institute "which will be in charge of education, propaganda and organisation and representation of non-official opinion, will have a very prominent part to play". We have no doubt that it will. Sir Janardan A. Madan the present Chairman of the Institute made a handsome reference, in his speech, to the usefulness of the All India Co-operative Institutes' Association which was formed in 1929 with the late Sir Lalubhai Samaldas as its President and the Hon'ble Mr. V. Ramadas Pantulu as Vice-president. Sir Madan said that the Association was a useful instrument to rally the non-official workers of the country for mutual advantage by discussions and exchange of views at conferences and committee meetings, and also referred to the fact that the Association received recognition from the Government of India by being allowed the privilege of sending its representative to the periodical conferences of Registrars of Co-operative Societies. Mr. R. G. Saraiya, President of the Bombay Provincial Co-operative Bank, who also participated in the celebrations said that the Co-operative Movement was bound to play a leading part in the post-war world, whether in Europe or in India and that if the best fruits of this movement were to be realised, it was necessary that the farmers were educated, not only in the three R's, not only in better methods of agriculture, but also in a sense of collective responsibility and in the sense of citizenship.

We have no doubt that the Bombay Provincial Co-operative Institute will put its shoulder to the wheel when the programme of economic re-organisation of India's rural and urban economy on a truly co-operative basis comes to be seriously tackled as part of post-war reconstruction.

From the numerous messages received on the occasion, it will be seen how widely the Institute is known in this country and how greatly its services are appreciated.

ANNUAL ADMINISTRATION REPORTS OF REGISTRARS

The temporary discontinuance of the publication of the Annual Administration Reports by the Registrars of Co-operative Societies as a measure of retrenchment necessitated by war economy has deprived us of very valuable material for the comparative study of the progress of co-operation in the different provinces. By a resolution of the joint meeting of the Standing Committees of the All India Co-operative Associations of the Institutes and Provincial Banks, held at Madras in April last the Provincial Institutions were requested to undertake the duty of collection and publication of information regarding the working of the movement in their respective areas. The movement is now entirely dependent for such information on the departmental reports. No doubt the departments of co-operation have special facilities for the collection, tabulation and publication of information relating to the working of the societies. But that is no reason why the Provincial Institutions themselves should not with the aid of the departments have their own records of progress of the movement in their several areas. The helplessness of the Provincial Institutions in this respect has now become manifest by the replies we have received from them in response to our requests to furnish some information for the compilation of the Year-Book and Directory of Indian Co-operation, 1943-44, the editing of which is entrusted to us by the Standing Committees. These institutions frankly inform us that they have no information at their disposal and that they have referred our communications to them to their respective Registrars.

In this connection we may state that though the annual administration reports have not been published for some time past some of the Registrars have officially released summaries of their reports. We reproduce in this issue two such summaries of the reports on the progress of co-operation in Bombay (1941-42) and the United Provinces (1940-41) published in the Bombay Co-operative Quarterly, (June 1943) and the United Provinces Co-operative Journal (July 1943) respectively. It will be very helpful if the other Registrars adopt the same course and

issue similar summaries and make these texts available to their respective Provincial Institutions and to the All India Co-operative Associations. In the past we have used to make the pages of the Indian Co-operative Review a medium for the clearance of co-operative information relating to several parts of India and in this last the annual official reports were of great value. If at least summaries of these reports are published until such time as the publication of the annual reports is resumed it will be a great help to the movement.

In the course of the discussion on this subject at the joint meeting of the Standing Committees in April last the representative of the Reserve Bank of India, Mr. Rana Sher Jangh Khan intervened with a statement that the Reserve Bank of India proposed to collect and publish information on an all-India basis in respect of each province. But so far we have not received any such publication. The last publication of the Reserve Bank we received was a Review of the Co-operative Movement in India, 1939-40.

SOCIAL SECURITY SCHEMES—STATE vs. CO-OPERATION

An interesting controversy is going on between the American co-operators headed by Dr. J. P. Warbasse, President Emeritus, Co-operative League of the U.S.A., and British co-operators in regard to the social security scheme drawn up by Sir William Beveridge. Dr. Warbasse writing in the May issue of the Review of International Co-operation under the caption 'Co-operatives to be Absorbed by the State', charges the British co-operators with 'planning for the destruction of the Co-operative Movement' in these strong words: "The annihilation of Co-operative Societies by their absorption into the State has the approval of co-operators. The political ownership and control of 'land transport, shipping, power, fuel, and light' are recommended by an official body of the British Co-operative Movement." "The palliative plan of Sir William Beveridge is widely approved and extolled by the British Co-operative Movement. The Co-operative Party is asked 'to use all its power to compel the Government to get the Report made law'". Dr. Warbasse has all along been a staunch advocate of the view that "the social function of the Co-operative Movement is not to expand the activities of the political State". In regard to the trends in the British Co-operative Movement he uses very strong language. He says that "when the British political State finds itself in control of more than nine-tenths of the business of the country, its natural tendency will be to take over that small relic of private business still remaining in co-operative hands. This is in conformity with the nature of the State and of political government. The historic duty of the State is to

strengthen the State. The nature of the State is to increase its power. The nature of political officials is to multiply. When to this tendency is added the fact that Co-operators have already agreeably handed over their institutions to the State, the Co-operators still holding the remaining fragment will find it easy to conform to the stateistic trend."

The Editor of the Review of International Co-operation appended a note to Dr. Warbasse's article promising to publish in the next issue of the Review a statement on the position of the British Co-operative Movement in regard to the Beveridge Plan. We are awaiting that statement with interest. But evidently it has not been possible to publish it either in the June or the July issues of the Review. In the July issue there is however an article on "the British Movement and the Beveridge Plan" by Mr. C. W. Fulker, Acting-Secretary, Joint Parliamentary Committee of the Co-operative Congress. This article is not a reply to Dr. J. P. Warbasse's article, but it only deals with the evidence which the British Movement submitted to the Beveridge Committee and its wholehearted support of the Plan. He says in the course of that article that "as a result of very careful consideration of the terms of reference given to the Beveridge Committee, the co-operative evidence came down firmly in favour of legislation to provide for an inclusive insurance scheme to cover unemployment, sickness, maternity, non-compensatable accidents, invalidity, old age, blindness, death, and widowhood and orphanhood. . . The cost of such a comprehensive scheme was appreciated, and the view expressed that this should be borne by employed persons, employers, and the State". The British Co-operators are not oblivious of the fact that the Beveridge plan if adopted will seriously affect the business of the Co-operative Insurance Society which has already built up a huge business and is perhaps the strongest institution of its kind in the world and also the C.W.S. Health Insurance Scheme. In accepting the scheme in spite of its serious adverse financial effects on the vested interests of the British Co-operative Insurance Society and the C.W.S. Health Insurance Section, the British Co-operators, it is claimed, have shown a commendable degree of public spirit and the recognition of the fact that a comprehensive scheme to cover unemployment and old age as well as health insurance could only be operated in respect of the whole community and not merely for co-operative employees and members. The benefits to the community as a whole under the plan, Mr. Fulker points out, are so tremendous that it would be sheer folly for one section of the working-class movement to seek special exemption.

This we consider in a way to be an effective answer to Dr. J. P. Warbasse's tirade against the British Movement. We have ourselves expressed the same view long before the Beveridge Committee was set

up.* Unemployment and sickness are no individual social problems and it is the duty of the State to provide adequate machinery to give relief for taking care of the involuntarily unemployed and to give unemployment relief to those who were willing and able to work but unable to secure it. Same is the case with people afflicted by sickness.

In India of course the question of any comprehensive scheme of social security is unthinkable until a National Government comes into existence. There is however scope for schemes to give relief in respect of unemployment and sickness at least of organised labour even under the present administrative system. We hope that the co-operators of India and the public in general will appreciate the view of the British Co-operative Movement in regard to the role that the State should play in relation to Social Security plans. We reserve further consideration of this topic to a later date awaiting the promised statement of the British Co-operative Movement in reply to Dr. J. P. Warbasse. We also hope to be able to deal with some small schemes now said to be pending with the Government of India in regard to unemployment and sickness insurance.

MARCH UNDER THE RAINBOW BANNER

India will celebrate the 21st International Co-operative Day on Saturday the 6th November, 1943. It may perhaps be of interest to our readers if we briefly refer to the origin of the Co-operative Day on the "coming-of age of this co-operative fete"—on the attainment of its 21st birthday. The proposal to inaugurate a Co-operative Day emanated from the International Co-operative Alliance and had the hearty approval of the British Co-operative Congress held in 1923. The first Co-operative Day was celebrated on the first Saturday in July 1923 in Great Britain and other Western Countries. In India, however, it was not till 1929 when the All India Co-operative Institutes' Association was established that a systematic celebration of the Day on an all-India basis was organised. But the Day used to be celebrated even before 1929 for some years by some of the provinces and States in India on their individual initiative. In the earlier years the Day was being celebrated in India on the first Saturday of July every year in accordance with the practice established by the International Co-operative Alliance for its celebration in the Western Countries. Having regard to the climatic and occupational conditions in India, the All India Co-operative Institutes' Association in consultation with and with the concurrence of the several Provincial Co-operative

*Vide *Indian Co-operative Review* Volume IV (1938) p. 370.

Institutes in British India and Indian States altered the date of celebration and fixed the first Saturday in November as being more suitable and convenient. Since 1930 the Day is being celebrated accordingly in November each year.* The organisation of the celebrations on an all-India basis has helped us to realise the essentially international character of the movement with its high moral background, spirit of distributive justice and brotherhood of man. But the international character of the movement in no way militates against our stressing on problems peculiarly national and policies dictated by the internal economy of our country, like any other country, which is a member of the International Co-operative Alliance. Internationalism rightly interpreted is the synthesis of nationalisms. This is indeed the significance of the Rainbow Flag. The seven hues of the Rainbow when blended together reunite to present pure, unstained white effulgence. Has not Shelly said the same thing of individual life in his In Memoriam to Keats?

"Life like a dome of many-coloured glass,
Stains the white radiance of Eternity."

So does aggressive nationalism stain the radiance of internationalism built on co-operative foundations. Let us therefore put aside the prism of economic competition and strife through which we now see the international life and blend the various shades of our national activities to make one harmonious whole. Each nation's activity can and will be an integral part of the sum total of international activity if we march under the Rainbow Banner. Our slogan shall be: "I won't compete—I will co-operate." *"From economic competition, to economic co-operation, to political peace, is the road to the Promised Land"*.

Accounts of the report of the celebrations of the Day in the various Western Countries summarised in the Co-operative Chronicle of the Review of International Co-operation, July 1943 reveal that the celebrations this year have roused more than usual interest among the co-operators of the world who proclaimed their faith in the importance of co-operation, its aims and methods in a voice and spirit which reveal new hopes and aspirations for the building up of a new world order on sounder and more stable foundations. As Mr. R. A. Palmer, Vice-President of the International Co-operative Alliance, in his annual message this year says: "The War has profoundly disturbed the social conscience of the people of all nations. They recognise that the old social system is no longer adequate. In their anxiety they seek a solu-

*For an account of the 1st Celebration in Madras in November 1930, see *Madras Journal of Co-operation*, Vol. XXII (1930-31) p. 416.

tion to the great problems of the future, and Co-operators in their own Organisations and in the extension of their system can provide a sound remedy." He asked the world to prove "that freemen and freewomen can by their own effort, inspired by a sense of fraternity, equity and love of justice, remedy the past and create a new system—one worthy of enlightened democracy".

While there is something in the co-operative movement to make co-operators of self-governing countries believe that there exists in the movement "the means for producing better social adjustment, a more equitable, efficient economy, and a more balanced system of Democracy," is the movement in India calculated to inspire the people of this country with similar ideals? It is no doubt true that the message of co-operation is addressed to people of countries situated like India as well which do not enjoy political or economic freedom. Mr. Desmond Flanagan writing in the Co-operative Review (Manchester) of May 1943, says: "Co-operation is found to have a message for the people living in primitive economies on the edge of the jungle and for the peasants of China no less than for inhabitants of the advanced economies of the Dominions, the United States, and the South American Republics". But there are not many signs visible in India to-day that the ideals of the International Co-operative Alliance which underlie its message to the world animate those who control the political and economic destinies of this country. Indeed Sir Richard Acland writing in the Peoples Year-Book, 1943 under the significant caption "For Whose Country?" speaks of the attitude of his countrymen in authority in the Councils of the British Empire thus: "We reject the possible co-operation of coloured peoples throughout the world when we use words which can only mean to them that we prefer to go on owning our Colonial Empire in just the same way as before." So it is idle to believe that a successful termination of the war in favour of the United Nations will result in any political or economic miracle in the matter of emancipation of this country. Much however depends on how India herself sets about the task if she is determined to achieve political and economic freedom. Let us however hope that Swaraj for India will not be long in coming and express on the occasion of the 21st International Co-operative Day our determination to pursue unflinchingly the principles and practice of co-operation.

We publish below the resolution sent to us by the All India Co-operative Institutes' Association for adoption on the occasion:

"This Assembly of Co-operators met together under the Rainbow Banner—which is the symbol of International Co-operation—to celebrate the 21st International Co-operative Day—

Re-affirm their faith in the Principles of the Rochdale Pioneers;
Rejoice in the universal and Successful application of those century

old principles in all spheres of economic activity; and Declare them, before the world, to offer a sure foundation for a New Social and Economic Order calculated to realise the promises embodied in the Atlantic Charter;

Remember with deep sorrow their Fellow Co-operators in the occupied countries, and express the most earnest hope that they will maintain their fortitude and courage until the hour of their liberation;

Reiterate their promise to do everything in their power to assure, and to contribute to, the restoration of the Movements which have suffered at the hands of the enemy; and

Join in spirit with true Co-operators in all lands in the desire and the unshakable will to help in building a new and better world upon the basis of True and Free International Co-operation".

*When the Lincoln Club dedicated their Rainbow Banner at a church service held on Sunday the 4th July 1943 to the British Co-operative Youth Movement, the sacred significance of the Rainbow Banner was expressed in the Charge of Dedication in the following beautiful and inspiring words:

"I charge you all that you guard this flag as you would guard your honour.

Whenever it is borne before you let it be the symbol of knightly chivalry.

Let it stand for purity, truth and righteousness.

Let its colours remind you of the heavenly vision of the Apostle John, who saw the glory of God upon His Throne encircled by a rainbow.

Remember that the rainbow is but light, pure light, divided into its seven hues, each beautiful, each blending with the other to make one harmonious whole. So blend the various shades of your youthful activities to make one splendid whole, but let each activity be part of that pure light.

See in this flag the message of hope and promise. Hope that rises bright and clear from the ruins of disaster and the promise of God's continual Presence with those who will do His will.

Yours is a sterner battle than the soldier in arms. You face the foes that war against the soul as well as against the body. Carry your flag into the thickest of the fight. Rally around it as brave men and women. Let no one be disloyal to the high ideals it represents and see that it is never unfurled in anything but a goodly cause.

May God bless you all, your organisation and your flag".

*Co-operative News Service of I.C.A., London, No. 8, 1st August, 1943.

INDIA'S FOOD PRODUCTION AND CO-OPERATIVE FARMING

By

EDITOR

The thought that is naturally uppermost in the minds of the people to-day is that of their food—their daily bread. The question whether India even in normal times produced enough food of the right kind to feed her people adequately is by no means a new one. It was answered in the past on several occasions in the negative by reference to figures and facts which are unassailable. Judged either by the average per capita production or by the average yield of a unit of production, India compares very unfavourably with other countries of the world. To take the case of India's two main food crops—rice and wheat, while the yield of rice per acre in India in 1929-33 was 29 bushels, it was 93 in Italy, 68 in Japan, 67 in China and 47 in the United States. At present the average is 26 bushels in India as against 75 bushels in Japan. Again while the yield of wheat per acre in India is 11.4 bushels, it is 13.9 in the United States and 17.2 in Italy. The chronic poverty of the people and low agricultural production act and react on each other one aggravating the other. Nevertheless, on the basis of some supposed statistical information the Governments in India, Central and Provincial, were never tired of proclaiming that the shortage of food stuffs, any if at all, was not more than 5 or 6 per cent and so was not a serious problem. In other words we are asked to believe that our stomachs are *statistically* 94 or 95 per cent filled though otherwise many of them are either partially filled or almost empty. We are also familiar with the self-complacency of Mr. L. S. Amery, Secretary of State for India, who lost no opportunity of assuring the House of Commons and the British public of India's "good statistical position" in regard to food and his stereotyped statements that there was no "widespread prevalence of shortage" and "no cause for alarm".

But the hollowness of this position has been thoroughly exposed by the present food crisis in India particularly in Bengal the plight of whose starving millions roused the conscience not only of the British public but also that of the entire civilised world. We hope that the British public are no longer under any illusion about the realities of the situation. Even the Tory section of the British Press is roused to a sense of its responsibility to the people of India. Mr. William Dobbie, leader of the

Trade Union Congress in Britain said: "This famine sweeping India is man made. It is very largely the result of administrative chaos and muddle and the refusal of administrators to obtain the co-operation of the people." This attitude of the Press and the public in Britain had its reactions on the Government of India whatever may be the outcome of such reaction.

The official spokesmen for the Governments in India have begun to concede that the so called statistical bases for their past conclusions are undependable. For instance, Major General Wood, Food Secretary to the Government of India is reported to have said about the statistics of surpluses in the basic plan that "all discussions of this kind of surplus or of that and all discussions based on available statistics were based on very unstable foundations and so were largely conjectural and hypothetical"¹ Speaking in the Council of State in August last on food situation Major General Wood observed: "Now statistics is not merely a question of figures. It is the interpretation of the figures and we get back to the old saying *there are lies, worse lies and statistics*".² The Honourable Sir Sirdar Jogendra Singh, Member for Education, Health and Lands, speaking in the Council of State said: "The grim reality which we must face is the fact that all the provinces of India do not produce enough food of the right kind to provide a mixed diet for more than a fraction of their population. It was not without reason that General Megaw in the year 1933 held that only 39 per cent were well-nourished, 41 per cent were poorly nourished and 20 per cent were badly nourished. Ten years have gone and the condition of our primary producer has not improved."³ There have been costly and long established Departments of Agriculture in all the British provinces and in many of the important Indian States. Remedies have no doubt been suggested for increasing production. But they have not proved very efficacious so far, partly because the economically weak and unorganised Indian agriculturist is not able to avail himself of the benefits of research and advice and partly because of the obvious limitations there are to the adaptability even in normal times, of solutions like investing more capital, employing more labour or improving the implements and methods of cultivation, in the peculiar conditions of rural India. Anyway, the fact remains that cultivation in the 7,00,000 villages in India has been very little influenced by the researches of the Government departments and the Agricultural

1. Legislative Assembly Debates, 9th August, 1943, p. 540.

2. Council of State Debates, 13th August, 1943, p. 240.

3. Council of State Debates, 12th August, 1943, p. 205.

Research Council, which in some cases are indeed notable and which if availed of might perhaps have produced beneficent results. Sir Sirdar Jogendra Singh put his finger on the right spot when he said that while the eyes of the Governments in India are fixed on the spiral of inflation and rising prices, attention has not been paid to the chronic spiral of scarcity poverty, disease and distress of the agricultural population.

The Food Grains Policy Committee presided over by the Government of India's Economic Expert Sir Theodore Gregory also recognises the grave deficiencies of our statistical knowledge and while pleading for the improvement of agricultural statistics leaves us in no doubt about the *absolute shortage* in supply of food.

The population of India increased by about 27 per cent between 1921 and 1941. Investigations so far made show that in the interval the increase in the area under food crops is negligible while the yield per acre showed no increase. Available statistics of area under different crops in British India do not show that there has been any substantial increase in the area under food crops between 1920 and 1938. On the other hand in 1937-38 there was a decrease as compared with 1936-37. The same is the case with fruits, vegetables and other food crops except sugar. This is shown by the table at the foot. We are not in possession

AREA UNDER DIFFERENT CROPS IN BRITISH INDIA

(millions of acres).

Period	Food grains and pulses	Spices and condiments	Sugar	Fruits and vegetables	Miscellaneous food	Total food	Fodder	Other non-food	Grand total	Sown more than once
1920-25	186.1	1.3	2.7	3.9	1.1	195.1	8.4	33.1	236.6	31.1
1925-30	183.9	1.3	2.8	3.8	1.3	193.1	8.9	37.8	239.8	31.2
1930-35	188.6	1.5	3.2	3.8	1.8	198.9	9.7	34.7	243.3	32.2
1935-36	185.6	1.5	4.0	3.7	1.9	196.7	10.5	34.6	241.8	32.1
1936-37	189.3	1.3	4.4	3.8	1.9	200.7	10.6	36.9	248.2	34.5
1937-38	186.8	1.4	3.9	3.8	1.5	197.4	10.4	39.1	246.9	33.4

—*Eastern Economist*, New Delhi dated 1st Oct. '43.

of figures relating to acreage under food grains and food crops for the years that followed the declaration of the present war, i.e., 1938-39 to 1942-43. Mr. Amery speaking the other day in the House of Commons said that as a result of the 'Grow More Food' campaign eight million acres were added to the area under crops last year and that the figure rose to twelve million this year. But details are lacking. What is the quality and soil fertility of the acres so added? Are the figures for British India alone or for British India and Indian States together? How are the additional acres distributed over the several provinces and States? Are they irrigated or merely rain-fed? It is a well-known fact that for an year or two after reclamation new land brought under the plough does not yield well. The abnormal rise in the price of cotton seed, oil cake and cattle feeds and scarcity and prohibitive cost of artificial manures are additional impediments to maintain even the normal level of production and much more so to any real effort to increase production. So it is too early to say what this addition to the area under crops means in terms of out-turn and to what extent this additional out-turn, if any, will cover the present deficit. There is also no evidence that there has been any per unit increase in the productive capacity of the land under food grains and food crops in the same period. There is also no substantial increase in the food grains imported into India from outside. On the other hand, as a result of the loss of Burma and certain other areas, by enemy action there has been a stoppage of imports which India was receiving previously. But if in the past there had been a genuine effort to increase our food production there would have been no need for any imports of rice from Burma. "Some experts calculate that if only 18 million acres of irrigated rice were adequately manured the imports from Burma could be easily replaced." Owing to the difficulty of providing adequate shipping space even the other parts of the empire and the United Nations have also not been able to help India by supplies to meet the food shortage. Again it is not denied that there was some export of food grains from India even during this crisis though there is a sharp conflict between the Government spokesmen and the public in regard to the volume, character and purpose of those exports. So the inevitable conclusion has to be that either the average consumption of cereals has decreased or that a larger number of people are starving or having less quantities. It is said that the average consumption per head of population in India is about 22 ounces per day. Sir Sirdar Jogendra Singh, during the recent debate on the food situation in the Council of State placed on the table of the House a statement showing *inter alia* production per capita per day in ounces and per adult male per day in ounces side by side with consumption per capita per day in ounces and per

adult male per day in ounces.* He arrives at the 22 ounces per head per day average consumption on the basis of these figures. Even if one ounce more is consumed per day per head the people can consume three million tons more in a year. We cannot accept this figure of average

*STATEMENT SHOWING PRODUCTION AND CONSUMPTION OF FOOD GRAINS IN BRITISH INDIA

			Per capita per day in ounces.	Per adult male per day in ounces.	Total in 1,000 tons.
Assam	.. {	Production ..	17.6	23.5	1,838
		Consumption ..	16.6	22.1	1,850
Bengal	.. {	Production ..	14.9	19.9	9,188
		Consumption ..	15.0	20.0	9,532
Bihar	.. {	Production ..	15.4	20.5	5,702
		Consumption ..	15.9	21.2	5,911
Bombay	.. {	Production ..	17.6	23.5	3,737
		Consumption ..	19.0	25.3	6,387
C.P.	.. {	Production ..	26.5	35.3	4,544
		Consumption ..	22.8	30.4	4,863
Madras	.. {	Production ..	16.1	21.5	8,102
		Consumption ..	18.0	24.0	10,389
N.W.F.P.	.. {	Production ..	19.7	26.3	611
		Consumption ..	19.9	26.5	616
Orissa	.. {	Production ..	19.6	26.1	1,750
		Consumption ..	13.0	17.3	1,563
Punjab	.. {	Production ..	19.3	25.7	5,594
		Consumption ..	17.5	23.3	6,239
Sind	.. {	Production ..	28.6	38.1	1,325
		Consumption ..	20.6	27.5	1,191
U.P.	.. {	Production ..	18.2	24.3	10,241
		Consumption ..	18.0	24.0	10,273

—Council of State Debates, 12th August, 1943, p. 220.

consumption as anything near the reality. Even if we accept it many people will have much below the average to eat. To judge the staying capacity of the people on the basis of such averages is to imitate the

judgment of the school-master who with tragic consequences took the children in his charge, some of whom are no taller than 3 feet, across a stream on the basis of the average depth being 2½ feet, though in certain parts it was 6 feet deep.

Much has been said about pooling the surplus of food grains and creating a central reservoir to serve as a balancing centre so to say for the surplus and deficit provinces. But which are the surplus provinces? Which is the province which produces more than what is *adequate* for its own population? It will be seen from the statement referred to above that there is really no province whose surpluses can be diverted to other provinces if the quantity of food grains produced in that province is properly distributed among its own people. So it seems to us that this idea of there being any tangible surplus to be so pooled and distributed is largely illusory. Sir Azizul Huque, Food Member, Government of India speaking in the Legislative Assembly said: "The Indian peasant is not a farmer in any sense of the term. He grows food crops, retains what he needs for his own consumption and sells only the surplus. The marketable surplus is thus made up of the small margins of millions of small peasant growers. In the past, he had often to sell his own food crops by the compelling necessity of meeting his money obligations and essential needs. With low agricultural prices he had often to sell a share of even his bare subsistence needs. With not enough to eat, he had often to underfeed himself to meet his fixed liabilities."⁴ Major General Wood said much the same thing speaking in the Council of State in August last: "In normal times the urban population of India is fed from the aggregate of the margin of 50 to 55 million *subsistence* farmers each of whom has a small surplus. These 55 million subsistence farmers grow about 51½ (52½?) million tons of food grains. By far the great majority of it they require for their own consumption. Normally they surrender some 10 million tons of rice and some 4 million tons of wheat in each year for the urban populations. In other words, there is a marketable surplus of some 14 million tons of wheat and rice available for the towns and cities out of the 51½ (52½) million tons that are grown."⁵ We are inclined to doubt whether these 14 million tons of wheat and rice will be available or are actually being placed on the market every year. It is conceded that at present such surplus is not finding its way to the markets for obvious reasons. Therefore it is an anomaly to speak of surpluses when the absolute quantity of production is below the normal needs of consumption of the people. Such surpluses

4. Legislative Assembly Debates, 9th August, 1943, p. 543.

5. Council of State Debates, 12th August, 1943, p. 186.

as are said to exist must come from the slender margin of subsistence of the already under-fed agriculturist who has to draw his belt tighter in order to put some little grain in the market to meet his necessities. In this connection it must be said that the significance of figures relating to the import of food grains into India is obscured by contrasting the quantity imported with the total production of food grains in India. If the figures are to convey any meaning the contrast must be with reference to the so-called marketable surpluses.

There seems to be an impression in some quarters that the rise in price of food grains and food crops has already brought some prosperity to the Indian peasant. We feel that this conclusion is not quite warranted. We have on former occasions pointed out that rise in the cost of living in India has practically nullified the benefit in the value of rise of farm products unlike in other countries like Britain and America. Britain, America and many other advanced countries have taken due note of the fact that farming will not be a paying proposition in times of abnormal rise in prices of necessities of life unless the farmer is substantially helped to keep down the cost of production or his purchasing power is increased by subsidies and other kinds of State aid. A writer in the *Economist* of London, dated May 1942, tells us that up to 31st March 1942 the Government in Britain spent £ 145 million on subsidies to agriculturists. Milk, for instance, for general consumption has been subsidised to the tune of £ 11 million and for schools £ 17 million. Thus every effort is being made in those countries to maintain the standard of living at least on the accustomed level. In fact it has improved during war economy. But in India a different policy is adopted. The Gregory Committee which is, no doubt, fully aware of what is being done for the agriculturists of those countries in order to increase production does not seem to have realised that in India too there is need for schemes of subsidies and a sliding scale of prices linking value of goods and earning capacity of individuals. The plight of labourers or urban wage-earners is equally distressing. The working classes cost of living in India since the commencement of the war in September 1939 has gone up enormously. Taking Madras for instance, it has gone up from 109 in July 1940 to 183 in July 1943, while the wages have not risen to anything in the same proportion. So the theory of prosperity by a rise in price of farm products is more imaginary than real.

But what about the action to follow these grave disclosures to improve the situation? Even now the spokesmen of the Government of India appear to be more anxious to score debating points over their non-official critics in the Legislatures and outside notwithstanding the tragic

situation with which the country is confronted. They still cling to official reports and estimates in support of their plea that everything that is possible has been and is being done for the people. But now the non-official critics are more alert. For instance Sir David Devadoss, a retired judge of the Madras High Court, usually a friendly critic of the Government, met one of Major General Wood's statements based on official reports with the following remark: "Your official reports are of no use. With due respect, Sir, these official reports are prepared in such a way as to please the superior authorities.... You go and make private enquiries and see how the things are."⁶ To give another instance, Major General Wood speaking in the Council of State on the 13th August last said: "The official and authoritative view of the aus (early) crop in Bengal is that is very good indeed: That is the opinion of the experts under Government."⁷ The Honourable Rai Bahadur Satyendra Kumar Das, Member from Bengal, promptly retorted thus: "I beg leave to differ from the view of the officials. There has been a flood subsequent to the receipt of the official report".⁸

The attitude of the Government spokesmen in regard to the responsibility of the Central Government in the matter of dealing with the food situation is one of constitutional quibbling. Even the *London Times* a staunch supporter of Tory Government at Home and the British Bureaucracy in India, brushes aside the special pleading with obvious impatience. In its recent article on food for India, it says: "There seems to be a lamentable lack of foresight all round... However authority may be divided between the Central Government and the autonomous Governments in the provinces, neither the Government nor the people of this country (Britain) can forget their own moral responsibility for everything which affects the welfare of India's people". The Gregory Committee though it is somewhat halting in its approach to the subject of central responsibility concedes that on the question of the relations between the provinces and the centre, public opinion in this country will not tolerate a "hands off" attitude by the centre and that the problem cannot be solved satisfactorily unless India as a whole is taken as an indivisible economic unit and the autonomy of the provinces put in its proper setting at least to meet the present extraordinary situation of food shortage. We do not propose to deal with the recommendations of that Committee at this stage because they will go before the Food Conference with the opinion of the Food Department of the

Government of India and the conclusions of that Conference will be examined by the Government of India at an early date in order to formulate their final decisions. Moreover, as we are now dealing mainly with the problem of self-sufficiency of India in relation to her food grains, questions like statutory price control, rationing, provincial procurement and import from outside which are mainly intended to deal with the present crisis do not fall within the scope of this article.

ORGANISE PRODUCTION

We have read with interest various suggestions for increasing the production of food. But we have not come across any proposals for organising the numerous small cultivators for increasing production. What individual effort cannot do co-operative effort can. It is a truism which does not require any argument to substantiate it. Many of the holdings are very small and do not lend themselves to intensive cultivation by the adoption of improved methods and investment of larger capital. Certain village surveys have disclosed that a large percentage of cultivators' plots were below one acre. Co-operators are familiar with schemes for the consolidation of holdings as a remedy. The schemes have, no doubt produced some beneficial results in the Punjab, United Provinces and the Central Provinces. But it has not been found practicable to expand the schemes even in those provinces beyond very narrow limits. In Madras the seed fell on rocky soil and did not sprout. We are of opinion that the difficulties created by the fragmentation of holdings can be more effectively overcome by co-operative farming. In the scheme of co-operative farming each agriculturist continues to own his land, in other words, the individual ownership of land can remain undisturbed. All that he is required to do is to join co-operatives and cultivate his land jointly with the other members of such co-operatives. But we find that in one of the New India Planning Series issued by the New India Planning Groups, the idea of co-operative farming has not only not received encouragement but stress is made on the possible opposition and resentment from the agriculturists on account of the supposed "unwanted encroachment upon his private rights involved in co-operative farming," though such farming may prove to be in his own interests. We are frankly unable to understand where the encroachment upon the private rights comes in when individual ownership is not disturbed. The opinion hazarded in the pamphlet shows a lamentable lack of knowledge of India's rural economy. Joint cultivation and associated effort to improve the yield from land is not a new idea to Indian agriculturists. We think that some imaginary notions are attributed to the Indian agriculturist to cold-shoulder schemes of co-operative

6. Council of State Debates, 12th August, 1943, p. 203.

7 and 8. Council of State Debates, 13th August, 1943, p. 225.

farming by uninformed self-appointed patrons. The tragedy in regard to the Indian Co-operative Movement has been that the official records are more full of notes of caution from the very inauguration of the Movement than of genuine schemes for the rapid and vigorous growth of co-operation as a socio-economic movement on national lines. We feel that so long as schemes for improving agricultural production either by bringing more land under cultivation or by increasing the per unit yield of the land are left to the initiative of the individual peasant no tangible improvement can be effected. Individually the Indian peasant is too weak, disunited and disorganised with little or no capital or credit essential to so pursue his hereditary occupation as to be able to get the best out of his land. Agricultural labour which ought to be a great economic asset of our rural economy is now largely running to waste not having been organised and to that extent also agricultural production is adversely affected. Thus the three means for production of agricultural yield, namely, *land*, *labour* and *capital* have not been developed. Land is still mostly in primitive state; land improvement schemes which are a marked feature in planning agricultural production in other countries are not in evidence in India. The potentialities of organised agricultural labour are woefully neglected. Capital and credit to the agriculturist are either not available at all or can be had only on ruinous usurious terms. The remedy lies in organising peasants for co-operative farming which in our opinion is the most fruitful and equitable form of associated effort. It is estimated that if one more maund of food grains can be grown in an acre the total increase will be three million tons per year. We feel it will be possible only when peasants are organised on a sound co-operative basis. In a well organised scheme of agricultural co-operation co-operatives can play their proper role in the development of land, in organising labour and providing capital and credit necessary for the profitable pursuit of agricultural industry.

While the productive aspect of agricultural co-operation and the possibilities of co-operative farming are doubted in India, in co-operative systems of European agriculture their possibilities are not only recognised but are being actually availed of. We commend to our readers a study of the summary of the papers contributed on co-operative systems in European agriculture at the International Conference held in London in April last under the auspices of the British Association for the Advancement of Science.* To us in India the paper contributed

by Dr. N. Barou on collective farming in Soviet Union is of particular interest. It is true that the character and general features of *collective* farming in a strictly planned State economy differ from those of *agricultural co-operation* built upon voluntary collaboration of independent farms. But it is now recognised even in U.S.S.R., as Dr. Barou says, that agricultural work can be organised collectively through co-operative societies. He further says: "Soviet Union has turned over a new leaf in the relations between the Co-operative Movement and the State. Under conditions of planned economy Soviet agricultural co-operation has become the mainstay of Soviet agricultural production". It will be seen from an extract published elsewhere in this issue on the 'Co-operative Movement in Palestine' that agricultural co-operatives in that country brought about an average quantitative increase between 30 and 40 per cent in production. So in any scheme of post-war planning for development of agriculture in India and increase in production of her food crops, the experience of these and other countries deserves careful study. All pre-conceived notions prevalent in India against co-operative effort in the sphere of farming should be abandoned and the problem must be approached from a broader point of view so that India may fall into line with the more advanced countries in regard to organising the peasants for better farming.

*For details see May, June and July 1943 issues of the *Review of International Co-operation*.

ORGANIZATION OF AGRICULTURAL CREDIT IN INDIA

By

J. G. BHANDARI,

Financial Adviser, Co-operative Department Government of the Punjab.

The problem of agricultural credit has received wide spread attention throughout the world in recent years as it is generally recognized now in all countries that the farmer has greater claims to cheap credit than any other producer. Agriculture is a special form of activity, not comparable in any way with trade and industry, owing partly to the nature and length of the operations involved, and partly to the rate of yield on the invested capital. It is being increasingly recognized, therefore, that on account of the peculiarities of the agricultural industry and the special needs of the farmer, credit for agricultural operations should be organized on different lines from those of commercial or industrial credit. In the first place, no other industry depends so much on the vagaries of nature, as agriculture. While an investor can look forward with confidence to the return of the capital invested by him in commerce or manufacturing industry within the prescribed period, he has no such assurance in the case of agriculture. For, despite his hard labours and good intentions, his whole crop may be destroyed, by one act of nature, making it impossible for the farmer to repay his debt in time. Renewals of loans are very frequent in the case of agriculture and as compared with industrial or commercial investments, the ordinary commercial bank finds it unprofitable to invest its funds in agriculture. Secondly, capital is required for comparatively longer periods in agriculture than those in industry and trade. Credit should be given to the farmer for a sufficiently long period, say 9 to 12 months, commensurate with the length of the operation, which it is designed to facilitate. The turnover of capital in agriculture being small, the commercial bank which is always interested in the liquidity of its funds and quick turnover of its capital is unwilling to lock up its funds with the agriculturist. And thirdly the return in agriculture is appreciably smaller than those in industry and commerce. The agriculturist cannot afford to pay the rate of interest which a commercial magnate can.

Credit needs of the Farmer.—Though agriculture remains essentially a small scale industry and the family size of holding is still most popular in the more important countries of the world, yet, the credit

needs of the agriculturist are no less urgent than those of the industrialist. Then again, the majority of farmers in Europe and the U. S. A. influenced by changed economic circumstances, have been led to change their methods, intensify their cultivation and specialise their production. Ancestral traditions and empirical methods are giving place to the improved technique recommended by experts, and the land yield is being substantially increased by the use of chemical fertilisers and improved machinery. This is more true of the farmer in the West than of the Indian farmer, but things are moving in the same direction in India, specially in the canal irrigated area in the Punjab and Sindh. It will be seen thus that under modern conditions, there is great need of borrowed funds for agricultural operations. Loans are required to purchase seeds, manures, farm implements and machinery for agricultural operations. Such loans together with the loans raised for providing the farmer and his family with food and clothing during the period when his crop is ripening, may be termed short period loans. These can be repaid out of the sale proceeds of the year's crop. Loans for cattle and costly machinery on the other hand may be regarded as medium period loans which take 2 or 3 years to repay. And finally loans raised for the purchase of land or making permanent improvements in land represent the long period credit needed by the farmer. Such loans can only be paid after 10 or 15 years. Failure to distinguish between these different types of credit needed by the agriculturist has led to disastrous results in many countries and we in India should take a lesson from their failures. A comprehensive plan of agricultural credit for India must make provision for these three different types of credit to the farmer.

Short Period Credit.—In India the short period as also the medium period credit required by the agriculturist has been mostly provided by the village 'Sahukar.' It is estimated that the village money-lender and the commission agent supply 97% of the total credit needs of the agriculturist and the other 3% is provided by Co-operative Societies and the Government. The commercial banks hardly come in the picture except that they advance small sums against agricultural paper signed by the indigenous banker. Credit provided by an individual is usually dear and in the case of the Indian money lender, it is more so because he has to deal with an illiterate client who has practically no security to offer. Then again the agriculturist is handicapped by the fact that he is no match for the money lender in his devices to keep him permanently under debt. The rate of interest charged by the money lender ranges between 25 and 150% and the fictitious entries in his books and his questionable method of procuring repayments have the effect of making a further indirect addition to this high rate. No wonder that the debt

continues to accumulate from generation to generation and there are heavy odds against a cultivator, who once gets in the clutches of the money lender, ever freeing himself from the debt.

Co-operative Societies and Agricultural Credit.—It was perhaps the realization of this weak point of the cultivator that induced the Government of India to devise a method of providing farmers with cheap credit. It was in 1904 that the First Co-operative Societies Act was passed in India and 35 years after the movement was started there were in 1939, 1,04,307 Co-operative Societies in the whole of British India with a membership of a little more than 48 lakhs out of a population of 39 crores and a working capital of Rs. 96 crores. Fourteen out of every 1000 inhabitants are members of co-operative societies. The total outstanding loans exceed 24½ crores, but it should be noted with regret that out of this 10½ crores are overdue. While the Co-operative Movement has certainly benefited the farmer, this would show that all is not well with the movement. The societies provide on an average only 2% of the credit needs of the farmer. This cannot be regarded as a great achievement. Apart from this, our credit societies charge interest at a very high rate ranging from 9% to 12% on loans advanced to members. The movement has suffered from lack of funds. The apex bank in the Punjab charges interest at 4% to 5% on loans to central banks and unions, which in their turn charge interest at 6 to 7% on loans to primary credit societies. The individual cultivator in the Punjab gets loans at 8 to 9% interest. This is not a happy state of affairs. In the Madras Presidency the Apex Bank has been charging 5% on the loans granted by it to Co-operative Sale Societies against the security of agricultural produce. Under present conditions, the apex bank running on business principles cannot afford to lower these rates. If it lowers the rates of interest the Bank will be working at a loss, as the receipts from interest on the deposits with the Bank will not cover the working charges.

Reserve Bank Act.—Then again the apex bank cannot afford to tie up its funds in long period loans unless in case of need it can count upon some other institution to lend money to it on the security of agricultural paper. It is here that the need for intervention by the Reserve Bank becomes imperative. The framers of the Reserve Bank Act following the practice of other countries like the U. S. A. provided for the discounting of agricultural paper of 9 months duration. Section 17 (b) of the Reserve Bank Act runs as follows:—17 The bank shall be authorized to carry on and transact the several kinds of business herein after specified namely:—

“(b) the purchase, sale, rediscount of bills of exchange and promissory notes drawn and payable in India and bearing two

or more good signatures, one of which shall be that of a scheduled bank, or a Provincial Co-operative Bank and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within nine months from the date of such purchase or rediscount exclusive of days grace”.

But partly on account of the lack of suitable agricultural paper and partly on account of the policy pursued by the bank, the section has practically remained a dead letter.

In 1940, the Reserve Bank addressed two circulars to co-operative banks laying down the conditions under which the Reserve Bank would be prepared to give financial accommodation to them. Great stress is laid in the circulars on the fact that the Reserve Bank must look to the safety of its own funds first before making advances to central co-operative institutions. In theory the circulars are sound, but the practical effect of setting up such a high standard of financial rectitude is that no advances are made at all on the plea that the co-operative institutions must first set their house in order. Facilities for credit at a reasonable rate to the farmer cannot be allowed till he sets his house in order and he cannot set his house in order till he gets cheap credit. Unfortunately there is paucity of good agricultural paper in the country but the lack of agricultural paper should not be used as an argument for levying the urgently needed credit to the agriculturist. One of the two parties and I think the Reserve bank in this case should take the first move to break the vicious circle. The Agricultural Credit Department, which is engaged in making a special study of the subject should devise means of popularising agricultural paper in the country and provide facilities for discounting it. One suggestion that occurs to me in this connection is that the Reserve Bank should accept promotes drawn up by primary societies or unions for bonafide agricultural operations. These promotes will bear two signatures, one of which should be that of the Apex Bank. Such promotes should be treated as bonafide agricultural paper for the purposes of Section 17 of the Reserve Bank Act. If necessary, the legislature may be moved to amend the Act so as to allow the Bank to make advances to co-operative banks against such paper.

Reserve Bank Scheme of 1942, to Finance Sale Societies.—In this connection mention may be made of an important step taken by the Bank on representations made by the Punjab Co-operative Department. The bank has agreed to allow a rebate of 1% on bank rate on agricultural paper drawn by co-operative sale societies against agricultural produce lying in their godowns provided that the paper is of 9 months' duration and it bears the signature of one of the Central or Provincial Co-opera-

tive Bank. This is the first big step taken in this country towards cheapening of agricultural credit, for which Co-operators in India have every good reason to thank the Reserve Bank authorities. Co-operative Sales Societies have proved a great success in the Madras Presidency in spite of the fact that they have to get loans from the Provincial Bank at 4 to 5% rate of interest. Under the Reserve Bank scheme, it will be possible for Sale Societies to get loans at $2\frac{1}{2}\%$ or 3%, leaving a margin of $\frac{1}{2}$ to 1% to cover the working expenses for the Central or Provincial Bank. At the last Madras Conference, I was informed by the President of the Provincial Bank that no less a sum than 1 crore of rupees was advanced to Sale Societies in Madras in 1942-43 by the Apex Bank at 4 to 5% rate of interest. Even this left a good margin of profit to the Sale Societies. Had these Societies taken advantage of the Reserve Bank scheme, they stood to gain about Rs. 2 lakhs on their turnover.

Sale Societies are flourishing in the Madras and Bombay Presidencies, but they have not taken advantage of the Reserve Bank Scheme so far. There is great scope for organizing sale societies on the model of the Madras sale societies, in the Punjab, specially in the canal irrigated area. This will make cheap credit available to the agriculturists, to begin with at the same time adding to the popularity of agricultural paper. The Reserve Bank might ear-mark a sum say from 2 to 3 crores of rupees to begin with for the purpose of making such advances to Sale Societies. A precedent for this will be found in the American Agricultural Marketing Act of 1929 whereby 500,000,000 dollars were provided from the Federal Treasury to serve as a revolving fund for advances to co-operative marketing associations.

Long Period Credit.—The problem of long period credit seems to have hardly been tackled in this country. Leaving aside Madras, where land mortgage banks are working well, mortgage banks in other Provinces are not their much of a success. In the compass of a short article, the causes of their failure cannot be discussed in detail, but it is common knowledge that they have failed to attract long-term investments. With this fundamental defect in their working, they can hardly be expected to succeed. It is hazardous to give example from foreign countries which may be suited to our peculiar social and political conditions, but it seems to me that the American Farm Loan system should be a valuable guide to those who are charged with the responsibility of finding long period credit for the agriculturist in India. The aim of the system is to provide adequate credit at a low cost to the agriculturist and it seeks to assure that by (1) large scale banking units (2) sale of standardized securities (3) exemption of these securities from payment of taxes and (4) fixing of maximum interest that may be charged on loans. Twelve regional land banks have been organized to provide credit to the agriculturist.

These banks work under the directions of the Federal Farm Board which appoints appraisers and chief appraisers. Loans are made to the individual agriculturist on the recommendation of the local Farm Association. The appraiser judges the value of the property to be mortgaged while the chief appraisers who are constantly on tour supervise the work of appraisers. Cheap credit is assured by standardization of agricultural bonds which carry a low rate of interest and by exempting these bonds from income-tax. In some of the European countries like Germany, Italy and Holland, the State guarantees these bonds as well as the interest thereon, so as to enable them to find a ready market. In India, excepting Madras, our mortgage banks depend upon the Provincial Co-operative Banks for funds. It is difficult for our Provincial Banks to make long period advances out of their short period deposits. We in India might with advantage follow the example of some of the Western countries and introduce a system of interest guaranteed agricultural bonds. Provincial Mortgage Banks should be authorised to raise funds by the issue of debentures running for a period of 10 to 15 years. If these debentures and the interest thereon were guaranteed by the Government, they will find a ready market in the country and it will be possible to raise substantial sums for financing the Provincial Mortgage Banks. The help of the field staff of Co-operative Departments could be enlisted for appraisal of the value of the property. To ensure the success of the scheme, the Provincial Governments might sanction a limited number of posts of chief appraisers, to supervise the work of the appraisers.

This rapid survey of the organization of agricultural credit in India, in which I have thrown out a few suggestions for improving the existing machinery of agricultural credit, shows that we in India are far behind Western countries in agricultural co-operation. In the words of an expert committee "Agricultural Co-operation has made little progress in British India. Apart from the credit offices, which represent 90% of the co-operative societies, there are only a few groups which have been formed for the purpose of converting products, carrying out joint purchases, consolidating properties and so on." To my mind, this gives a very true picture of agricultural co-operation in India. For a country like India, with an illiterate rural population, there is need for a centralised Agricultural Credit system in which the Government should participate directly. In devising a system for India, it is essential that the rate of interest for agricultural credit should be kept low and commensurate with the degree of remuneratives of agriculture in India. If as is the case at the present, the burden is too heavy in proportion to the income brought in by the farm, the credit, instead of being of benefit to the borrower, will only make his position worse.

This was readily agreed to. In fact a plan had been drawn up in consultation with the Reserve Bank of India. Out of the authorised capital of Rs. 25 lakhs, divided into shares of Rs. 50 each, Rs. 7 lakhs were to form the issued and paid up capital. The co-operators and the co-operative institutions had promised to take up shares of the value of nearly Rs. 3 lakhs. The scheme had been approved by the provincial government which had even provided in the budget Rs. 50,000 to meet preliminary, establishment and other expenses of a non-recurring nature. The government was also expected to take up certain shares and to guarantee the debentures to be floated by the Bank. With the outbreak of the war, the need for funds for war effort probably precluded the government from sparing the budgeted amount. Obviously the government considered that the provincial bank can wait for the duration of the war: in other words that the absence of the apex bank does not mean less war effort by the co-operative societies in the province. But is that true?

The country is facing a food crisis and one reason is that the farmers are holding back the grains with a view to secure speculative prices. This would be checked and the supply regulated if the marketing societies were developed and provided with facilities for short term finance and for the construction of godowns. One of the chief reasons, then, of the hampered progress of the marketing co-ops is the absence of the channel to draw credit from the Reserve Bank. Unregulated supplies and high prices no doubt affect the war effort.

Again, there has recently been a drive for the investment of the surplus funds into, inter alia, co-operative societies. If the drive bears fruit, it will mean increased necessity for the proper redistribution of the funds through the agency of a central institution.

There is also the 'grow more food' campaign. The farmers are to be encouraged to bring more and more land under cultivation and to raise as many crops as possible. Three things are necessary for this. More and more land should be made available to the cultivators, preferably at low rents. Seed should be widely distributed. Lastly, credit should be provided on easy terms. Credit is most important. The existing banks and societies cannot cater to the financial needs. More funds have to be raised either from the public or from the Reserve Bank which cannot be possible without an apex bank.

Thus in the absence of an apex bank agriculture is prevented from contributing its due share to the war effort. Consequently, the provincial co-operative bank is desirable even from the point of view of war economics. During the last two years the province has been having a

surplus budget and the provincial government can very well spare one or two lakhs for organising the bank and for the purchase of some of the shares.

In his reply to an address presented to him in last March, His Excellency the Governor of the United Provinces disclosed that the matter has been under consideration of his government and after consultation with the Reserve Bank the details are under examination. In view of the fact that the whole scheme had been discussed and chalked out in 1939—it was ready to be put into operation—one wonders what details are now left to be examined. One hopes that these do not involve unnecessary controversies that might lead to the problem being kept pending for months. More than six months have passed by since the above-mentioned address was presented. Is it intended to take a few more such six-monthly periods? If so, do they know, at what price?

The cause of this has been a desire on the part of the agriculturists to grow money-crops like groundnut and tobacco which have been in great demand in foreign countries.

3. An unfavourable change in the seasonal distribution of rainfall:

Year	Whole year	South-West Monsoon	North-East Monsoon	Hot Weather
	inch.	inch.	inch.	inch.
Average 35 years ending 1904 ..	40.43	24.46	11.90	4.07
Average 20 years ending 1940 ..	42.03	23.78	13.99	4.86

We find from the above table that while the total amount of rainfall has registered an increase during the two decades following 1921-22, its distribution has been far from satisfactory. Unlike in the former years, there has been less rain from the South-West Monsoon and more from the North-East Monsoon and in Hot Weather. This difference in seasonal distribution of rain, that is, inadequacy during the necessary periods and excess during the less necessary periods* has affected agriculture adversely as can be seen from the fact that the seasonal yield has decreased from 102 in 1921-26 to 94 in 1935-40 in the case of rice in the Coastal Andhra.

4. Lack of a marked improvement in the average yield of food-grains per acre:—The uneconomic and unscientific methods of cultivation, the hostility of the seasons and other causes have combined to keep down the average yield per acre. The following table shows how the acre-yield of paddy has not improved appreciably since 1922 to 27:—

Quinquennium	Coastal Andhra	Madras Province
1922-23 to 1926-27	1,563.5 lbs.	1,507 lbs.
1935-36 to 1939-40	1,596.0 lbs.	1,537 lbs.
Percentage of increase	2 per cent.	2 per cent.

*Adequate rain from June to September is beneficial and excessive fall from October to December is injurious to crops in the Coastal Andhra.

It is of consequence to note here that in spite of efforts towards improvement in rice cultivation, only about 6.3 per cent of the rice acreage in the country has been brought under improved cultivation by 1938-39, and the average yield has not increased by more than 2 per cent during the past two decades.

5. Inadequacy of other food resources:—Unsatisfactory production conditions have prevailed not only in the case of food-grains but in other food resources as well—for instance, the live stock. The Report on the Marketing of Milk (1941) says, "The human population of India has increased by over 10% against an increase of only 7% in the cattle number during the 10 years ending 1931. Unfortunately, however, the consensus of public opinion seems to be that the milking quality of animals in the country has deteriorated and not improved during this period." The average yield of milk in the West Godavari district has not risen above 10 lbs. a day. An indiscriminate policy of killing birds and fish has been followed. At the Kolleru lake in the West Godavari (where every known Indian aquatic bird is to be found) birds are indiscriminately killed and sold away. Fishing also has been unsatisfactory. For example, at Muthyalapalli a sea-side fishing village in the West Godavari, the fish are caught and killed wastefully. The gummy juice of a certain plant which affects the eye-sight is spilt across the stream and the fish that cross the milky gum barrier become blind. Then they are all caught. There is another method of fishing which is equally bad in its effects: big trap-nests of twigs and leaves are set at intervals in the stream. The poor fish begin to live there and deposit their eggs. These eggs are allowed to grow into fish for some weeks, and suddenly the whole colony (consisting of many small fish also) is caught by the fishermen. By such wasteful methods the aquatic products of the Coastal Andhra have been made to diminish.

These general causes of scarcity that have been in existence in the Coastal Andhra for some years past hold good in the case of the whole country. To them has now come to be added a new set of causes, obviously of recent origin and temporary character, but nevertheless potent enough to shock the indifferent people and keep them alive to the real needs of the country: 1. the cutting off of imports of food from abroad:—India has not been self-sufficient in the matter of food for some decades past. It has had to import rice from abroad, particularly from Burma and Indo-China, to the extent of 6 to 8 per cent of her food re-

quirements. The following table shows the average shortages in respect of rice and wheat in the country:—

	Rice Tons	Wheta Tons.	Total Tons.
India ..	19,05,000	6,79,000	25,84,000
Madras ..	7,78,000	—	7,78,000

—Indian Farming, June 1942.

These imports of food-grains particularly of rice, have ceased since Burmah is gone out of Allied hands.

2. Exports to the Middle-east and Ceylon—Though imports have been cut off India has been obliged to export food-grains to Ceylon and the Middle-east. According to a Press Note of the Government of India the exports of rice and wheat from India amounted to 3,70,000 tons (The Hindu: 23rd Aug. 43).

3. Defence requirements in India:—Due to military exigencies, armies numbering about two millions have been stationed, and A.R.P. and other quasi-military organisations have been organised. All these have to be maintained at Government expense. Since these military and quasi-military bodies are the main source of India's defence, it is natural that their food rations will be liberal and that there will be allowance for wastage. According to the Press Note of the Government of India, the total annual requirements of the Defence Services in India of wheat and rice are 5,00,000 tons and 1,44,000 tons respectively. (The Hindu, 23rd Aug. '43).

4. The fall of Burma:—This has caused many Indians and others to return to India. The number of these Burma evacuees is now about five million. Then there are several Italian prisoners in India. All these new comers have to depend on the country's food resources.

5. A feeling of apprehension and a sense of uncertainty among the people:—The coming of the war to the very gates of India has caused in the people a feeling of apprehension and a sense of uncertainty about the future situation of the country. Consequently people have begun to hoard good materials—some people as an insurance against want at a time when commodities may be more valuable than money and the others with a view to profiteering.

All these factors have caused a general shortage of food materials in the country. And this general food scarcity having synchronised with a steep rise in the purchasing power of the people—for due to inflation the amount of money in circulation per head increased from Rs. 5 to Rs. 15—the prices of food-stuffs have risen very high.”*

With the rise in prices of food-stuffs, the cost of living also rose. The following table shows how the prices of food-stuffs and the cost of living of low-paid employees rose since 1941 in the Coastal Andhra.

(Average prices from July 1935 to June 1936=100).

		Vizagapatam.		Ellore.	
		Food.	Cost of Living.	Food.	Cost of Living.
1941					
Jan.-Mar.	..	120.0	113.8	111.3	108.4
Apr.-June	..	120.8	114.0	114.3	111.3
July-Sept.	..	124.7	117.8	128.7	122.8
Oct.-Dec.	..	126.6	119.6	131.3	125.6
1942					
Jan.-Mar.	..	129.4	121.6	121.0	117.4
Apr.-June	..	132.5	127.1	129.9	123.9
July-Sept.	..	152.1	137.4	160.6	145.2
Oct.-Dec.	..	176.1	158.1	183.5	166.9
1943					
Jan.-Mar.	..	192.7	184.0	199.4	186.4
Apr.-June	..	214.6	207.2	228.3	210.0
July-Sept.	..	242.3	219.4	231.6	205.9

[From the Ft. St. George Gazette.]

*The following note from the editorial of the 'Eastern Economist', dated 27th August, '43 will be instructive and interesting in this connection:—"No one has ever suggested that in certain circumstances the country cannot absorb a volume of currency as large as Rs. 1,000 crores; nor has any one put forward the view that every increase in the volume of currency would automatically bring about an increase in prices and thus lead to inflation. Indeed Britain's shining example with her enormous note expansion to nearly £1,000 millions is a strong reminder that such a result is not inevitable.... The primary source of inflation in the country has no analogy to the expansion of currency in Britain or the U.S.A. and that even were the Government of India cent per cent national and in a position to count upon the fullest co-operation of the people it would be difficult if not impossible to draw by taxation and loans all the surplus money issued by the Government and thus ensure that it does not exert an inflationary pressure".

It may be noted in this connection that the effect of the war is harder on India than on any other country, with the exception of China; for the cost of living in India is higher than in any other country, save China, as the following table shows:—

INDEX No. OF COST OF LIVING IN SOME PRINCIPAL COUNTRIES

(Base 1929=100)

Composition of the Index	U.S.A.	China	India	Great Britain and N. Ireland
1929	100	100	100	100
1939	84	192	106	96
1940	85	550	112	113
1941	89	1,840	122	121
1942 Jan.	94	2,662	137	122
June	97	—	152	122

—*Eastern Economist* June 11, 1943.

Though, in general, India has suffered from this rocketing of prices and high cost of living, yet the effects have not been uniform on all sections of the population. The effects on the different sections of the people have been as follows:—

1. Effect on the agriculturists:—It has often been said that the agriculturists have benefited by the rise in the price of agricultural produce. One important official of the Central Government (Sir Jogendra Singh in the Assembly debate on 10th March '43) has even asked the public not to grudge the wind fall of profit which the poor peasants have got after a long period of economic depression. And the conference of Registrars of the Co-operative Department U. P. resolved that the agriculturists should be encouraged to deposit their profits with some bank for future use (U. P. Co-op. Jour. July, '43). Whoever would grudge the poor peasants their profits if they were real and substantial? Unfortunately their so-called profits have been neither real nor substantial. In spite of the high prices of agricultural produce, the agriculturists have actually received only a small percentage of the profits. In most cases, the peasants have been unable to lay by even those small profits because, having postponed their wants for some years in expectation of a fall in prices of cloth, utensils, and the like, they have now been tempted to buy

their needs even at high prices with the money on hand. Consequently the peasants have not gained substantially.

2. Effect on the Labour Classes:—Agricultural labourers and others who receive wages in kind have not suffered much. But their fellow-wage-earners who receive wages in cash have been subjected to acute suffering; for while the cost of living has increased, their wages have not increased to the same extent. For instance, at Ellore in the West Godavari the monthly wages of domestic men-servants have increased from Rs. 5 in 1941 to Rs. 8 in 1943 and those of maid-servants from Rs. 2 to Rs. 2-8-0 only.

3. Effect on the urban middle-classes and men of fixed incomes:—The lot of these classes has not been better than that of the cash wage-earners. The salaries of men in service have not increased by more than 15 per cent while pensions have not increased at all. Consequently, as the irony of fate would have it, these classes who until recently were apathetic towards their suffering fellow-men have been compelled to suffer in their turn.

4. Effect on the business classes:—Unlike the men of fixed incomes, the business classes have had their day. They bought commodities at fairly low prices and stocked them in expectation of high prices and huge profits. Luckily for them prices rose steeply and gave an opportunity to them to profiteer heavily. Money flowed into their hands from all sections of people.

5. Effect on the poor and the destitutes:—The effect of high prices and food scarcity on these classes has been terrible. Even during normal times these persons who have always had to subsist either on ridiculously low incomes or public charity never had on an average one square meal a day. Now it has not been possible for them to get even one poor meal in two or three days.

What then has been the general effect of this scarcity and high cost of living on people of different social ranks? Obviously the well-to-do have not seriously felt any want except when a particular article of food has not been available in the market; for instance they have been obliged to manage without Glaxo biscuits, Ovaltine and the like. The upper middle-classes have had fairly enough of ordinary food-stuffs, but their diet has been deficient in nutritious food-materials like milk, eggs, and fish whose supply has had to be less abundant. But the lower middle-classes and the working classes have been obliged to consume less owing to the fact that while prices of commodities have risen, their incomes have not risen to the same extent. The following table clearly indicates how

the working-classes have been under-feeding themselves even in a region like the Godavari Delta:—

	Rice per Adult per week	Other articles of food per adult per week	Cost per Adult per week
			Rs.
Oct. 1941 ..	137.2 oz.	29.1 oz.	0-12-9
June 1943 ..	109.2 oz.	18.25 oz.	0-12-6

The above table shows that during the course of 21 months the quantity of food-stuffs consumed per adult has greatly diminished while the cost has not changed. The quantity of rice has decreased by less than one-third and that of the other articles by more than one-third within less than two years. Though the wages have slightly increased, the amount spent on food has not increased at all since the remaining money has had to be used for the purchase of other necessities of life like clothing.

Thus there has been malnutrition and under-feeding among the people who were formerly at the margin of diet and actual starvation—among those who were formerly below the margin. Public health has appallingly suffered owing to this food deficiency among civilian population. Epidemics like cholera have broken in the country and starvation itself has become an epidemic. Who has not read in the papers of the terrible toll taken by Cholera in Malabar and by starvation in Bengal which is one of the granaries of India? Suffice it to say that our country has not had such bitter experiences for several decades past.

Who should bear the responsibility for this sorrowful state of things? Unfortunately prejudice has been allowed a free hand in the apportionment of the blame between the Government and the people. The public press and platform have attacked the Government while the latter have accused the people of non-co-operation. This wrangling has concealed the truth from public view. Hence the need for an impartial consideration of the question:

Impartially viewed, it becomes clear that the responsibility lies not exclusively on the Government or on the people but on the Government and the people. The Government have contributed both indirectly and directly to the gravity of the situation. For a regular supply of rations to the military and quasi-military bodies, the Government have had to

adopt the contract system; and the contractors having obtained very liberal prices from the Government for all commodities ranging from rice to vegetables were in a position to offer fairly high prices in their turn to the middle men for the commodities. Thus the prices were pushed up. For instance I was told at Masulipatam in the Kistna District in May, 1943 that the price of ghee rose from Rs. 3 to Rs. 5 per viss since the A.R.P. contractors offered to buy at the highest price. At Ellore in the West Godavary the price of eggs rose from As. 5 the doz. to As. 12 the doz. since military contractors and other middle-men offered the higher rate. The inflation of currency which has caused high prices of food particularly due to the shortage of consumable goods and services also makes the Government indirectly responsible.

But the direct responsibility of the Government is greater, and can be studied in two aspects—food production policy and distribution policy—Food production policy:—The food production of the Government was defective even during peace times in the following ways: 1. The long connection of Burma with India as a part of the Indian Empire, though a political accident, imparted a sort of self-sufficiency to the whole country in food. The separation of Burma from India in 1935 vitally affected this economic status of India. 2. The free-trade policy of the Government of India encouraged the importation of food from Burma and elsewhere and took away the initiative on the part of the country to endeavour to be at least nearly self-sufficient. 3. The same policy encouraged the raising of commercial crops at the expense of food crops. So long as even many of the commercial crops are exported as raw materials and return to us as finished products, there is legitimate room for the controversy as to the extent to which and the circumstances in which this policy can profitably be pursued. In any case, it should not be done to the detriment of adequate production of food-stuffs. 4. The agricultural policy of the Government has been so slow and indifferent that appreciable success has not been achieved all these years in the matter of increasing the product per acre and per head even on the existing acreage under food-crops. All these years of propaganda could effect rice cultivation on improved lines only on per cent of the total area under rice in 1938-39. All this is due to lack of adequate propaganda on proper lines among the agriculturists. 5. There has not been a serious attempt on the part of the Government to effect an all round increase in food production. Food experts like Dr. Aykroyd have time and again pointed out that while the minimum energy requirements of an average Indian are 2,500 to 2,600 calories, food of only 2,100 calories, is provided to him. And in the matter of nutritive food materials like milk, eggs vegetables and fruits the deficiency is far greater

than in the case of cereals. The new edition of the Report on the Marketing of Milk discloses that "the average consumption is not, as was originally thought, 6.6 oz per capita a day, but only 5.8 oz." The average consumption of dairy products in India is 10 oz. as against 40.3 oz in Denmark and 40.7 oz. in Great Britain." (Eastern Economist 11th June, '43).

The war has compelled the Government to change their food-production policy. The need for an increase in food production having been keenly felt, a "Grow More Food Campaign" on a country-wide scale has been started. Several concessions to the agriculturists in the shape of loans, water-supply, supply of improved seeds, free technical advice and the like have been given by the provincial governments. Tracts of land in cultivable wastes, tank-beds, and the enclosures of public institutions have been brought under the plough. Substitution of food-crops for non-food ones has also been effected to some extent. The following figures show the extent to which the area under food-crops has been increased in the country in general and in Madras in particular:—"The increase aimed at was 2.6 million acres in rice—from 73 millions to 75.6 millions—a 5 million acres in millets from 51 millions to 56 millions. Figures have been received only from 5 provinces—Bombay, Central Provinces, and Behar, the Punjab, and the United Provinces—but they show that the increase in those areas alone has been 4.1 million acres". (Rural India: February '43.)

Year	Region	Area under food-crops.	Area under paddy
		acres.	acres.
1939-40	Coastal ..		
	Andhra ..	75,61,853	34,27,274
	Madras ..	2,73,64,653	98,84,316
1940-41	Coastal ..		
	Andhra ..	78,26,794	37,13,437
	Madras ..	2,78,26,422	1,07,44,393

"Figures recently published show that during the year 1941-42 the acreage of food-crops in Madras province was 28 millions. A complete forecast for 1942-43 has not yet been received by the Government; but paddy is estimated to show 2,80,000 acres above normal and 5½ lakhs of acres above the actuals for 1938-39." (Indian Farming, December 1942).

In this connection it may be interesting to note that "acreage in Great Britain increased by about 50 per cent, and even in the United

States, which is normally a surplus country in food-stuffs, production was up by 12 per cent." (Eastern Economist, 9th July, Editorial),

It may be said that a fair attempt has been made to speed up food production in the country. But there are two important difficulties in the way of producing anything like an adequate quantity of food-grains. Firstly the area that is irrigated under the present system has almost reached its maximum limit. The irrigation department, Madras, says that there is not much scope for expansion of the Godavari, Kistna, Cauvery, Pennar and Vaigai systems. (Is it Indian? published by the Madras Industries Association). The only way of extending acreage under irrigation appreciably is the opening of new projects; but this cannot be done immediately. Secondly there is a shortage of manures. The indigenous manures are inadequate. India's consumption of fertilizers is 1 lakh tons per year while home production is only 20 thousand tons; and it is not quite easy to import fertilizers during war time.

Consequently the scope of immediate expansion on an adequate scale of production of food-grains, particularly of rice, seems to be rather limited. This note of diffidence has been struck by the Rural India of February '43 thus: "So far as rice is concerned, there appears to be no possibility of increasing the rice acreage sufficiently to cover the loss of supplies from Burma and Siam. The only thing that can be done to wipe out the deficit is to supply other crops like wheat."

The distribution policy of the Government has been even worse in its effects. This unsatisfactory distribution policy was the result of a three-fold defect in the psychology of the Government of India:—1. Complacency and undue optimism regarding the food position, 2. Expectation of much co-operation and adaptability to extraordinary situations on the part of the people who have never had such experiences. 3. The confusion of the Government of India as to the relative merits of State-control and free market.

It will be here instructive to study the food policy of the Government in the light of this defective psychology: Until the fall of Burma the Government was complacent and optimistic regarding a regular supply of rice from Burma. The unexpected fall of Burma shocked and spurred them to activity. "But the Food Department itself was formed years too late. When the other countries were planning and rationing India had a surplus in many commodities which, had the Food Department existed, could have been purchased and stored by the Government as provision against the rainy day which has come and found India unprepared." (Sir Henry Richardson's speech in the Assembly Debate

on food: The Hindu, August 10, '43). Like the cricket in the story the Government were obliged to face the rainy day. Their unpreparedness caused a confusion; and the absence of a well-laid food plan forced them to adopt mere day to day expedencies and make-shifts.

The Government were not definite as to the relative merits of State control and free market; and in accordance with their traditions they chose to adopt the former method. Consequently there was slackness of control in three essential matters: 1. Prices:—The Food Member explained that "with regard to price control, Bengal was definitely against fixing any price on the ground that commodities would not come out Madras, C.P., and Assam were also opposed to the enforcement of any maximum price; and U. P. was also opposed to the fixing of the price of any commodity other than wheat." (The Hindu, 10th August '43)

"Hence the Government have decided that there should not be any statutory fixation of maximum prices at the present stage, but to 'continue to influence the prices through such methods and manners as are already in force'." (Eastern Economist, 6th July '43.) 2. Supply:—Even in the matter of supply control the Government did not acquit themselves creditably. They pursued an indecisive policy of controlling and decontrolling according to the desire of the Provincial Governments. For instance, they embarked on the control of wheat in the Punjab but soon decontrolled when the Punjab Government protested. When the food situation in Bengal became grave, the Government of India declared free trade in the eastern zone but the provincial governments protested. This vacillation in the supply policy was also due to the fact that there was no agreement between the Government and the Food Conferences; for while the Government were "considering the feasibility of gradually restoring free trade throughout India as the only other means of ensuring steady supply, thereby bringing down the general price level and distributing supplies commensurate with the needs of the various parts of India," (the Food Conference of July "expressed itself definitely against any form of free trade and recommended reversion to the original procurement plan functioning under the Government of India but with purchasing organisations working under the provincial governments. The Government of India accepted the recommendations of the conference." (Food Member's speech in the Assembly The Hindu August 10, '43.) 3. Provincial Policy:—Though the Government of India Act of 1935 has empowered the Central Government to exercise control over the provincial governments in times of emergency yet the actual policy had been one of "extreme reluctance in these later years of Central Power to encroach on the domain of provincial governments." (Great Britain and the East). Consequently the provinces developed a sort of

economic parochialism and "carried it to such extremes as to exclude and prevent the fullest inter-provincial co-operation in times of food shortage, lacking the inspiration of a common economic purpose for the country as a whole." (Food member's speech). For instance, "reports have been received from several Chambers of commerce that the Punjab is having very substantial quantities of surplus rice and yet has been unwilling to export it." (Eastern Economist, 6th August '43). This would not have happened if the Central Government had been more assertive in its policy.

The situation having deteriorated under the free market and non-price control conditions the Government were at last forced to adopt some system of price and supply control. But by the time some measures of control were devised the situation had become grave, for the price had rocketed, hoarding both for home use and profiteering had become complete, and the black market had begun to function effectively. The Government were obliged to fight hoarding and black market in order to better the situation. The Food Conference of July having recommended an anti-hoarding drive and urban rationing, the farmer was begun, particularly in Bengal. It has yet to be seen how this campaign would effect genuine hoarding and speculative hoarding.

Thus in the shaping of the food policy "the velvet glove has been more in evidence than the iron hand." (Economist: quoted by The Hindu, 7th September 1943.) The public also did not play their part properly. Their action was characterized by panickiness and profit-seeking. The Government of India counted too much on public co-operation. Unlike in the other countries, the people in India were never used to such extraordinary situations. Moreover they considered the Government too unsympathetic to merit co-operation. This panickiness and indifference of the people had far-reaching effects which are obvious. These effects are reflected in the growth and flourishing of black markets.

In this chaos, there has been one redeeming feature—an oasis in the desert—the service rendered by the co-operative movement. The war gave it an opportunity for expansion and greater service. On the side of production much success cannot be claimed.¹ But on the distribution side commendable service has been done by the movement. Many

1. For details see the Hon'ble Mr. V. Ramadas Pantulu's article on "Co-operation and Post-War Economic Reconstruction" in the October—December, 1942 issue of the *Indian Co-operative Review*.

urban consumers' societies have come into existence, particularly in the Madras Province.²

The Co-operative Societies have served to guide the public in respect of standard prices. They have laboured under a three-fold handicap:—1. "There is no move on the part of the Government to recognise the co-operative stores, where they exist and work efficiently, to be the main distributive agencies in respect of even essential domestic requirements" (The Hon'ble V. Ramadas Pantulu). 2. These stores have to depend for supplies not on co-operative producers' societies or on depots established by the Government but on "the dealers who stock and sell for profit and debase the quality to further increase their margin of profit. It is an anomalous position for co-operative societies to depend for their supplies on the very class of middle-men whom the movement is intended to displace." (The Hon'ble V. Ramadas Pantulu) 3. The rapid growth in membership was "born not so much of people's faith in consumers' co-operation as of hope that preferential treatment will be accorded to members of co-operative stores in the distribution of scarce commodities." (Prof. K. C. Ramakrishnan).

What should be done now in order to better the food situation? Two methods may be followed with advantage in this respect:—First the food supply in the country may be increased by a more vigorous food production drive. But care must be taken here to see that the campaign will not fail on account of any insincerity on the part of the village or taluk revenue officers; for there seem to have been cases of food production activity of the agriculturists being impeded by the corruption of certain village and taluk revenue officers. Secondly the food supply may be increased by the importation of food-stuffs from abroad. It must now be easier than before to import food from abroad since the Allied shipping superiority has rendered transport by sea easier.

But now that the war has come to the final stage, it is also necessary to plan and give effect to a long range food policy. Since the long Range Food Committee's report is about to come, it will be of interest to consider on what lines the future policy must be devised:—Work in three main directions seems to be indispensable:—1. Redistribution of crops and other food stuffs:—The present ill-conceived distribution of crops has caused the diet of Indians to become deficient both in quantity and

2. For detailed account on the working of the consumers' societies in Madras see the proceedings of the Conference of Co-operative Stores in the April-June, 1943 issue of the *Indian Co-operative Review*.

quality. So the redistribution plan must be effected on the following lines:—A. Readjustment of commercial and food-crop areas with a view to national self-sufficiency in food. Due consideration must be given here to the scope of improvement in yield per head and per acre. B. Readjustment of areas under different food grains and minor foods:—Due consideration has to be given in this respect to the recommendation of Dr. Aykroyd of a 30 per cent increase in the consumption of cereals and 100 per cent increase in the consumption of pulses and vegetables. C. Development of live stock:—Due consideration must be given here to the scope of improvement in yield per head and per acre. B. Readjustment of areas under different food grains and minor foods:—Due consideration has to be given in this respect to the recommendation of Dr. Aykroyd of a 30 per cent. increase in the consumption of cereals and 100 per cent. increase in the consumption of pulses and vegetables. C. Development of live stock:—Due consideration must be given to improvements in milk and milk products whose consumption according to Dr. Aykroyd must be increased by 300 per cent and to poultry and aquatic products whose wasteful exploitation has now caused a great scarcity. 2. National Policy:—The present war and the food crisis have shown too well how the absence of a national policy and the existence of economic provincialism have effected national welfare. It follows that a planning on a national basis as in England and U. S. A. is a sine qua non of national wellbeing. 3. State Control:—Encouragement and control of agricultural production and distribution by the State has been the cause of the prosperity of several western countries. For instance by State-control and encouragement, "Britain has brought under tillage 6 million acres of land formerly under grass in addition to her 13 million acres of arable land before the war." The emergency powers of the Ministry of Agriculture "appears drastic in a country long wedded to laissez faire. The Minister could" do anything on any land "for the maintenance of supplies of essentials." (Eastern Economist, August 27, Prof. K. C. Ramakrishnan's article): State control in Germany went in 1936 to the extent of "laying down the plan for increasing the production of essential food-stuffs on the one hand and the injunctions as to what people should eat and what they should eschew so as to space a regime of rationing in the war to come." (Prof. K. C. R. in the Eastern Economist). Such an effective control coupled with encouragement is indispensable for India also. 4. Co-operative activity. The public also have a duty to perform in any scheme of national development. They must co-operate among themselves and with the Government. The role that can be played by co-operation in future policy has been best expressed thus: "In the process of post-war reconstruction of agricultural industry by a well regulated system of agricultural credit, many of the 1,00,000

rural societies could be so re-organised with wider functions than merely 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 to establish a closer relation between the farm and the factory. The potentialities of the movement as a powerful factor in the post-war reorganisation of agriculture are immense and co-operative banking is bound to find an important place in the scheme of our national planning, particularly in the scheme of rural finance and marketing." (The Hon'ble V. Ramadas Pantulu, I.C.R. October—December '42).

Food planning on these lines will be successful only when there is hearty co-operation among the departments of Government like Food, Agriculture, and Public Health and also between the Government and the people. This co-operation can exist only when there is a national Government, responsible to the people. Let it be hoped that the millennium will dawn very early on India; for it is only then that Freedom from Want can be achieved. This one Freedom is no small achievement because whatever may be said of the other Freedoms, this Freedom from Want will certainly make India a better place to live in than heretofore.

CO-OPERATIVE BANKS AND AGRICULTURAL LABOUR

By

N. SATHYANARAYANA,
Honorary Joint Secretary,
All-India Co-operative Institutes' Association.

War has created new situations and problems in the country. The cost of living has increased considerably. There is scarcity even of essential food-stuffs. The Government is driven to the necessity of introducing rationing in a number of towns. The list of controlled articles is increasing day by day. Transport of food grains and other essentials of life are prohibited not only from province to province and district to district but even from village to village without permits from the authorities. Though there is no war actually on the soil, the effects of war brought thorough change in all walks of life. People have become easy victims to famine and pestilence and they have to face these difficulties and rise to the occasion to save themselves from disaster and annihilation. Individual profiteering and selfish gains have grown rampant in the place of mutual help and social service. Poor people are left in the lurch. Rich people are able to manipulate to get their requirements by hook or by crook in the black markets. Starvation and death are overtaking thousands of artisans and labourers owing to penury and lack of food. Though war has given employment to skilled workers millions of agricultural labourers and middle class people in villages have become destitute and are quite helpless to face the new situation. Bengal is an example. Orissa and Andhra have their own tales to tell. Kerala is now in the grip of Cholera. We hear harrowing tales of starvation and death owing to the exodus of thousands of unemployed labourers from villages to towns in search of employment and food. It is the duty of the public and the Government to grapple with the serious situation and organise relief through well recognised institutions with the motto of service and sacrifice without any profit motive.

Co-operators have a message to deliver and a mission to fulfil at this juncture. Co-operative Institutions came into existence with the noble

object of putting into practice the ideal of each for all and all for each. A real test and an opportunity has come now for the co-operators to shoulder this responsibility. There is a large mushroom growth of Co-operative Institutions which are existing only in name. These must be weeded out. Strong and efficient Co-operative Institutions have to be developed in rural areas to supply all the needs of life; especially food and clothing. Hitherto Co-operative Institutions are mainly developed for supplying credit, but of late encouragement is given to other forms of Co-operative activities also. But without proper patronage and help from Government they cannot thrive. There must be a thorough change in the policy of the Government and relief must be organised through well recognised public institutions like co-operative societies, instead of patronising profiteering middle men.

There is now disintegration in village life. Gulf is widening day by day between the rich and the poor. The poor have nothing to fall back upon as their savings are nil. During days of employment only they can earn wages and purchase their daily needs and lead only hand to mouth living. Agricultural labourers cannot find employment all throughout the year as agricultural operations are only seasonal. Hence their life is precarious.

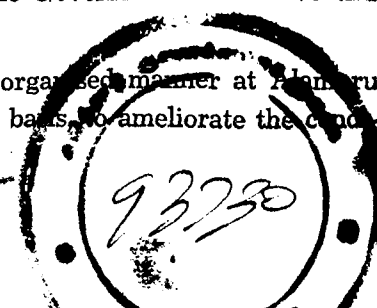
80 per cent of the population in India depend on agriculture for their living and it is admitted by one and all that the occupation of agriculture is a deficit economy in India. Factory labourers are well organised in towns and the capitalist owners have a responsibility to maintain them, as their services are essential for their own prosperity. It is not so in the case of the agricultural labourers. They are not organised. They are bond slaves to land-owning and cultivating classes and they have to depend entirely for their living upon their masters. Though slavery was abolished, it is existing in several forms. The farm labourers have to depend upon their masters for their daily living, from generation to generation to redeem the debt, which they contracted to maintain themselves and their families. There is no redemption for their debts. It is a fact that they are born in debt, live in debt, die in debt and bequeath debt. This is a vicious circle. When they are unable to find employment even under such humiliating conditions they have to starve and die. This is, what is actually happening in the country side. Indeed,

there is now plethora of funds in the country but no food to feed the hungry mouths.

Debt Relief Acts, Debt Conciliation Acts, Usurious Loans Act and other remedial measures passed by the legislatures have all in a way helped the agriculturists and other middle class people for the redemption of their past debts. The present boom in prices of their produce and lands may have put some more money in their hands and some of them may have been enabled to partially liquidate their debts. In spite of the recommendations of the Labour Commission, no Debt Relief Acts were passed by any legislature in India for the redemption of the past debts of agricultural labourers and they are now driven to miserable plight owing to unprecedented rise in the cost of living and dearth of food-stuffs in the country side. The efforts made by social service leagues and other humanitarian missions for the amelioration of these down-trodden people serve only as temporary expedients but cannot solve the problem permanently. No person or community can live on charity alone. Any amount of charity given to an individual or a society without a planning is a waste and even harmful and prejudicial to the proper development and growth of the individual or a community as a whole. Agricultural labour on the country side is wasted and needs organisation with planning. The existence and prosperity of these labourers should not depend on the whim of the employer or on the caprices of the capitalist or on the vicissitudes of the weather. The honest earnings of the labourer must go only to raise the standard of his living but not to be exploited to fill the coffers of the rich. If labour is well organised and protected there can be peace, contentment and happiness in the country side; else, there will be discontent, disaffection and disorder. The sure way of liberating these agricultural labourers is by Co-operative method. Vested interests must be removed ruthlessly. The tiller of the soil must be made to enjoy the fruits of his labour. If collective farming and joint cultivation are promoted through Co-operative agency, credit will flow in of its own accord and capital and labour can be linked up and worked with wonderful success. Bold experiments have to be tried and ventures have to be made by the public and as well as by the Government to achieve this object.

An experiment is being tried in an organised manner at Alampur and surrounding villages on Co-operative basis to ameliorate the condition.

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tion of agricultural labourers taking one thousand agricultural families as a unit. A thorough economic survey of these families was made to find the real needs and wants of the people and their several problems.

Food and clothing are really the two problems which the agriculturists have to face every day. If the labourers have work in the fields, they earn their daily bread and live. If there is no work they have no food. Bread is their daily problem. What little they earn daily, they spend to feed the hungry mouths at home and have little to save. Agricultural occupation gives employment to labourers only during the agricultural season. There will be tight work for the agricultural labourers for 6 months in the year; for 3 months there will be occasional work and for the other 3 months there will be no work on the average during the year. It is particularly during the periods of unemployment that the labourer borrows usually at usurious rates of interest and becomes a bond slave to his master for life. If provision is made for such periods of unemployment during the year they need not fall into the hands of the sowcars and barter their lives. Well organised co-operative societies can do this social work and free the labourers from the clutches of the capitalist, and liberate them from the indentured labour.

The Rural Bank at Alamuru has taken the bold venture to admit one thousand agricultural labourers as members of the Bank to supply cloth and rice in accordance with their repaying capacity. Each family is given a bag of rice on credit and the cost is realised daily from their savings. The Bank appointed 3 Collection agents to visit the families daily and collect what little they can save by the sale of thrift labels of several denominations from one anna to one rupee.

The labourer purchases cloth from the sowcars twice a year chiefly on 2 occasions, namely Dasara and Pongul. They supply cloth on credit and collect the amount at the end of the year double the cost, i.e., 100 per cent. What little they save, when they have employment, will be paid away for interest charges for the debts they incur to purchase cloth and food-stuffs during the slack season. It is with a view to put a stop to this sort of exploitation, the Rural Bank has undertaken not only to supply rice but also cloth to these agricultural families who are admitted as members of the Bank. Figures are furnished below, showing the

progress of sale of rice and cloth to the members for the last 3 years, by opening cheap grain and cloth depots for the benefit of the members. The figures of their savings by the sale of thrift labels, are also furnished below:—

Rice Bags Sold.			Cloth Sold.			Thrift Certificates Sold.		
Year.	Bags.	Rs. a. p.	Year.	Rs. a. p.	Year.	Rs. a. p.		
			1938-39	1,136 1 0				
			1939-40	913 15 3				
1940-41	339	4,011 0 0	1940-41	575 1 3	1940-41	3,192 2 0		
1941-42	427	5,551 9 3	1941-42	1,083 7 6	1941-42	5,284 4 0		
1942-43	778	13,437 0 0	1942-43	13,062 8 0	1942-43	8,500 0 0		
1943-44	420	10,086 4 0	1943-44	527 4 0	1943-44	3,149 10 2		
upto 29-9-43			upto 29-9-43		upto 29-9-43			
Total		Rs. 33,085 13 3		Rs. 17,300 3 0		Rs. 20,126 0 2		

The labourers are able to pay of their debts which they contracted in the Bank for the purchase of rice and cloth without any arrears by the end of the year. Their payments are regular during the transplantation and harvesting seasons. They are now free from the clutches of the sowcars. Their savings are regularly deposited in the bank. On account of intensive propaganda carried on in villages by magic lantern lectures and other adult educational schemes, the labourers have given up drink and the campaign of thrift has enabled them to save something.

The Bank has undertaken another experiment during the last 3 years by introducing joint cultivation and collective farming by taking lease of lanka lands from Government for the benefit of the Harijan members of the Bank. Sixty Harijan members of the Bank in Tatapudi village are given 80 acres of lanka land for joint cultivation and collective farming for a rental of Rs. 1,500. The lands are sub-divided into 6 plots and in each plot 10 families are employed to raise food crops. Seed, implements, cattle and other requirements of agricultural operations are collectively purchased and distributed to the members for raising the crops. After the crops are harvested the produce is collectively sold and after defraying the charges the proceeds are distributed equally among the members. In another village by name Jonnada, a batch of 60 families were encouraged to take up collective farming and joint culti-

vation in a similar manner. The members paid regularly from the sale proceeds of the crop they raised in the land the rental fixed by the Government for the lease of lanka lands and also the funds advanced by the Bank. They could also save annually food-grains enough to maintain them for three idle months. Ascounts for the cost of agriculture and the income they earned by the sale proceeds of the several crops they raised, are properly maintained and kept for information. One Bank employee is specially deputed to help them in their agricultural operations. Annually the cattle required for cultivation are purchased in the season and sold in the market after the season is over. This collective farming has raised the status of the labourers considerably. They are now independent agriculturists without depending upon the land-lords and the capitalists. This lanka cultivation is giving them employment when they have no work in the delta. It is by opening cheap grain and cloth depots and by organisation of joint cultivation and collective farming by Co-operative methods that these agricultural labourers are saved from the clutches of sowcars. If efforts are made in a wider scale and yoke labour with capital there is scope for saving many a destitute home. If Co-operation fails, there will fail the best hope of Rural India.

MADRAS HANDLOOM STANDARD CLOTH

By

PRAGADA KOTAIAH,
General Secretary,

The Madras Provincial Handloom Weavers' Association.

At a time when the Government of India were contemplating the production of standard cloth the Government of Madras openly proclaimed their concern for the welfare of the handloom weavers in the Madras Province, where the handloom industry is the main occupation for a greater number of people than in any other Province. To be more correct about 15 lakhs of people are eking out their livelihood through this industry in this Province. The handloom weavers did feel grateful for the expressed attitude of the Government towards this industry. But later on the Government of Madras changed their attitude for reasons not understandable by the handloom weavers and it was decided that Madras also should have a major quota of mill standard cloth though it was at the same time promised that the handloom weavers will not be excluded from the scheme of producing cheap cloth. The ostensible reason put forward by the Government for this change of attitude on their part was that they apprehended that the handloom weaving industry alone might not be able to produce the entire quantity of cheap cloth required for the Province. The representations of the handloom weavers against this change of attitude on the part of the Government through the Madras Provincial Handloom Weavers' Association proved to be only cries in wilderness.

When the question of actual production of cheap cloth had to be tackled the scheme as far as it concerned the hand-loom weavers was entrusted to the Madras Handloom Weavers' Provincial Co-operative Society Ltd., Madras. The Registrar of Co-operative Societies, the Director of Industries, the Provincial Yarn Commissioner—ex-officio-directors, Mr. J. M. Doak of Madura Mills—Nominee of the Registrar of Co-operative Societies, and Mr. C. S. Ratnasabhapathi Mudaliar of Pankaja Mills—President of the Society, were mostly responsible for the working of the scheme of handloom cheap cloth. There were no doubt other directors representing the primary weavers co-operative societies in the province, but it is within common knowledge how difficult and

Impossible it is for these representatives to interfere with or to go against the plans of the above said determining forces.

To start with the primary weavers societies were required to take up the production of cheap cloth as per terms dictated by the Provincial Co-operative Society. Even in the early stages representations were made by several weavers' societies about the great variations in prevailing rates of wages to weavers in different localities and when suggestions were made to take local rates and conditions also into consideration such representations were belittled and ignored. On the other hand the Provincial Society evolved out a scheme through which it wanted to earn some lakhs of profit to strengthen its financial position. For this purpose the said society proposed to obtain yarn at panel rates—which were then very far below the market rates, from the South Indian Mills, to allocate a portion of it for the production of cheap cloth and to utilise the balance for production of normal cloth by selling yarn to the primary societies at rates a little less than the then prevailing market rates. By so doing the Provincial Society anticipated to earn huge profits through the sale of yarn for producing normal cloth and also through the monopolised production and sale of cheap handloom cloth, which was then calculated to be far cheaper than the other comparable varieties of cloth in the market.

In order to push through their scheme much pressure was brought over the primary weavers' societies and in some cases even threats were held out—threats like refusal of yarn for normal cloth—to allocate a major portion of their looms for producing cheap cloth. The difficulties of the primaries in adopting the specifications the cost involved for preparing new reeds and healds for this purpose were not heeded to by the Provincial Society however much the primaries complained of them. The primaries had no other go but to accept the conditions imposed by the Provincial Society. Even the humble representations made by the primaries that the designs and texture prescribed by the Provincial Society are bound to be most unattractive and that the public may not welcome this type of cheap cloth to the extent expected by the Provincial Society were pooh-poohed. Having no other alternative the primaries accepted all terms and commenced production of cheap cloth advancing wages from their own or borrowed funds and some of them sacrificing their local and more paying business.

At this stage presumably for reasons beyond the control of the Provincial Co-operative Society the Government of India came forward with their decision to appoint the Textile Control Board followed by their

publication of the cotton cloth and yarn control order. This decision of the Government of India totally upset the yarn and cloth market. Prices of yarn and cloth began to sink even below the panel rates. At this juncture the position of the Provincial Co-operative Society became very awkward. It appeared that its cheap standard cloth would become costlier than the other superior varieties of cloth in the market. However the fixation of the ceiling prices for yarn and cloth by the Government of India stabilised the prices in the market to some extent though prices settled down at very low levels when compared with those prevailing prior to the issue of the Control Order.

At this stage the mill standard cloth has been dumped into the market at rates much cheaper than those of the handloom cheap cloth. The public, who were till now imagining that the mill standard cloth will be of very poor texture and finish were obliged to revise their opinion when they actually saw the cloth with its calendaring effects. While the mill standard cloth is thus pushing through in the market no satisfactory arrangements were made for the distribution and sale of the handloom cheap cloth. Even in places where the handloom cloth was brought into the market the public began to complain that the handloom cloth is inferior to the mill standard cloth in texture and finish and its price is unreasonably higher than that of the mill standard cloth. The stocks produced began to be accumulated in the primary societies and in the emporiums for want of adequate arrangements for their release. Even the officers employed by the Provincial Society were not able to examine and pass the stocks produced in societies promptly with the results the societies began to complain in that their funds and resources for paying wages had exhausted and that unless the Provincial Society advances funds for payment of wages they can no longer continue the production of this cheap cloth. Most of the societies have also begun to feel diffident whether the stocks of cheap cloth could be sold at all.

At this juncture the Provincial Society in its anxiety to get itself saved came out with its hasty and unwise steps to meet the situation. It circularised to the societies that they have to reduce their wages and commission and that they can no longer be given the bonus so assuredly offered by the Provincial Society in the beginning. It also reduced the varieties of cheap cloth with the result most of the societies were considerably inconvenienced and were also put to loss as the reeds and healds which were just got prepared at not less than Rs. 6 per loom on the average were made useless. The Provincial Society had also indirectly indicated that the primaries will have to shift for themselves in this situation by reducing or giving up production of cheap cloth. It has

also begun to press the societies to purchase the yarn available with it by borrowing huge funds from the Central Banks on pledge of the yarn purchased from such borrowed funds. This suggestion betrayed an anxiety on the part of the Provincial Society to safeguard its own interests even at the expense of the poor primaries at a time when the yarn market is unsteady and is likely to be pulled down by the Government themselves. It is really painful to note that the Provincial Society which has been belittling, ignoring and pooch-pooching the suggestions the requests and the representations of the actual weavers, should all on a sudden resort to a short-sighted and selfish policy of safeguarding its own interests without caring a little as to how the primaries will be affected by its actions. In fact already the handloom cheap cloth has fallen into disrepute in the market not only on account of its inattractiveness but also of its high price which is a direct result of the high panel prices at which yarn is supplied by the mills to the weavers through the Provincial Society. The public cannot understand these intricacies. The Provincial Society does not seem to be inclined to press the Government and the mills to reduce the panel prices of yarn. In this situation it will be more honourable to the Provincial Society to tell the Government that it is not possible for the handlooms to compete with the mills in the production of the standard cloth when yarn is supplied to weavers at uneconomically high prices. There is no use in attempting to throw the blame on the handloom weaver who has already suffered a good deal in this scheme of cheap cloth production. It is better that the Provincial Society comes to an early decision to give up the scheme of cheap cloth unless the Government is prepared to see that the panel prices of yarn are reduced to a level as to make it possible for the handlooms to sell their cheap cloth at rates equal if not lower than those of the mill standard cloth. It is a matter for regret that the Provincial Society should have so indifferently treated the entreaties of the actual weavers all the while and should think of letting them down at this juncture without devoting any effort towards other alternatives. The situation would have been quite different had the primaries been taken into some confidence at some stage or other. Even now it is not too late for the Provincial Society to think and act aright.

OUR RESEARCH WORKERS' CORNER

Spinners of the Delta Region of the Coastal Andhra

A STUDY OF THEIR INCOMES

(Contributed by a Research Worker.)

[The Results of objective study embodied in this note are furnished to us by a research worker who has been conducting some investigations into the working of the cottage industries in the Coastal Andhra (Vizagapatam, East Godavary, West Godavary, Kistna, Guntur and Nellore districts in the Madras Presidency). Hand spinning and hand weaving are among the cottage industries which lend themselves fruitfully to organisation on co-operative basis. We shall therefore welcome similar contributions by research workers working in other areas. The object of this note is to merely show that in certain tracts like the deltaic villages in the Kistna district hand spinning is not a paying proposition from a purely wage earner's point of view, even as a part time occupation; it is no way intended to minimise the value of hand spinning as a subsidiary occupation and its place in our rural economy. There are also regions where even from the wage earner's monetary point of view hand spinning is a paying proposition. We hope to be able to publish surveys in those areas also in due course.—Editor.]

Avanigadda, a village in the Krishna Delta of the Coastal Andhra, has recently sprung into importance as a khaddar production centre, having virtually superseded Puritigadda, a neighbouring village, which has for several years been a very important centre. It is a first variety khaddar centre because the count of yarn spun there is 18s. to 30s. Its importance is evident from the fact that Puritigadda produced in 1941 khaddar of the value of Rs. 20,600 which was 10% of the 1st variety khaddar produced by the All-India Spinners' Association (Andhra Branch) in that year. With a view to study the condition of the industry there, I went to Avanigadda in May, 1943. There were about 1,000 spinners at the centre, all of whom, with the exception of 4 or 5 men, were women. On inquiry, I learned that of them 200 spinners, particularly of the "lankas" (islands of the river) spun for their livelihood, 200 to earn money for buying some sundries needed for the family, and the remaining 600 to indulge in a few luxuries like fashionable bangles, flowers and cheap ornaments. Interested in finding out how the spinners had been faring at this important centre, I studied the business accounts of six spinners of the major group. The following are the results of my study:—

TABLE SHOWING THE MONTHLY AVERAGES OF WORK AND INCOME OF THE SPINNERS.

Month	Cotton. Weight of	Price of Cotton	Count Spin	Yarn brought (Hanks)	Weight of yarn	Cost of Yarn	Cash given	Deposits.
	taken (lbs.)	Rs. a. p.			(lbs.)	Rs. a. p.	Rs. a. p.	Rs. a. p.
Sept. 1941 to May 1942	1	1½	23.5	29	1%	2 3 8	0 13 2	0 9 5
	2	1%	26.0	38.3	1½	2 14 8	1 6 10	0 7 10
	3	¾	25.5	26.2	1	2 0 9	0 15 3	0 9 9
	4	¾	22.2	16.0	1½	1 3 5	0 4 10	0 6 1
	5	¾	27.0	21.5	2¾	1 11 8	1 0 7	0 4 8
	6	¾	29.0	12	¾	0 14 8	0 8 9	0 1 11
	Ave. for all	1½	25.6	23.2	1½	1 12 9	0 13 1	0 6 5
June 1942 to Nov. 1942	1	¾	24.0	16.3	¾	1 4 7	1 4 4	—
	2	¾	24.0	17.3	¾	1 5 6	0 14 0	—
	3	¾	25.0	25.0	1	1 15 0	0 10 3	0 12 3
	4	1½	21.5	14.7	¾	1 5 0	0 5 7	0 4 6
	5	1½	29.0	21.3	¾	2 2 0	1 8 11	—
	6	¾	25.5	13.0	½	1 0 2	0 11 0	—
	Ave. for all	¾	25.0	18.5	¾	1 7 7	0 14 10	0 2 10
Dec. 1942 to Feb. 1943	1	2½	22.0	55.3	2¾	6 0 10	4 12 10	—
	2	1	21.7	49.7	2½	4 10 3	4 7 4	0 0 5
	3	1	25.7	31.0	1½	3 2 1	2 14 9	—
	4	1½	22.5	25.0	1½	2 12 0	1 15 1	—
	5	¾	26.5	19.0	¾	2 1 3	1 15 3	—
	6	1½	20.3	30.3	1½	2 14 2	2 6 2	—
	Ave. for all	1½	23.0	35.0	1¾	3 10 4	3 0 11	0 0 1
March 1943 to May 1943	1	1½	20.0	18.3	¾	2 9 3	1 12 6	—
	2	1½	20.0	39.3	12¾	5 0 10	0 13 3	4 1 4
	3	¾	20.0	16.7	5%	1 14 0	1 5 3	—
	4	¾	20.0	13.3	¾	1 14 0	1 12 0	—
	5	¾	24.0	-4.0	¾	0 9 0	0 2 4	—
	6	¾	20.0	-2.3	¾	0 5 3	0 2 11	—
	Ave. for all	¾	20.5	15.7	¾	2 0 9	1 0 1	0 10 11

The above table is based on the business accounts of six representative spinners of the major group belonging to the Deltaic area of the Coastal Andhra. Before recording a comprehensive study of the above table, with pertinent references to the original sources wherever necessary, four points need be mentioned here; for they facilitate a clear understanding of certain facts connected with hand-spinning industry:—

1. The division into periods of time adopted in the above table is in conformity with the progressive pace of khaddar production activity and demand. The first period of 9 months (September '41 to May '42) was one of stable prices and fairly normal activity. The second one of 6 months (June '42 to November '42) was one of transition from normal conditions to abnormal ones, for by November '42 hand-spun and mill-yarn began to sell at the same price. The third period of 3 months (December '42 to February '43) during which mill-yarn sold higher than hand-spun yarn was one of a very high rise in khaddar prices and demand. The fourth period of 3 months (March '43 to May '43) was one of decline in production, partly due to a fall in demand and partly due to unfavourable weather conditions.
- (2) The prices of cotton slivers changed from time to time as follows:—Till February '42, Rs. 0-10-0 per lb.; from March '42 to June '42, Rs. 0-9-0 per lb.; July '42 Rs. 0-11-6 per lb.; from August '42 to November '42, Rs. 0-9-0 per lb.; from December '42 to February '43, Rs. 0-10-0 per lb.; from March '43 to May '43, Rs. 0-14-0 per lb. These changes in sliver prices were the result of changes in cotton prices.
- (3) The price of yarn per lb. also varied. Till December '42, yarn was bought at the Avanigadda centre at a progressive rate which roughly averaged about Rs. 0-1-3 per hank and which was in accordance with a count-and-strength schedule. But from December '42 to February '43 a flat rate of Rs. 0-1-9 per hank ruled for all yarn of 12s. to 24s. And from March '43 this rate was raised to Rs. 0-2-3 a hank.
- (4) The spinners usually obtained cotton slivers from the centre, and occasionally from some other source, but sold all yarn to the centre. Hence the prices in columns Nos. 3, 7 and (8 and 9) do not exactly tally.

A study of the above table brings out the following points:—

1. Cotton taken by the spinners:—The spinners were irregular in the matter of taking cotton from the production centre. During the first few months the spinners went to the office for cotton at intervals of three days to five weeks. About the middle of the period under study the intervals ranged between 1 month and 4 months, the average being more than 2 months. During the last four months when the demand for khaddar grew higher than ever before, the intervals were between one week and five weeks, but in very many cases the interval did not exceed

a fortnight. In respect of quantity of cotton taken by the spinners there was no uniformity. The quantity taken at a time ranged between $\frac{3}{8}$ lb. and 3 lbs., the average being $1\frac{1}{2}$ lbs. during the first half and $\frac{1}{2}$ lb. during the second half of the period. One more important point was that though the transactions were to be done only with the All-India Spinners' Association, some of the spinners occasionally procured cotton elsewhere but sold the yarn to the All-India Spinners' Association centre.

2. Quality of yarn spun:—Yarn of 25s. and in some cases even 30s. could be easily spun. In the first 15 months during which the progressive wage system obtained, the average count spun was not less than 25s., though there was a gradual fall in some cases from 34s. But with the fixing of the flat rate per hank, the count fell quickly, the figures being 22s. when yarn cost Rs. 0-1-9 per hank, and 20s. when it cost Rs. 0-2-3 per hank. Only one spinner among the six maintained a fair degree of fineness throughout by spinning generally above 25s.

3. Production and sale of yarn:—Two important points may be noted in this respect: First, spinning was not done uniformly throughout the year. Very little work was done from March to June. This period coincides with the long intervals mentioned in connection with the taking of cotton from the centre. The business accounts showed that the average production per spinner for the three months, March to May 1942, was 40 hanks of yarn of 25·3s. and $1\frac{1}{2}$ lbs. weight, while for the same quarter in 1943 (when the price of khaddar was very high) the production per spinner was 47 hanks of 20·3s. weighing $2\frac{1}{4}$ lbs. During the other months the production was not so low; for in the quarter December '42 to February '43 (a period of high demand and high price of khaddar) the average per capita production was 105 hanks of 23s. weighing a little over 4 lbs. Secondly, some of the spinners sold to the centre more yarn than could be produced from the cotton given to them, thus bringing the difference between cotton received and yarn sold to about $\frac{1}{5}$ lb. per head per quarter. This may be due to the fact that, at least during the latter part of the period under study, the spinners obtained cotton from other sources also but sold all the yarn to the centre.

4. Income:—This is the most important part of the table, for the income of the spinners is the index of the economic aspect of the khaddar industry. During the nine months, from September '41 to May '42, the average per capita income per mensem was Rs. 1-3-6, the maximum earnings being Rs. 1-14-6. From June '42 to November '42 the average per capita income per mensem was Rs. 1-1-6 though the prices of khaddar

registered an increase. This fall in the average rates need not be attributed to the disturbances in August and succeeding months because the income got in the three months of disquiet (September to November '42) was at least equal and in some cases even more than the income in the first three months (June to August '42). The highest income was got in the quarter, December '42 to February '43 when the average was Rs. 3-1-0 per capita per mensem, the highest and the lowest individual incomes being Rs. 4-13-0 and Rs. 1-13-0. The monthly average again fell to Rs. 1-11-0 in the next quarter (March to May '43).

Deposits:—Deposit of a part of the earnings of the spinners was at first encouraged by the All-India Spinners' Association. This system worked fairly well till about May '42, for nearly 1/3 of their spinners' earnings was deposited by them. Subsequently the system fell into disuse and when the income of spinners was at its highest, the deposit was at its lowest—only Rs. 0-0-1 per capita per month.

General Conclusions:—The following general conclusions may be arrived at on the basis of the above facts:—(1) The work of the spinners was very irregular. There were no strong indications of a deep interest on the part of the spinners in their own economic prosperity and in the development of the khaddar industry even under the most favourable conditions. (2) Their average monthly income was very low. At its highest it was only Rs. 3-1-0. The average for the 21 months was only Rs. 1-8-0. Evidently their income did not keep pace with the rise in price-level of food-stuffs and other necessities of life. (3) The aesthetic sense was absent among the spinners. Only one woman maintained throughout the period a fairly decent standard of production of fine yarn. But the others simply sacrificed aesthetic taste to economic considerations and gradually reduced the fineness of the yarn. The flat rate system which the All-India Spinners' Association had to adopt in place of the progressive wage system with a view to cope with the situation somehow, also adversely affected the aesthetic sense of the spinners. (4) The spinners studied here were typical of 2/3 the number of spinners of Avanigadda, a centre of the deltaic region. So the conditions stated above may be considered applicable to the deltaic region of the Coastal Andhra.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

BOMBAY

The following is the text of the summary of the Annual Report on the Working of Co-operative Societies in Bombay for the year 1941-42 officially released.

The Agricultural season may be regarded as fair over the greater part of the Province, but as judged from the outturn of crops, it was less satisfactory than during the previous year. In spite of fluctuations, the general trend of prices of agricultural commodities was favourable and stimulated recoveries.

During the year under report, the policy of weeding out bad societies and of cautious expansion was continued in respect of agricultural societies as a result of which 22 societies were ordered to be wound up and 70 societies were registered bringing the total number of societies to 3,825. There has been a decrease of Rs. 5½ lakhs in the working capital of these societies (which now stands at Rs. 264 lakhs) which would be attributed to the elimination of the working capital of societies that have gone into liquidation and curtailment of the loans outstanding with members. It is, however, gratifying to note that the reserve and other funds record an increase of over Rs. 2½ lakhs in spite of the fact bad debts to the extent of Rs. 1·20 lakhs were written off against the reserve fund. The bank loan outstandings showed a decrease of over Rs. 6 lakhs. This would show that the societies are becoming more and more self-supporting. The owned capital of these societies has exceeded the bank loan and other outside liabilities by more than Rs. 13½ lakhs and it now forms as much as 52 per cent of the working capital. The financial position of these societies can, therefore, be considered to be strong in spite of the difficulties they have had to face in the past. The recoveries for the province, as a whole exceed the recoveries of the previous year by nearly Rs. 12½ lakhs. The percentage of recoveries to the amount due for payment is 39·8 as against 32·2 of the previous year. The amount of total overdues at the end of the year decreased by nearly Rs. 14½ lakhs from Rs. 1,26,54,964 to Rs. 1,12,10,039. The percentage of overdues to the total outstandings works out at 52 as against 57 of the previous year, while it works out at 54·2 per cent as against 59·1 of the previous year to the amount due for payment. This indicates a distinct and substantial improvement in an aspect which is vital to the agricultural credit movement, the extent of which is greater than during any of the last five years.

There was an increase of 1 society in the number of Bhil societies in the Panch Mahals and West Khandesh district bringing the total to 130. There has been a slight increase recorded in the number of members and working capital of these societies. The Societies in the Panch Mahals sub-division continued to progress steadily. Unauthorised arrears decreased slightly and amounted to Rs. 90,46 forming 49 per cent of the total outstandings of Rs. 1,83,044. One peculiar feature of their working is that they make advances by way of supply of seed and other domestic requirements in kind and also receive payments in kind. So far as Bhil societies in the West Khandesh district are concerned, there has been an increase in the working capital by about Rs. 5,000. The recoveries are practically the same as

in the previous year and out of the total outstanding of Rs. 71,025, Rs. 59,826 are overdue which works out at 71 per cent as against 85 per cent of the previous year.

The number of multi-purpose societies rose from 70 to 73. The working of these societies indicates all round progress. Out of the total outstandings of Rs. 2.02 lakhs, Rs. 21,000 are overdue. The societies supplied agricultural and domestic requirements of the value of Rs. 1.21 lakhs and sold agricultural produce of the value of Rs. 3.96 lakhs. They earned a commission of Rs. 9,460 on the year's working. It cannot, however, be said that all or most of the multi-purpose societies have been doing well and experiencing not difficulties. On the whole however, it may be said that the societies are adjusting themselves to local conditions and circumstances and making headway.

The year under report was notable for the overhauling of the system of supervision over co-operative societies. The scheme of supervision, as originally sanctioned by Government, was revised with a view to remedy the existing defects and to make the system more sufficient. The creation of a Provincial Board of Supervision and the revision of the constitution of the District Boards of Supervising Unions which are the two salient features of the revised scheme, will it is expected, show better results and ensure sufficient supervision over the working of rural societies. There was no change in the number of District Boards of Supervising Unions, which continues to be 16. The staff of the District Boards consists of 3 senior supervisors, 115 supervisors and 22 assistant supervisors. The number of supervising unions, including guaranteeing and banking unions, stands at 111. The number of societies affiliated to the unions is 3,480.

So far as long-term finance is concerned, the Bombay Provincial Land Mortgage Bank continued to show steady progress. Its share capital increased from Rs. 4.71 lakhs to Rs. 4.92 lakhs. It made advances to the extent of Rs. 5.54 lakhs in respect of 377 loans to the primary banks. The bulk of these loans has been granted for redemption of old debts. In the course of the year, Government decided to guarantee the third series of debentures, to the extent of Rs. 5 lakhs and pending the issue of these debentures granted a temporary advance to the extent of Rs. 1 lakh to the bank. There was no increase in the number of primary land mortgage banks which remained stationary at 17. Their share capital increased from Rs. 3.31 lakhs to Rs. 3.53 lakhs. The total outstandings also increased from Rs. 30.69 lakhs to Rs. 33.31 lakhs. The total amount due for repayment during the year was Rs. 4.49 lakhs, out of which recoveries to the extent of Rs. 3.97 lakhs were effected. The total overdues at the end of the year were Rs. 1.44 lakhs as against Rs. 1.25 lakhs of the previous year. It is satisfactory to note that barring a few exceptions, primary land mortgage banks maintained their progress during the year.

The agricultural non-credit movement has been making steady progress from year to year without any appreciable set back. The number of such societies increased by 34 bringing the total to 413. The total sales effected by these societies rose from Rs. 114 lakhs to Rs. 130 lakhs. The sale movement is not a mere appendage of the credit movement and can, in a large measure, stand on its own legs also. The cotton sale societies numbering 45 in all constitute the most important institution among the sale societies. The cotton sale societies in Gujarat and Karnatak continued to play, as usual, a highly important part in the co-operative marketing of the cotton crop. These societies

effected sales of cotton to the extent of Rs. 73.69 lakhs. A remarkable feature of the cotton sale movement was the scheme for multiplication of jarila seed and the marketing of jarila lint through the agency of co-operative societies initiated in the East Khandesh district. The scheme visualises the organisation of 16 sale societies on the Surat model. The registration of the Bombay Co-operative Marketing Society is another step forward in the history of co-operative marketing. The society is the first of its kind to cater to the needs of the various interests like producers, consumers, traders, etc. It is designed to satisfy the long-felt need of a central purchasing and sale agency for agricultural and consumers' societies. The society has been able to make a good beginning. Its total business of perishable articles and other goods, etc. amounted to Rs. 15,965 in the food grains and pulses amounted to Rs. 1.43 lakhs. As regards other agricultural non-credit societies, the taluka development associations have, as usual, been playing an important role in promoting rural development by introducing modern methods of agriculture and advocating the use of improved implements by carrying on propaganda and holding demonstrations. Crop protection and better farming societies are also contributing in their respective spheres to the betterment of the agriculturists.

The Provincial Co-operative Bank continued to be well managed. The resources of the bank increased by nearly Rs. 28 lakhs, bringing the total working capital to Rs. 2,79,75,381, the bulk of which comes from deposits from individuals and societies. Fresh advances amounted to Rs. 27,49,634 and repayments to Rs. 28,71,598. The repayments in the case of liquidated societies amounted to Rs. 1,96,693 as against Rs. 1,49,265 during the previous year. The total outstandings due from banks and societies at the end of the year were Rs. 74.20 lakhs as against Rs. 75.28 lakhs of the previous year. The position of the bank in respect of liquid resources has also been very satisfactory. As against the total deposit liabilities of Rs. 240 lakhs, the bank held liquid resources to the extent of Rs. 170 lakhs; the proportion of these resources to the total liabilities being over 70 per cent. The Bank repaid during the year the first two series of the debentures to the extent of Rs. 6,30,000. The year's working resulted in a profit of Rs. 90,720 as against Rs. 46,540 of the previous year, and the bank declared a dividend of 3½ per cent as against 3 per cent of the previous year. The number of district central banks remained unchanged at 11. The share capital, reserve and other funds and number of members recorded a satisfactory increase. It is also a matter of satisfaction to note that in spite of the conditions created by the war, the year under report recorded a considerable increase in the figure of deposits which is an indication of the growing confidence of the investing public which these banks enjoy. Consequent on the increase in their share capital, deposits and reserve and other funds, the working capital recorded an increase from Rs. 303 lakhs to Rs. 331 lakhs. The banks could not however, utilise their entire resources in the movement itself as out of the working capital of Rs. 331 lakhs, only Rs. 86.42 lakhs were advanced by way of loans. Out of the total amount of Rs. 116 lakhs due for repayment during the year, Rs. 67.15 lakhs have been recovered, unauthorised arrears working out at 22.1 per cent to the amount due for repayment. The owned capital of the banks was Rs. 55.14 lakhs, representing 16.6 per cent of the total working capital.

The total number of non-agricultural societies of all classes increased from 987 to 1,010. There was an increase in the number of non-agricultural credit institutions from 741 to 753. There was a substantial increase in the total amount of deposits held by them, which rose from Rs. 396 lakhs to Rs. 437 lakhs. There was

also a satisfactory increase in their share capital and reserve fund. Their working capital increased from Rs. 643 lakhs to Rs. 690 lakhs. The number of full-fledged urban banks (excluding salary earners' institutions) rose from 60 to 64. Their working also shows all round progress. The urban banks have not only been instrumental in popularising banking habits among the public to a large extent, but have also contributed to the development of trade and industry through provision of finance for various types of business. The Bombay Co-operative Insurance Society issued 3,666 policies for a sum of Rs. 44.62 lakhs. The total business in force at the close of the year amounted to Rs. 1,27,40,785 while the Life Assurance Fund increased from Rs. 8,89,552 to Rs. 11,88,797. The premium income during the year came to Rs. 6,97,069. The difficulties experienced in obtaining food grains and other domestic requirements stimulated a demand for co-operative store societies and the total number of such societies increased from 31 to 38. The total value of the sales effected during the year by these societies showed an appreciable increase from Rs. 8.75 lakhs of the previous year to Rs. 10.71 lakhs. These figures do not give a correct indication as regards the extent of work done in this sphere as during the year some of the credit societies especially the salary earners' also undertook the work of purchase and supply of food grains and other domestic requirements. The Kirkee Ammunition Factory Co-operative Credit Society alone sold goods worth Rs. 8 lakhs during the year. The total number of housing societies in the province also increased from 104 to 105. The membership and share capital of these societies showed a rise. The balance of Government loan decreased from Rs. 18.82 lakhs to Rs. 17.15 lakhs.

While some of the weavers' societies which form the bulk of the producers societies have been functioning as credit societies, it is gratifying to note that a few of them have started working as feeder institutions to district industrial associations established under the scheme for the marketing of hand-loom products subsidized by the Government of India. The large orders placed by Government with these associations to meet the requirements of the Army have stimulated their activities and increased their potentialities for relieving unemployment amongst hand-loom weavers. Of these associations, the N. C. D. Industrial Association at Ahmednagar stands foremost. It supplied 36,340 army blankets of the value of nearly Rs. 2,50,000.

During the year under report, Government passed orders sanctioning reorganization of the constitution and functions of the Bombay Provincial Co-operative Institute. Under its revised constitution, the main duty of the Institute will be to impart education to members of Co-operative Societies and to workers in the co-operative movement, and to act as a co-ordinating agency in all matters pertaining to co-operative education. It would also function as a focussing centre of non-official opinion for representing it in proper quarters. The Institute adopted the new constitution after the close of the year and elected Sir J. A. Madan, C.S.I., C.I.E., as Chairman of its executive committee.

The year under report marked the termination of the second stage of the training scheme subsidized by the Government of India, and the scheme has now entered upon its third stage, which visualises the training of the secretaries, ordinary and committee members of rural societies and supervisors of supervising unions. The training of 1,766 secretaries of agricultural societies was completed while the training of ordinary and managing committee members was completed in respect of 1,250 and 1,295 societies respectively.

On the whole, the year under report has been a year of progress. The agricultural credit societies, which were, for several reasons; lagging behind, increased in number and improved their business and financial position to an appreciable extent, while the other parts of the movement such as apex and central banks, agricultural non-credit societies and urban banks and salary earners' societies, which were already strong, had further accession of strength. The effect of war on the movement as a whole has not been unhealthy.

—The Bombay Co-operative Quarterly, June 1943.

UNITED PROVINCES

Report on the working of co-operative societies in the U. P. for the year 1940-41.

The Report reveals that as compared to the previous year the total number of societies of all kinds rose from 16,078 to 17,097 and their membership increased from 11,66,970 to 12,61,543. The working capital and the owned capital of these societies also increased from Rs. 3,51,58,492 to Rs. 3,52,13,783 and Rs. 1,59,26,818 to Rs. 1,75,11,016 respectively. The progress in membership and owned capital has been almost phenomenal.

The number of central banks continued to be 70 but the number of non-credit central societies rose from 188 to 250. The number of agricultural primary societies rose from 15,034 to 15,979 while that of non-agricultural primary societies went up from 736 to 798.

The total capital involved in the movement amounts to Rs. 260 crores against Rs. 250 crores in the previous year. It will be noticed with some gratification that the owned capital of all classes of societies is increasing almost in arithmetical progression. This would enable them increasingly to reduce the rate of interest chargeable from members but this would also have the effect of reducing the profits of central banks unless they counterbalance it by finding fresh avenues for more profitable employment of their capital.

The number of village banks rose from 961 to 2,214. Four hundred and sixty-five new societies were formed and 788 of the existing societies of unlimited liability were converted into them. The societies at the end of the year had a membership of 57,269 with an average of 25.9 per society. The deposits of members amount to Rs. 13.41 lakhs. The societies have a working capital of Rs. 28.51 lakhs of which Rs. 15.72 lakhs is their own. The percentage of the owned capital to the working capital works out at 55.3. Due to the satisfactory accumulation of their own capital, 289 societies of this class were able substantially to reduce their rate of interest chargeable from members. Five hundred and forty-four societies could distribute dividends to their members in varying rates.

Central and primary stores remain at 48. Of these 27 supplied seeds, 14 agricultural implements and 7 weavers' raw material to their members. The number of primary store rose from 49 to 59. Of these 20 distributed seeds and seven of them did marketing work as well. Of the remaining stores, eleven were stores for meeting the requirements of students and two for those of weavers and five were attached to labour welfare centre at Cawnpore, and ten of them functioned as general stores. There was no increase in the number of central industrial stores. Eight of them continued to work. They manufactured goods varying from coating, shirting, and furnishing material to handkerchiefs, gauze, jaconet and durries, etc. The war stimulated the production of goods of these stores.

The Mason Industrial Federation of Barabanki, passed through another year of solid progress. Its sales rose from Rs. 62,038 to Rs. 90,425 with a corresponding increase in profits from Rs. 2,713 to Rs. 3,075. The Sandila Industrial Stores also had another year of successful working. It manufactured and sold goods of the value of Rs. 74,636. The weaving and Sale Society of Sandila has specialised in the manufacture of jaconet, bandage and gauze cloths. It supplied 97,000 yards to the United Provinces Government Press, while 62,000 yards gauze cloth and 396 yards of bandage cloth was supplied to the United Provinces Hospitals. The profit amounted to Rs. 2,212. The sales of the Etawah Store amounted to Rs. 9,579 as against Rs. 8,128 in the previous year. It has 6 primary societies affiliated to it. The Maghar Store at Basti has six primaries affiliated to it. During the year the sale of its manufactured goods shot up to Rs. 41,816 against Rs. 17,586 in the last year.

There were 37 Weavers societies spread over 11 districts of the province. Due to war there was a greater demand for the organisation of such societies. As a result, the number has increased from 37 to 53. The Fatchpur Carpet Weavers' Society (Barabanki) sold goods worth Rs. 5,006 making a profit of Rs. 530. The Inchauli Society in Barabanki sold *niwar* and other goods for war purposes and made a moderate profit of Rs. 68. The Mallawan Weaving and Sale Society, Hardoi, manufactured *niwar* worth Rs. 6,501 and 3,050 yards of other cloth for war supplies. It earned a profit of Rs. 318.

The number of milk supply societies is 25 of which 16 are in Lucknow seven in Allahabad and one each at Benares and Unao. The Lucknow societies are all affiliated to the Lucknow Co-operative Milk Union. During the year under report 9,658 maunds of milk, 91 maunds of butter, 82 maunds of *Ghee*, 141 maunds of cream, and 2,275 maunds of separated milk were sold. The average daily purchase of milk was 38 maunds against the daily average sale of 27 maunds. The profit earned was Rs. 48,836 reducing the loss to Rs. 1,700. The Union advanced Rs. 3,440, to the members for the purchase of 47 cows and 17 she-buffaloes of improved breed. It sunk three wells in three villages and also erected one cattle-shed. The veterinary department has established a cattle welfare centre at Bakshi-ka-talab which is the milk collecting centre of the Union. It will look after the cattle of 17 villages. The Katra Dairy at Allahabad sold 1,995 maunds of milk securing a profit of Rs. 211 against a loss of Rs. 55 in the previous year. The Benares Dairy showed no improvement. It marketed 577 maunds of milk, the average sale per day being 64 seers only.

The *Khawa* Scheme is working in two places, Rampur Garhwan under the Itifat Central Co-operative Bank in the Unao District and Sandila under the Sandila Marketing Union in the Hardoi District. At Rampur Garhwan *Khawa* was prepared at 18 centres. The profit was Rs. 1,616 against Rs. 383 in the previous year. The total sales were worth Rs. 19,702. The average production per day is 1.5 seers which is sold at Lucknow and Cawnpore. The scheme is popular and is prospering. At Sandila there were 12 centres for the manufacture of *Khawa* and Rs. 204 were earned as profits on a sale of 712 maunds of *Khawa*.

The number of *Ghee* societies rose from 607 to 693. They are spread over 15 districts. The number of *Ghee* unions rose from 6 to 8. The aggregate sales were about 4,000 maunds of *ghee* valued at Rs. 1,60,000 giving a profit of Rs. 9,000.

The total number of central cane societies working under the Cane Development Scheme was 81 for the province at the end of the year under report. The number of villages in which the cane development societies operate was 3,790 in

western range, 3,044 in the central range and 7,196 in the eastern range. The Membership of these societies increased from 1,98,672 to 2,96,930 in the western range, from 2,49,658 to 2,85,670 in the eastern range. The total number of villages and the membership in the province was 14,030 and 6,53,848 respectively.

During the year under report these earned a commission of Rs. 5,76,208 in the western range, Rs. 2,00,308 in the central range and Rs. 2,76,821 in the eastern range.

Cane societies with their improved resources were able to effect considerable rural improvement. Rs. 82,607 were spent by them on improving 1,415 miles of road. Four hundred and eight village dispensaries treated 2,65,134 patients. One hundred and fifteen bulls were distributed in the villages for improvement of cattle breed and 826 new wells were constructed, 756 wells were repaired and 383 were bored. Manure and fertilizers of the value of Rs. 5,90,490 and implements of the value of Rs. 1,35,284 were distributed. It will thus be noticed that in the way of rural development these cane co-operative societies are doing very useful work.

The number of women societies rose from 70 to 77 during the year under report. Besides these registered societies there are 65 unregistered societies. Thrift deposits from members of these societies amounted to Rs. 13,059 against Rs. 10,687 in the previous year. The membership rose from 2,487 to 2,876. Their deposits in kind rose from 314 maunds to 419 maunds. Some of the members were trained in supplementary occupations such as toy-making, spinning, tailoring etc. Training was also imparted in making *niwar*.

The number of consolidation of holdings societies has gone up from 182 to 218 of which Saharanpur has 52, Bijnore 98 and the rest are spread over ten other districts. There were 15 supervisors in charge of the work. During the year an area of about 22,000 *bighas* was consolidated which is double that of the previous year. The number of plots have been reduced from 21,042 to 2,870. The total area consolidated so far is about one lakh *bighas*. The advantages of consolidation of holdings are increasingly being realized.

As desired by Government, assistance was extended to the Controller of War Supplies, U.P., in securing raw materials and manufactured goods required for the prosecution of the war. In the latter half of the year, goods of the value of about Rs. 5½ lakhs were supplied. The volume of work in this direction has been showing a phenomenal rise and the value of the goods supplied to date has exceeded half a crore of rupees. These supplies gave a desirable fillip to the expansion and development of many cottage industries in the province.

—The United Provinces Co-operative Journal, July 1943.

HYDERABAD

Extracts from the Report of the Registrar of Co-operative Societies, H.E.H. The Nizam's Government from 7th July, 1940 to 6th July 1941

With the registration of 326 societies and the cancellation of 33 old ones, there were in all 4,251 societies of all kinds in the Dominions of which one was the Dominion Bank, one Central Co-operative Union, 41 Central Banks, 3,482 rural thrift and credit Societies, 706 non-agricultural societies and 20 societies of the British-administered areas. There was a net increase of 293 societies. The total membership of societies was, 1,72,532. The working capital amounted to Rs. 2,93,51,988.

The owned capital of the movement showed an increase of Rs. 6,79,002 and stood at Rs. 1,27,66,683, representing 43 per cent of the total capital.

The Central Co-operative Union had a membership of 3,483 societies which paid a subscription of Rs. 7,312 as against a grant-in-aid of Rs. 15,000 paid by Government. It employed 9 propagandists who held training classes at 17 centres which were attended by 306 members of rural societies. Training classes of supervisors were held at Aurangabad and Warangal and were attended by 156 candidates, while a batch of 28 teachers of primary schools was trained at the Rural Development Centre, Patancheru.

The supervision of village societies was as usual carried on by the Union at a cost of Rs. 72,297. Two new activities were undertaken by the Union during the year when Government sanctioned a grant of Rs. 15,000 from the Industrial Trust Fund for the administration of the Rural Development Centre at Patancheru and for the publication of a monthly journal called 'Gaon Sudhar' in all the four vernaculars of the Dominions. The Union contributed Rs. 3,000 from its own funds and distributed free of cost nearly 1,309 copies every month to all the rural reconstruction societies and such village thrift and credit societies as paid subscription to the Union and had some literate persons in the village.

The Rural Development Centre, Patancheru, is concentrating attention on the improvement of agriculture in villages situated within a radius of about 7 miles and on increasing the income of villagers by poultry keeping and fruit and vegetable gardening. Credit is also an essential feature of its activities. In addition to credit societies already existing in the villages under the Centre, a rural bank was organised at Patancheru in the latter part of the Year under report.

The Centre distributed improved seeds recommended by the Agricultural Department to the extent of 11,446 lbs. In the poultry section 1,959 hatchable eggs were supplied to the villagers; 153 cocks were caponised and 4,125 birds protected from cholera and fowl-pox. An egg-grading and marketing society was organised, which collected 57,509 eggs from its members and sold them after grading at remunerative prices in the Hyderabad markets.

The Hyderabad Co-operative Dominion Bank advanced Rs. 5,33,686 to societies and banks and recovered Rs. 5,74,074 leaving Rs. 7,54,627 outstanding in principal. It reduced its lending rate from 6 to 5 and its borrowing rate from 3½ to 3 per cent. The steady growth of its reserves was maintained during the year in which they increased from Rs. 9,02,954 to Rs. 9,58,497 as compared with a paid-up share capital of Rs. 5,60,505.

With the registration of one central bank in Wanaparthy Jagir the number of central banks increased to 41 with a membership of 4,931. Their working capital was Rs. 67,81,696, out of which Rs. 12,07,124 was paid-up shares and Rs. 16,25,227 the total of their reserves. Loans advanced to societies amounted to Rs. 11,76,367, while recoveries aggregated to Rs. 11,07,876 principal and Rs. 3,55,654 interest. Outstandings with debtors at the end of the year totalled Rs. 47,79,453 principal and Rs. 10,20,731 interest. Their financial position was sufficiently stable, as is evidenced by the fact that their assets which totalled Rs. 72.56 lakhs far exceeded their liabilities amounting to Rs. 41.93 lakhs.

It is satisfactory to note that the 9 Central Banks, for whom concessional loans were sanctioned last year, repaid Rs. 1,22,472, out of Rs. 13,79,330 borrowed from Government.

With the registration of 294 societies the number of village thrift and credit societies increased to 3,482 while their membership went up from 70,514 to 80,445. Their working capital increased from Rs. 85,55,550 to Rs. 87,74,106, and their owned capital improved from Rs. 41,63,651 to Rs. 43,55,684 the proportion of the owned to the working capital being 49.6 per cent. Loans advanced to members amounted to Rs. 9,44,591, while recoveries from them totalled Rs. 8,52,043 principal and Rs. 5,19,376 interest, leaving Rs. 58,79,488 principal and Rs. 25,91,866 interest outstanding at the end of the year.

Five new rural banks were registered and 8 urban banks were converted into rural banks bringing the total number to 52. Their total membership stood at 4,006 as against 2,120 of last year. Thus each rural bank had on an average about 77 members. Their working capital was Rs. 1,36,861 out of which the owned capital was Rs. 59,616. Loans advanced to members amounted to Rs. 1,09,582 while recoveries from them totalled Rs. 50,509 principal and Rs. 6,628 interest leaving outstandings at the end of the year of Rs. 1,24,272 principal and Rs. 4,361 interest.

Rural banks are still in an experimental stage. Efforts to tap local deposits have not been fruitful so far, in spite of the fact that Government guaranteed interest at the rate of 4 per cent on them to the extent of Rs. 4 lakhs in the Dominions. The rural banks at Nayegaon, Ardhapur and Sailu worked hand in hand with the sale societies of Nanded and Saile, and recovered quite a good proportion of their dues through the latter by arranging the sale of their members' produce.

It is gratifying that village grain banks which increased in number from 92 to 188 and in membership from 2,646 to 5,726 are making rapid progress and becoming popular in villages. The total quantity of grain collected by way of shares was 2,78,702 seers. Profit on loans advanced to members was 59,500 seers, a large portion of which was added to their shares by way of rebate. It is hoped that these banks will have an important place in the rural economy, when they take up distribution of improved seeds along with their present function of supplying food grains for consumption.

The non-agricultural societies which numbered 706 with a membership of 71,451 and working and owned capitals of Rs. 61,14,324 and Rs. 42,42,744 respectively advanced a sum of Rs. 30,21,251 to members during the year. Salary-earners' societies continued to make satisfactory progress. Their number totalled 296 with a membership of 21,758. Out of a working capital of Rs. 36,65,634, 79.7 per cent or Rs. 29,00,910 was their owned capital. They advanced Rs. 21,40,185 to members recoveries from whom aggregated Rs. 20,60,149 principal and Rs. 1,76,433 interest, leaving Rs. 31,08,906 principal and Rs. 1,90,528 interest outstanding at the end of the year. There were 111 urban banks with a membership of 17,944. Their working capital was Rs. 14,04,251 and the owned capital Rs. 6,04,685. The proportion of the owned to the working capital was 43.6 per cent. The owned capital consisted of Rs. 4,18,485 shares and Rs. 1,86,200 reserves. These urban banks advanced Rs. 4,91,739 to members during the year.

The number of cotton sale societies remained unchanged at 10. Their membership increased from 845 to 1,019 and the working capital from Rs. 50,381 to Rs. 60,617. The owned capital was Rs. 32,261.

One new loan and sale society was registered during the year bringing the total of societies under this category to 10. Their membership was 1,863 and working capital Rs. 80,342. The owned capital was Rs. 39,937.

The progress made by the sale societies leaves much to be desired, though somewhat satisfactory that the combination of loan with sale transactions resulted in an increased volume of business. Loans amounting to Rs. 3,25,849 were advanced to members on the security of lands as well as agricultural produce. Recoveries from members amounted to Rs. 3,22,285 principal and Rs. 3,292 interest. The balance outstanding with them was Rs. 50,267 principal and Rs. 5,396 interest.

Large advances to members on the security of lands as well as agricultural produce were due to the fact that the sale societies, which had so far acted as commission agents only, were allowed to advance crop loans to members from neighbouring villages on the condition that their produce should be brought to them for sale. There is still a great deal to be done to improve the working of these societies from a business point of view. Government have kindly sanctioned grants-in-aid of Rs. 30 per mensem for each society in order to meet establishment charges for 3 years in the beginning.

The co-operative insurance society seems to have made a good leeway by securing Rs. 13,52,601 business during the year, which raised the total sum assured to Rs. 48,69,936. Forty per cent of the first year's premium income and 92½ per cent of the renewal premia were carried to the life assurance fund which improved from Rs. 1,70,736 to Rs. 3,19,647. The amount claimed was Rs. 18,737. The society entered into an agreement with the Hyderabad Municipality to introduce compulsory insurance of all menials employed by it. So far 1,054 policies have been issued under it assuring a sum of Rs. 1,10,796.

British Administered Areas.—With the cancellation of seven societies which were dormant for some time the total number of societies including the Co-operative Union in the British Administered Areas was reduced from 27 to 20. Their membership however increased from 13,772 to 14,710. The working capital also improved from Rs. 26,37,681 to Rs. 33,17,477. The owned capital was Rs. 5,63,196 made up of Rs. 3,27,295 shares and Rs. 2,35,910 reserves. Loans to the extent of Rs. 25,63,634 were advanced to members while collections made from them totalled Rs. 21,96,081 leaving Rs. 26,35,489 outstanding at the end of the year. Amounts received by way of deposits and loans totalled Rs. 37,55,102 while liabilities under those heads at the end of the year were Rs. 27,54,282. Of the 14 credit societies working in this area the Nizam's State Railway Employee's Co-operative Credit Society the Prudential Co-operative Central and Urban Bank and the Police Department Society deserve special mention.

* The Nizam's State Railway Employees' Co-operative Credit Society had a membership of 8,696, and working capital of Rs. 13,53,889. Its owned capital stood at Rs. 2,73,869 which consisted of Rs. 1,29,713 share capital and Rs. 1,44,156 reserves. Loans advanced to members totalled Rs. 15,09,780.

The membership of the Prudential Co-operative Central and Urban Bank at the end of the year was 3,005. Its working capital was Rs. 17,38,359. The bank had a share capital of Rs. 98,370 and a reserve fund amounting to Rs. 68,796. Deposits received during the year totalled Rs. 31,60,232. Loans advanced to members amounted to Rs. 8,72,228.

The Police Department Society had a membership of 1,167. Its working capital was Rs. 52,003. The Society's paid up share capital (Rs. 36,783) and reserves (Rs. 4,376) amounted to Rs. 41,150. Fresh loans advanced to members by the society totalled Rs. 60,967.

SANGLI

Review of the report on the working of co-operative societies in the Sangli State for the year ended with 31st May, 1941.

The co-operative movement in the State was started as early as 1910, but a department of co-operation was separately organised in 1926. The Sangli co-operative societies Act No. III of 1939 came into force since 15th September, 1939 and the rules framed under section 77 of the said Act were finally passed by the Sangli Government and came into force since 31st July, 1940.

Due to the failure of timely rains in some Talukas of the State, the agricultural conditions were rather unsatisfactory during the year under review. As a consequence, dues of the co-operative societies, it is said, could not be satisfactorily realized.

There were in all 101 societies of all kinds in the State:—1 Central Co-operative Bank, Sangli; 1 Mangalwedha Taluka Co-operative Bank; 1 Mangalwedha Taluka Land Mortgage Bank; 2 Urban Banks; 82 Agricultural Societies including sale shop; 12 non-agricultural societies; 2 co-operative Superintending Unions and Institute. The total membership of all the societies was 10,469 individuals and 146 societies. Their share capital and reserve fund were Rs. 1,60,099 and Rs. 2,42,323 respectively. The working capital of all the societies amounted to Rs. 16,02,902. The percentage of owned capital to the working capital worked out to 25.1.

Among others, the system of fixing normal credit of members of the agricultural societies, as a measure to improve the working of the societies, was introduced during the year. Of the total amount of loans advanced during the year by agricultural credit societies about 10.4 per cent was for current agricultural purposes including payment of rent assessment etc., 20.1 per cent for maintenance of family, 16.3 per cent for land improvement, 5.6 per cent for marriage and other ceremonies, 36.1 per cent for redemption of old debts and 11.5 per cent other purposes and famine finance.

The Central Co-operative Bank, Sangli had a membership of 242 individuals and 72 banks and societies. The Bank's share capital totalled Rs. 41,000; Reserves Rs. 1,07,720 and working capital Rs. 5,86,005. It advanced loans to its member societies to the extent of Rs. 1,48,368 during the year under report. Loans due from societies at the end of the year amounted to Rs. 2,34,265 of which Rs. 61,415 was arrears due. The Bank has made arrangement with the Co-operative Superintending Union for the recovery of dues from the societies and credit the same into the Bank for which reasonable amount of commission is paid to the Union by the Bank.

The number of agricultural societies was 82. They had a membership of 7,638, share capital of Rs. 18,345 and reserve and other funds amounting to Rs. 1,35,738. Their working capital totalled Rs. 6,14,783. Fresh advances made during the year amounted to Rs. 1,82,252. The amount of loans outstanding at the end of the year was Rs. 1,76,981 of which Rs. 1,84,459 represents loans overdue.

There were 12 non-agricultural societies with a membership of 2,062, share capital of Rs. 32,035 and reserve and other funds amounting to Rs. 19,305. Their working capital was Rs. 61,813. The amount of loans advanced during the year by these societies was Rs. 37,267.

The Urban Co-operative Bank, Sangli had a membership of 458. The share capital of the bank amounted to Rs. 33,420 while reserve and other funds amounted to Rs. 5,192. The bank had a working capital of Rs. 3,26,637.

The Mangalwedha Taluka Co-operative Land Mortgage Bank was organized and registered on the 25th of May, 1936. The paid-up share capital of the bank was Rs. 5,929. The Sangli Government have purchased 500 shares of Rs. 25 each and have already paid Rs. 5,000 as a loan to the Bank on easy terms. The Bank has so far advanced a loan of Rs. 6,150 to six members. All the amount advanced is for the purpose of redemption of old debts. Out of the total outstandings of Rs. 5,925 Rs. 670 are overdue.

During the year under review Shri Ganapati Co-operative Sale Shop, Sangli sold about 782 cart loads of Groundnut, Turmeric, Tobacco, etc., of a value of about Rs. 81,668 brought in by the ryots (members and non-members).

The number of persons who had paid in a subscription of Re. 1 each for being eligible to have their produce sold through the shop was 1,465 while the number of members who had subscribed towards the share capital of the shop was 41. The Sangli Government hold shares of the value of Rs. 5,000. The working capital of the shop was Rs. 33,710. The shop had been affiliated to the Central Co-operative Bank, Sangli and the State Co-operative Supervising Union for finance and supervision.

JODHPUR

The following is an account on the working of the Co-operative Societies in Jodhpur

The Marwar co-operative Societies Act was passed in 1923 on the lines of the British India Act. The Department was started in 1937 for the amelioration of the economic condition of the people through the agency of co-operative societies registered under the Co-operative Societies Act, 1923.

There are 107 societies with 1,920 members. Excluding two of these societies, viz., Bilara Sales and Supply Society and Jaswant College Stores, the working capital of the movement is Rs. 71,177. The owned capital has increased from Rs. 29,354 to Rs. 38,719 representing 55 per cent of the total capital. The societies are slowly building up their own funds.

There are 66 Thrift and Credit Societies, 7 fodder societies and 2 sale and supply societies which can be classed as Agricultural Societies. Of the Non-agricultural Societies there are 29 with 798 members.

The aim of the co-operative movement in the State is to attempt to bring about economic and social improvement of the people through self and mutual help, by encouraging thrift curtailing wasteful expenditure, improving production and regularising distribution. In short, better farming, better business and better living is the aim.

The Marwar Relief of Indebtedness Act was promulgated in 1941 and Debt Conciliation Boards are soon to be established.

—A Bird's Eye View of the Jodhpur Administration.

EXTRACTS

THE CO-OPERATIVE MOVEMENT IN PALESTINE*

In spite of the great economic difficulties during the first years of war owing to dislocation of communications generally, stoppage of citrus export, etc., the Co-operative Movement not only survived, but on the Jewish side penetrated deeper into the economic structure, strengthened its own resources and became less dependent on borrowed funds. All this enabled it to play a notable part in the war effort. During the 32 months from August, 1939, to April, 1942, the total number of Co-operatives on the Register increased from 1,018 to 1,123, an increase of 105—Jewish Co-operatives from 890 to 985, or by 95; and 210 Societies were struck off the Register.

During the 2 years from 1st September, 1939, to 1st September, 1941, there was an increase in Societies' total own funds from £3.4 million to £4 million.† This increase was accompanied by a decrease in their total debts and by an improvement in the relationship between own and borrowed capital.

The Co-operatives have had a large share in Army contracts. In 1940-41, thousands of tons of marmalade and jam, millions of containers, and machine tools and parts of all kinds were made. At least half of the Jewish building and road construction contracts were carried out by Co-operatives. Goods Transport Co-operatives accepted Army contracts at less than Government rates of payment. The Co-operatives responded to the Government's request for increased production. Jewish milk output increased from 35.1 million litres in 1939 to nearly 41.4 million litres in 1941. About 75 per cent of the total Jewish milk production and 65 per cent of the total egg production of the country is marketed co-operatively. The collective settlements have increased the official working day from 8 to 9, and some to 10 hours. Actually they are working from sunrise to sunset.

The development of the various sections of the Movement has not been an even one, and the continued war-time difficulties such as shortage of vital raw materials, late and inadequate attempts by the Government at price control—which did not stop rapid increase in all costs—have left their mark on certain groups of Co-operatives.

The Arab Co-operative Movement was adversely affected first by the disturbances in Palestine from 1936 to 1939, and then by the war. The Government Co-operative Department is now striving to nurse it back to life. The financial position of the Arab peasants seems to have improved; but the unwillingness of the farmers to continue membership in Societies with unlimited liability is probably the major

*Summary of a survey by Harry Vitales, General Manager, Central Bank of Co-operative Institutions in Palestine, in the *Review of International Co-operation*, March, 1943.

†All monetary values are in Palestinian £.

deterrent in the development of the Arab rural credit co-operatives. The Registrar and his staff are now studying this aspect.

Unlike the Arab Co-operative Movement, the Jewish Movement has been on the whole so successful as to merit separate study. The following paragraphs are devoted to Jewish Co-operatives only.

Credit Co-operatives—Between 1939 and 1942, the number of Urban and Rural Credit Societies decreased from 116 to 108. These Societies could, however, collect dues from debtor-members and reduce the debt by about 20 per cent. At the end of 1941, the members' arrears in most Rural Societies amounted to over 35 per cent and in the Urban ones to over 25 per cent of the total outstanding.

Agricultural Societies—Between September, 1939 and April, 1942, the number of Jewish Agricultural Co-operatives increased from 328 to 384. In 1941, Jewish Co-operatives, exclusive of citrus fruit and citrus by-products Societies, sold products worth £2.5 million as against £1.2 million in 1939, thus showing an average quantitative increase of between 30 per cent and 40 per cent.

The three "Tnuvoth," Agricultural Co-operative Societies for Marketing of Workmen's produce in Palestine have grown considerably in response to increased war demand for their services. Their finances increased by 70 per cent. "Tnuva" is essentially an instrument created by and for the labour agricultural settlements, though it also markets agricultural products of some non-labour settlements. In April, 1941 a "Tenne", Palestine Jewish Farm Holders' Co-operative Society was registered for marketing the products of non-labour farms. There is no co-ordination between "Tnuva" and "Tenne".

The Citrus Co-operatives and Credit Societies were greatly affected by the war. It is unfortunate that the crisis in the citrus industry should coincide with the first year's activity of a newly-formed Jewish central marketing organization and with the newly-created (statutory) Citrus Control Board.

There are two types of collective agricultural settlement—Communitarian Settlements and Small holders' Settlements—which comprised in 1941 nearly one-third of the total Jewish agricultural population. In spite of labour shortage, these settlements have sent more volunteers for war service than any other section of the population.

An important feature of the constructive development of the Communitarian Settlements is that they have their own "Funds" on which they may call when there is a need. The small holders' settlements also are an important form of co-operation. An interesting synthesis of these two types is being tried out. The distinguishing features of this experiment are that all agricultural property is jointly owned and maintained, while families live in individual houses, earn wages and freely spend their own earnings.

Workers' Productive Societies—These Societies, 125 in number, form 12 per cent of all registered societies. During 1940-41, they showed two outstanding developments.—(i) the employment of more professional technical service than before; and (ii) the accumulation of sufficient own funds and the obtaining of suitable credit to finance all of their investments. The quality of their finished products also showed an improvement. These Societies have their own Co-operative Fund to aid the members.

It may be noted here that Workers' Productive and Service Co-operatives number very few and have very little influence while Transport Co-operatives hold the co-operative field. The latter possess very large funds and investments. It is only these Transport Co-operatives that have practically done business (in oils and rolling-stock) with "Noa", the Central Purchasing Institution, though the latter has been intended for all Workers' Co-operative Societies. These transport Co-operatives have rendered valuable service. And yet the Government on 28th October, 1942, appointed Messrs. Steel Bros., a private firm, as sole government agent for transportation. The reason for this is not clear.

The effect of the war on the Consumers' Co-operative Movement is seen in the fact that 100 Societies, of which 95 were Jewish, were registered between September, 1939, and the end of April, 1942. Genuine Consumers' Co-operatives run on Rochdale Principles, cannot be organised under duress and on a wholesale scale; it is, therefore, not unlikely that many of these Societies will not survive, even the duration of the war. In 1942, the Consumers' Co-operatives were providing the most essential foods for about 25 per cent of the entire Jewish population. The turnover of these Consumers' Stores increased from £885,000 in 1939 to over 2 million in 1942.

The Co-operative Wholesale Society, "Hamashbir Hamerkazi" has greatly helped war effort, the Co-operative Movement and the Agricultural Labour Settlements by becoming a price regulator for many commodities. It has also continued to encourage local industry by using the maximum quantities of marketable products of the local industries. Credit to members at the end of 1941 was £ 161,000, an increase by £ 18,000 over the 1940 figure of £ 143,000. The average credit for members represents about 3½ months' turnover, which seems excessive particularly under war conditions. The Society's own funds have continued to grow.

The Government attitude towards Consumers' Co-operatives is reflected in the following extract from an interview with a member of the Executive Council, and now the Controller of Food—(Words in italics are ours). One of the results of merchants exploiting the situation for their own benefit has been to make the Co-operative Stores Movement much stronger than it was before. As far as protection against speculators is concerned, the Movement is certainly beneficial, *but the Government does not think that it solves the problem, and does not intend to grant it special assistance, since it interferes with the normal channels of trade.*

During the last few months, however, the Government has shown a more sympathetic attitude and has even encouraged the organisation of Consumers' Co-operatives by Government employees.

The Registrar of Co-operatives has shown every consideration to and encouraged the organisation of, Audit Unions. That 1,060, or over 90 per cent of the Co-operatives enjoy exemption from Income-tax is in no small measure due to the close co-operation between the Registrar and the Jewish Co-operative Movement.

The Arab and Jewish farmers and their dependents constitute over 60 per cent of the total respective populations in Palestine. The rapprochement between the Arab and Jewish farmers which was initiated by Sir Arthur Wachope. High Commissioner for Palestine between 1931 and 1938, has not been encouraged. The disturbances and now the war put an end to this co-operation except for joint representations—made through the Citrus Control Board—by the Arab and Jewish citrus-growers for Government aid. The plan to unite Jewish and Arab Co-operatives of Transport Workers which run along parallel or contiguous routes has not materialised.

lised because it was found that the Arab Co-operatives *de facto* were private and profit-making companies in which the workers have little or no share. It will be necessary for the Government to display a more active interest in Arab-Jewish Co-operatives than it has until now. Co-ordination in marketing between Arab and Jewish farmers requires that the Arabs should at least have their own local and processing co-operatives. The time seems ripe for the Jewish marketing Co-operatives to accept Arab farmers as members with equal rights. Unfortunately the Government has discouraged all the suggestions which Jewish bodies have made for helping to organise and finance Arab Co-operatives.

THE CENTURY OF CO-OPERATION

The first half of the Twentieth Century will go down in history as the period of time when the application of gas and electric power to agriculture and industry first made potential abundance possible for every one. *This meant physical co-operation.*

The second half of the Twentieth Century ahead must be the period of time when the people will organise themselves co-operatively to distribute the abundance which power production has made possible. *This means social co-operation.*

The comprehensiveness of the co-operative ideal grows upon one as time goes on. *Co-operation represents a new age of man.* It will mean a far greater advance over the age of competition, than competition was over serfdom, serfdom over slavery, or slavery over barbarism. There are four principal necessities which must take place to bring into full fruition the age of Co-operation.

First, we must convert ourselves into true co-operators... As yet we are much afflicted with the spirit of competition, even between those who have been chosen by their fellows to be the standard bearers of the co-operative ideal and to lead in co-operative organisation. To become a true co-operator and sluff off the remnants of the competitive spirit in which we have been trained from our youth up by every social organization is the first great task of everyone who would attempt to achieve the co-operative ideal and should in particular be the responsibility of those who are chosen as leaders.

Vice-President Henry A. Wallace first said that the closing years of the twentieth century would become the century of co-operation. Now he says that the closing years of the twentieth century must become the century of the common man. Both statements mean one and the same thing. *If the twentieth century is to end as the century of the common man, it must become the century of the co-operative man.* We are but forerunners of the co-operative men-to-be. We should set the example for the present and the future insofar as we are able.

Second, as and when we become true co-operators in spirit, we will automatically join with our fellows in co-operative associations to provide for our needs co-operatively, whether it be recreation, education, finance or business. It is our task to build and strengthen the foundations of co-operation in all of these fields, on which future generations can erect the structures of a co-operative world. When one sees the great cathedrals of Europe which took centuries to build, and where, as George Russell says, only "the third generation saw the realization of what their

grandsires had dreamed" one realizes the need of building the foundations strong to-day to carry the mighty world structure of co-operative peace and plenty.

Third, we must not become exclusive in our thinking and act as though Consumers' Co-operatives represent in themselves a complete co-operative economy. Instead, we must join forces with those who are building publicly owned utilities, social insurance programmes, labour unions, marketing co-operatives, etc., to build a complete co-operative economy in every form of activity whether purchasing, marketing, finance, etc.

Fourth, we have a final responsibility as co-operators in helping to develop the co-operative spirit and ideal as the foundation of the other major social organizations as well—in religion, in education, and in politics, or in the church, the school and the government. For all social organizations at any one time in history are built upon similar foundations. To-day all are built upon competitive foundations. Only when all four social organizations become co-operative in spirit and form, will we be able to join them together into a free co-operative society.

We can only to-day see dimly the steps to the goal. They will become clearer as we strive onward during 1943 and the future years of the twentieth century beyond.

—Consumers' Co-operation, New York, January 1943.

FOOD PRODUCTION IN WAR AND PEACE*

Should a country follow during war a different policy in food production than in times of peace? Great Britain provides the greatest instance of the adoption of such a difference in policy. The rigorous *laissez faire* view to be followed in times of peace is best expressed in the minority report of Prof. Dennison of the Scott Committee on Land Utilization in rural areas: "More food can be obtained by employing labour and capital in manufacturing goods which are exported and by importing food in return than can be done by using so much labour and capital in agriculture to produce food directly." The *Economist* (London) commended this view and characterized the main report as a plea for the maintenance of a large, protected and subsidized agriculture for the preservation of sectional claims and privileges, 'ridiculed' the vague, romantic flapdub, regarding agriculture and concluded: "It is not possible to get better nutrition for people by means of this protected, traditional, balanced farming....Agriculture must be specialized, not balanced; efficient, not traditional. It must genuinely pay its way". Such arguments based on the theory of comparative costs of production were all right in the piping days of peace and when the markets of the world and the Empire were either ready, or obliged, to receive the manufactured goods of Britain in return for food-stuffs and raw materials. But the instinct for industrialization even in parts of the Empire and the competition of more enterprising countries outside should have brought home to the economists of Britain the imperative need for a balanced economy between agriculture and industry.

*By Mr. K. C. Ramakrishnan, Professor of Agricultural Economics, Agricultural College, Coimbatore, in the *Eastern Economist*, New Delhi, dated 27th August '43.

Even those who planned for a substantial and prosperous agriculture in that country alongside of industry found only limited scope for the production of staple foods such as wheat, meat, butter and bacon, which were produced more economically in countries with abundant land or cheap labour, neither of which Britain had, and transported cheaply over long distances. It was, of course, impossible to grow, and therefore necessary to import, tropical products like tea, coffee and oil-seeds. But it was possible and profitable to produce in Britain 'the health-protective' foodstuffs—notably milk, potatoes, vegetables, fruits and eggs—which are bulky and perishable and are demanded, or preferred, in a fresh condition. The central feature of this constructive nutritional policy was the production and consumption of milk. It was in its production that British agriculture enjoyed a great degree of natural protection. The 'Drink More Milk' campaign resulted in the greater use of milk, which visibly improved the health of the population, especially of children and nursing mothers, who got milk freely or at nominal rates, thanks to State subsidy.

Before the outbreak of the war, Britain had been importing 65 per cent of her foodstuffs from abroad and employing 20 million tons of shipping for the purpose. Even after the war broke out, the foodstuffs which are of high value but of small bulk continue to be imported, but mainly from Canada and the United States, as Denmark and Holland are occupied by Germany, and Australia and New Zealand are too far away. The perils of the sea from the very beginning of this war (instead of during the close as occurred in the last war) made it imperative that Britain should produce not only more milk, potatoes, vegetables and quick growing fruits but also more wheat, oats and beet-sugar and encourage the keeping of more poultry, rabbits, etc. Thanks to the encouragement on the one hand, and control on the other, by the State, Britain was brought under tillage 6 million acres of land formerly under grass in addition to her 13 million acres of arable land before the war. Liberal subsidies have been granted for the reclamation and drainage of lands, tractors and other machinery supplied and fertilizers distributed. Prices of crops have been fixed, allowing for a reasonable margin over cost of production. Agricultural labour has been conserved and farm wages raised so as to make it worthwhile for labour to stay on. Experts on diet have been extolling the virtues of fresh fruits and vegetables grown on the two million gardens and allotments and the Kitchen Front of the B.B.C. gives recipes for making palatable dishes out of them.

The emergency powers granted to the Ministry of Agriculture which are delegated to the War Agricultural Executive Committees in counties appear drastic in a country long wedded to *laissez faire*. The Minister could 'do anything on any land' for the maintenance of supplies of essentials. He could direct the breaking up, draining, and reclaiming of land at the cost of the State to be recovered from the owner later on. He could issue instructions on the cultivation of land, and its management and prevent damage to crops from vermin or pest. He could even terminate tenancies and make new contracts. No wonder that with such powers, the food supply of the country was raised from one-third to two-thirds of the nation's requirements in the course of three years.

The author proceeds to discuss the conditions in Germany and Japan. Coming to India he says:

Before the war, in fact before Japan overran Burma, the problem of food supply in India was not taken serious notice of except by academicians and dietetic

experts. The former harped on the insufficiency of food for the masses from the point of view of even customary demand and stressed the need, on the one hand, for the expansion as well as intensification of cultivation and, on the other, for the diversion of the surplus labour that might still exist on land to industries so as to increase people's purchasing power, which might enable them to import food, if necessary. The dietetic experts analysed the foods actually consumed by the people in various parts of India and found most of them woefully lacking in assimilable proteins and fats, if not so much in carbo-hydrates. The diet of the working classes, according to Dr. Aykroyd, deficient in quantity as well as quality, definitely below the accepted standard of adequacy—2,500 calories per day. He has pointed out the need for a 30 per cent increase in the consumption of cereals, 100 per cent in pulses and vegetables and 300 per cent in milk and milk products. Sir John Orr, an international authority on dietetics, is of the view that while a third of the people of even the United States and Britain were living on inadequate diet, in India and China permanent underfeeding and periodic starvation were the rule.

Whatever be the nutritional need or potential demand, in normal years, India was supposed to be self-sufficient in respect of almost all her foodstuffs except rice, of which she had to import only 6 per cent, mostly from Burma. Of wheat, she produced enough to meet the internal demand. Contrast this with the need of Britain to import 60 per cent., of her food from abroad in pre-war years! Authorities in India could not naturally be worried over the food problem until the conquest of Burma by Japan shut off supplies of rice and the failure of rains in more than one province accentuated the scarcity, and this was taken advantage of later by the big producers, speculative merchants and frightened consumers who began to hoard produce.

Even if we cannot afford in a poor country to level up the diet of the masses in war-time—which is being done in richer countries—is it really so difficult to raise the level of production of cereals—rice, wheat and millets—on which though scientific work has been done for four decades now, less than ten per cent of the acreage has been brought under improved varieties? Is it not possible to bring under cultivation a tithe of the 150 million acres of the so-called 'cultivable wastes' in British India? Cannot the rules as regards irrigation charges be so relaxed as to make it worthwhile to convert some promising dry lands into wet? Now that export is difficult, cannot the indigenous concentrated manures—oil cakes, bone meal, fish manure, etc.—be utilized fully in the country and for staple foodcrops rather than on plantation crops? Is it not possible to import phosphates from Australia, even as wheat has been done, though at some risk on the sea?

THE RURAL PROBLEMS OF INDIA*

It is possible to hold that the productivity of the soil in India is the foundation of the wealth of the nation. A noteworthy characteristic of India's population is the concentration in rural areas—nearly 88 per cent of the total being found in the country's 7 lakhs of villages. Again the rural population is not homogeneous. Of the total 103 millions following cultivation, about 30 per cent are good cultivators

*By Sir Manilal B. Nanavati, Retd., Dy. Governor, Reserve Bank of India in the *Bombay Co-operative Quarterly*, June 1943.

and they may be said to be as efficient as farmers in any advanced agricultural country of the world. Their holdings are comparatively large and hence economic; they command good credit and possess fairly progressive ideas. But most of the remaining 70 per cent are composed of inferior classes of farmers—including members of depressed classes and aborigines—with varying grades of economic efficiency. These cultivators are illiterate, have poor physique, live in indigence, and have very little capital, if any, to finance their occupation. Their life is a ceaseless struggle to eke out a living from an uneconomic holding. Being steeped in superstition, they fall an easy prey to costly, caste and religious customs and thus live submerged in debt.

The lot of the agricultural labourer is still harder. The decline of industries and dispossession of the cultivator by moneyed-classes have led to an increase in the number of these labourers from 18 million in 1891 to 33 million by 1931. Not only is the labourer's earning lower than that of the cultivator, but in some parts of India his extreme indebtedness has driven him to work as a serf-labourer in the fields of his creditor. These labourers offer themselves and their families to work in return for a debt they owe and which they can repay in no other way. The *Kamiauti* system of Bihar and Orissa and the *Pannaiyal* system of Madras are two well-known instances. As for the redemption of such workers the words of the Agricultural Commission itself may be quoted: "Kamias are bound servants of their masters; in return for a loan received, they bind themselves to perform whatever menial services are required of them in lieu of the interest due on the loan The Kamia never sees any money, unless it be the occasional few pice he may earn in his spare time. Consequently, he has no chance of ever repaying the principal of his debt and becoming a free man again. A *Kamiauti* bond, therefore, involves a life sentence". Thus, the agricultural classes are composed of men in various stages of efficiency and enlightenment. Their amelioration is the biggest socio-economic problem of India—the problem of redeeming these millions of derelict people and restoring to them a life free from want and fear.

Now turning to land resources, the net sown area in British India (excluding Burma) has increased from 187 million acres in 1891 to 210 million acres in 1939-40. A comparison of this increase with that in population is best given in terms of indices. Taking 1891 as the basic year (or equal to 100) we find that the index of population in this territory had moved up to 138 in 1939-40 while that of land under cultivation stood at 119. The area under food grains was still lower at 114. But then, not only has land failed to increase commensurately with the population but even the average fertility of land has deteriorated for some important reasons. Firstly, every extension of cultivation, under pressure of circumstances, to new areas has brought more and more inferior lands under the plough. Secondly, the Hindu and Mahomedan laws of inheritance have led to the growing evil of subdivision and fragmentation. The failure to restore natural properties to the soil after repeated harvests has led to the stabilisation of the soil. To quote the words of the Agricultural Commission: "Such experimental data as are at our disposal support the view that, when land is cropped year by year, and when the crop is removed and no manure is added, a stabilised condition is reached: natural gains balance the plant-food materials removed by crops and other losses and no appreciable changes are to be expected in the out-turn of crops except those due to changing seasons, provided that the same system of cultivation is adhered to. While the paucity of records of crop out-turn throughout India over any long period of time makes the matter impossible of exact proof, we are of opinion that the strong

presumption is that an overwhelming proportion of the agricultural lands of India long ago reached the condition to which experimental data point. A balance has been established, and no further deterioration is likely to take place under existing conditions of cultivation". The reckless destruction of forests in the early days of British rule has exposed extensive lands, particularly in the riverine areas, to the dangers of soil erosion, water-logging and excessive drainage. According to Dr. Mukerjee, soil erosion and excessive drainage have, in the United Provinces alone, converted 8 million acres into ravine lands while as many as 5 million acres have deteriorated into *USAR* lands owing to water-logging, shallow tillage and defective soil aeration. In Bengal, nearly two-fifths of the agricultural area is estimated to be in such a danger of decay and ruin.* The only redeeming feature in this situation is that the gross area under irrigation from all sources has increased from 44 million in 1902-03 to 60 million acres in 1939-40. But the fact remains that in spite of this, nearly 76 per cent of the cultivated area has no irrigational facilities and is thus left to the mercy of a capricious rainfall.

However, it is clear from what has been said above that the population has been growing fast on the one hand while land under cultivation has increased comparatively at a lower rate on the other. Now, it is necessary to see how these two trends have been acting and reacting on each other. The number of people supported by each 100 hectares or 247 acres in India has steadily risen from 191 in 1901 to 245 to-day. Compared with this figure, the man-land ratio is as low as 30 in U.K., 17 in U.S.A. and 11 in Canada. Here we are as badly off as China with her ratio of 282. Viewed from the standpoint of food supply the pressure on soil becomes still more evident. The Famine Commission of 1880 estimated the annual production and consumption of food grains in the country and came to the conclusion that the people had a surplus of about 5 million tons of food supply every year. And yet, the Commission sounded a note of warning that "the numbers who have no other employment than agriculture are greatly in excess of what is really required for the thorough cultivation of the land". We have already seen how, in the race between population and area under cultivation since that year, the latter has notably lagged behind. Recent calculations as regards India's food supply have been made by Dr. Mukherjee, according to whom India's aggregate supply of food grains in 1931 was 60.1 million tons which would yield 215.4 billion calories of energy as against the country's minimum requirement of 292 billion calories. Thus in the place of surplus of 18 billion calories (which the balance of 5 million tons of grains would yield) in 1880, we find a deficit of no less than 77 billion calories in 1931. Even after adding to this the amount of energy contributed by other sources of nutrition such as milk and fish, there still remains a deficit of 42 billion calories. The final conclusion to which these figures lead us is that in 1931, the food supply in India was enough only for 291 millions as a result of which 48 millions or 14 per cent of the population had no food left for them. But this calculation assumes that the rains are timely and well distributed in all parts of the country and that the food is equally distributed amongst the people—conditions which do not obtain in practice. The exact extent of food shortage and of the resulting malnutrition is revealed in a survey made about nine years ago by Sir John Megaw who was at the time, the highest medical authority under the Government of India. His report was based on an elaborate enquiry conducted

*Food Planning for Four Hundred Millions, pp. 11-12.

under his direction by about 600 doctors settled in typical agricultural villages in all the Provinces of British India. The investigation showed that only 39 per cent of the people were adequately nourished, 41 per cent poorly so, and 20 per cent came under the category of "very badly nourished". Bengal with her proportions in these three classifications of 22, 47, 31 respectively, was the worst of all the Provinces. The main conclusions of the survey are: (i) in nearly 40 per cent of the villages, the population was excessive in relation to the food supply, as a result of which India has a very poorly nourished population; (ii) the average span of life is less than half of what it might be; (iii) periods of famine or scarcity of food have been occurring in one village out of every five during a ten year period in which there has been no exceptional failure of the rains; (iv) In spite of the excessively high death-rate, the population is increasing much more rapidly than the output of food and other commodities.

Not only has the quantity of food decreased, but the supply has suffered even in its nutritional value because owing to the continuous exhaustion of the soil and the inferior type of land brought under the plough, and the continued diminution and fragmentation of holdings, the poor cultivator has taken to grow cheaper cereals like barley at the cost of wheat, rice and the protein bearing peas and gram. It is therefore no surprise to hear that the average Indian diet is much below the standard of that which a criminal gets in jail.

This inadequacy of the food supply and its low nutritive value have gradually undermined the national health and made the people highly susceptible to "deficiency diseases such as tuberculosis". As a result, the death rate in India is very high—24 per thousand as against 12·2 in the United Kingdom and 10·9 in the United States. As many as 65 per cent die before they reach the age of 30, about 45 per cent having been cut off even before their 10th year. The expectation of life in India has increased by 1 year from 25 to 26 during the last 60 years as against its gaining more than 12 years in the various countries of Europe and America during the same period; in some countries, the period has been almost doubled. During the last decade along (1930-40) the United States added four years to the average span of life of its people. India's figure in this respect is the lowest amongst the civilized countries of the world.

Now turning to the conditions of the rural people we find that the major brunt of the gradual impoverishment of the nation has fallen on these communities. The keen competition for land which we noted above, has shaken the foundations of rural economy. The cultivator who found that the returns from land were becoming less and less saw in the Government's recognition of rights of transfer of land an easy means to borrow money by pledging his property so as to bridge the gap between his income and expenditure. The money-lending and other moneyed classes too, realising the rising value of land and the helplessness of the farmer, seized every opportunity to drive the cultivator out and to acquire his property. Thus the Famine Commission of 1880 recorded the evidence of Sir A. Mackenzie, the Chief Commissioner of the Central Provinces that in every district through which he had marched he was beset by unfortunate men, anxious to spread before him "their little bundle of decrees, for many times the original loan, then sale, and after that, the heart-breaking hunting of the camps and food-steps of the higher officials who can do nothing but send the petitioner away as he came." How forceful this tide was against the farmer is best shown by the futility of the legislation passed for the relief of the cultivating classes—for instance,

the Deccan Agricultural Relief Act of 1879 and its amendments and the Punjab Land Alienation Act of 1900.

Assuming that only 10 acres of dry lands are the minimum requirements for a cultivator's family, over 70 per cent of the holdings in the country would appear uneconomic. It is thus seen that the cultivator—whether a tenant or a holder has been since long living in a deficit economy and meeting his family expenditure by borrowing. As far back as in 1875, the Deccan Ryots Commission found that one-third of the occupants of Government lands surveyed by them were embarrassed with debt, that the debt averaged about 18 times the assessment and that nearly one-third of the debt was secured by mortgaged land. The total rural debt of India has since then been rising steadily reaching Rs. 300 crores in 1911 and Rs. 1,200 crores to-day. It is estimated that only 25 per cent, of the holders are free from debts or whose debts are not burdensome.

Of the remedies suggested for this situation, emigration and industrialisation are the most popular. But relief from emigration is not possible as even neighbouring countries like Ceylon have started political discrimination as a result of which our people are now returning home. The British Dominions and the U.S.A. have also closed their doors to India. As for industrial development, the optimism that it will absorb the surplus rural population is highly unfounded. Of the 17·2 million industrial workers in 1931 more than 15 million are employed in small, mostly cottage, industries. The number of artisans required by our villages cannot increase in proportion to the growth in population, the reason being that our villages, with an average population of 450 each, are very small and the number of artisans required by them is limited by their size. On the contrary the coming generations of artisans will be unwanted in their occupations and will thus go to add to these artisans who are simultaneously losing employment due to competition from machine made goods. As for organized industries, modern industrialisation involves increased mechanisation which means disbanding of manual labour. Thus between 1911 and 1931 the number of actual workers in five main industries (viz., textiles, dress and toilet, wood, ceramics and food industries) declined from 13 million to 11·5 million. Even assuming that India builds new industries to displace the imports of manufactures valued at Rs. 40-60 crores a year, and doubles the employment of the workers in industry in one decade, we shall have found employment for hardly 3 million people more. India's population has increased by 50 million during the thirties. Thus even if this miracle of speedy industrialisation is achieved, we shall have found employment in a decade hardly for a year's increase in population. Industrialisation, of course, is absolutely desirable for making our economy more balanced and the country self-sufficient; but as a means of absorbing our growing population, its possibilities are limited.

Then wherein lies the hope of rehabilitating our economy? As stated already; land is the foundation of our national wealth and welfare, and our hope lies in making its utmost development and use. The land resources are sufficiently rich and vast but they are being exploited without any guidance or planned organisation which could maximise production and distribute the fruits of labour equitably. A few facts may be cited to prove this statement. Firstly, little has been done to utilise the "cultivable wastes" which form as much as 32 per cent of the cultivated area in Bihar and the Punjab, 40 per cent in Rajputana States; 41 per cent in Sind and 57 per cent in Assam. A considerable part of these lands could be reclaimed by modern methods of drainage, prevention of erosion, dry farming and such other

methods of land-utilisation. Irrigation from all sources which has covered only 22 per cent of the total cultivated area in the country leaves unprotected more than 95 per cent of area under crops in Bombay, the Central Provinces and Berar, Baroda and Coorg. Such complete dependence on rains is bound to effect land yield in India where the monsoon has a five-yearly cycle of 1 good, 1 bad and 3 indifferent years. Insects and other crops pests cause a damage of over 200 crores of rupees (nearly £135 million) annually in India and yet only 1 out of 11 major Provinces and 4 out of 700 States have adopted compulsory control to check this evil. Owing to our unorganised marketing of agricultural produce, a parasitic class of middlemen has come into existence which thrives at the expense of the cultivator. According to the Government of India's Reports on *Agricultural Marketing in India*, out of a rupee which the consumer pays for his wheat, the producer gets nine annas and a half; in the case of rice the producer gets only eight annas and a quarter out of the rupee paid by the consumer. The condition must be still worse in respect of other commodities whose marketing is comparatively still less organised. It was revealed at the Marketing Officers' Conference (1941) that of the total value of graded agricultural produce sold in the market, only 18 per cent was handled by the real producers, while the rest was sold through middlemen. Thus, to borrow a simile from Sir M. Darling, the Indian farmer is shorn of his profits as easily as the sheep of its fleece. Lastly, India's yield in respect of almost all the crops is much below the world average, the main defect with our agriculture being that it has not adjusted itself to the modern methods of organisation, science and experiment. While the major part of the land is concentrated in the hands of non-cultivating owners whose sole interest is to exact the maximum rent from the tenant, the work of actual tillage is carried on by those who cannot adopt modern technical and material equipment and have no guidance from above. The tenancy system has led not only to the economic serfdom of the tenant but owing to a process of letting and subletting, has allowed a number of parasitic middlemen to appear between him and the landlord. It is this ill-adjusted relation of production to the real productive capacity of land that has been impoverishing the people.

All the evils from which the population is suffering under-nourishment, ill-health insanitary living in villages, high death rate, etc.—are rooted in poverty which has devitalised until they have lost all consciousness of it. That the resources of the country if properly exploited, are sufficient enough to maintain, the present population of the country is assured by no less an authority than Dr. Aykroyd, Director of Nutrition Research, Coonoor and Government of India's delegate to the World Food Conference now being held in U. S. A. According to him "If India depends entirely on what she can herself produce, a very large increase in the production of various goods is necessary to raise existing standards to a satisfactory level. Some of these may be roughly indicated as follows: cereals thirty per cent increase; pulses one hundred per cent; milk and milk-products three or four hundred per cent; meat, fish and eggs, several hundred per cent; vegetables, particularly green leaf vegetables one hundred per cent or thereabout. There is plenty of scope here for the application of scientific methods to agriculture, animal husbandry and fisheries. On a broader view, there seems no reason why India should in a well-organised world be entirely self-dependent as regards her food supply. The mind of man, even amidst the present perplexity and confusion is slowly groping its way towards the conception of a planned world economy in which the enormous resources which the application of science can create will be distributed according to the needs of each group within our species."

How our faulty method of exploiting the land keeps our national income down is illustrated by Mr. MacDoughall* in his note to the Central Banking Inquiry Committee. According to him, if India's output per acre in terms of wheat were raised to that of France, the wealth of the country would be increased by £ 669 million a year, in terms of English production it would be raised by £ 1000 million and in terms of Danish wheat production the increased wealth of India would be £ 1500 million per year.

The problem of India's economy thus centres round fuller utilisation of her resources, both human and material. If the cultivator is to contribute his full share to the national dividend he must be provided with the following basic things: The absolute ownership of the land he cultivates, an equitable system of taxation, and an honest and efficient and sympathetic administration that would look after him with parental care. The present obstacles to profitable farming are the lack of a comprehensive agricultural survey including a land utilisation survey, want of a programme for the restoration of full ownership of land to the cultivator, mass illiteracy, inadequate irrigation facilities, absence of co-operative farming and such other drawbacks the removal of which is a responsibility of the State. The popular ministries in the Provinces started well and they had several measures to their credit—in land reform, tax reform and administrative reform. The Central Government have to make a move to expand the operations of their departments to include all rural problems as is done in other countries. They must supply the guidance and the drive to the Provinces and the States as also funds when larger schemes are required to be undertaken. They must do the real planning for the country. Their present activities are very limited in scope and unless the reforms noted above are carried out no material progress can be achieved by mere technical improvements in agriculture. The advantages of these researches would be taken by the few richer classes of cultivators but the bulk would remain unaffected and will sink deeper into poverty, debt and misery.

THE INDIAN SOCIETY OF AGRICULTURAL ECONOMICS

A Rough Sketch of the Programme

A. Organisation.

- (i) To increase membership and collect donations from the public and the Governments and the Indian States for the extended programme of work.
- (ii) To have an office in Bombay with the necessary staff and a library.
- (iii) To appoint special committees for—
 - (a) The editorial work of the Society's publications.
 - (b) The research programme of the Society.
 - (c) Similar committees to be appointed for the provincial and regional centres.

*Mr. MacDoughall was, at one time, the President of the Co-operative Farms Trading Society in Scotland, and one of the foreign experts on the Committee. See Report App. pp. 707.

B. Clearing House of information on Agricultural Economics and Allied Subjects.
Collection of information.

I. Indian:

- (a) (i) To compile a list of universities and colleges that provide special teaching in agricultural economics and the nature of the studies provided.
- (ii) To compile a list of agricultural colleges that have courses in agricultural economics.
To collect information from them regarding special investigations made by them or researches subsidised by them.
- (iii) To collect information regarding the research institutions that specialise in agricultural economics, like the Punjab and Bengal Boards of Economic Inquiry and the Gokhale Institute, Poona, and to find out the nature of the work done by them.
- (iv) To prepare a bibliography on rural life publications in India including reports of Commissions, special inquiries, etc.
- (v) To prepare a list of magazines and periodicals on the subject issued in India.
- (b) To collect information regarding the rural reconstruction activities of Governments in India under different heads:—
 - (i) Technical improvements.
 - (ii) Sanitation and social relief.
 - (iii) Education.
 - (iv) Local self-government.
 - (v) Organisation of agricultural finance, sale and purchase, marketing, co-operation, etc.
 - (vi) Cattle and milk problem.
 - (vii) Propaganda.
 - (viii) Subsidiary industries.
 - (ix) Rural life centres.
 - (x) Legislation passed by various Governments to help agriculturists—debt legislation, tenancy regulation, etc. control of money-lender, land alienation, rent restriction and their effects.

II. Foreign:

To get into touch with important institutions and societies or associations working on lines similar to ours. To establish contact, exchange publications and to prepare a bibliography of their publications and also of books on the subject.

C. Publications.

- (a) To prepare special monographs giving out this information for the use of the public and other workers on similar lines.
- (b) To appoint provincial or regional committees or correspondents to study local problems.
- (c) To prepare provincial or regional monographs on rural life problems of the localities on the lines of the monographs prepared by continental governments at the instance of the League of Nations.

We may ask provincial governments to prepare these, or, if they do not agree, we may ask non-officials to compile them with the assistance of Government officers.

- (d) To prepare an annual review on the progress in agricultural economics in India with the assistance of provincial and regional committees or correspondents.
- (e) To publish a bi-monthly or a quarterly study on any selected topic on the lines of the Annals of the American Academy or the Agricultural Association of England. It should be divided into three sections:—
 - (i) Topical studies contributed by specialists.
 - (ii) Book reviews and reviews of periodicals.
 - (iii) Activities of Universities and research bodies. New Publications. Information from foreign countries on the subjects in which the Society is interested.

D. Studies and Investigations.

(a) Special studies or investigations:

- (i) These may include Land problems in India, Debt legislation in India, Fragmentation of holdings, Influence of social life on economic problems, Health and diet, Housing problems, Land Tenures, Rents, etc., Administration and its influence on the development of rural life.
- (ii) Prices and production, Stabilization of prices, Currency and price of Agricultural production and Government tariff policy, Communications, Industrial developments and rural life.

Local studies will be carried out by local agencies and the head office will confine its activities to studies and investigations that could not be done from government publications and reports.

We may engage special staff to carry out some of these studies or subsidise others to do it.

(b) To train workers for these studies.

E. Conferences.

Besides the annual conference, we may have every third year a rural life conference with the main object of reviewing the progress of the various schemes adumbrated.

THE IMPACT OF SCIENCE ON AGRICULTURE *

Pre-Scientific Agriculture.—In the world of the pre-scientific days, agricultural systems usually possessed two features in common:—(1) the aim of providing complete subsistence for the community, money crops being a subordinate consideration (2) the attempt at conserving the productiveness of the land by fallowing and other methods. In Northern India, Great Britain and elsewhere good and bad land was divided into strips and shared out equitably among the people. The social advantage

*Summary of an article by Sir John Russel, F.R.S., in the *Nature*, September 1, 1942, published in the *Madras Agricultural Journal*, July 1943.

age of this system was that "the whole complex of peasant life developed some creative art which showed itself in a love of colour, folk music and dancing, embroidery, wood-carving, pottery, iron-work and other peasant arts and crafts".

The Race for Agricultural Superiority:—As the desire for a higher standard of living grew among the peasants and the need for scientific agriculture grew with it, the scattered strips of land had to give place to unified holdings. This change came in Great Britain and elsewhere in the third quarter of the last century. But unfortunately, "as science came in so the peasants' arts and crafts, the colour, the singing and the dancing got somehow crowded out; they ceased to be spontaneous peasant activities and are becoming only museum pieces."

However, this superiority of Great Britain and other European countries in scientific farming was not destined to last long. The cultivation of the prairies of North America by means of 'total' application of science and the development of transport and business agencies there made considerable economies possible and consequently British Agriculture fell about 1890. Intent upon raising itself again, the latter tried a more comprehensive application of science and succeeded in increasing the output per man, but had to reduce the number of farm-hands. Combining high output per man with high output per acre seemed to Europe well-nigh impossible. So while Britain with its unified holdings moved towards increasing the output per head, the Western European Countries of small holdings moved towards increasing the output per acre.

Recent Trends of Agriculture:—Meanwhile two striking changes came over the agricultural world. In the prairies of North America, the system of agriculture proved destructive of the soil, for soil erosion took place. The country was obliged to adopt curative treatment of the soil by means of mixed farming and other methods which meant a return to the principles of farming of the pre-scientific days.

The change that came over our own country can best be stated in the author's words:—

"A somewhat different problem arose in tropical Africa and parts of India. The climate favoured the production of certain commodities of high commercial value, such as oil, fibre, tea, coffee, etc. The large supply of very cheap native labour ensured cheap production. So a plantation industry was developed and proved highly susceptible to scientific treatment; striking developments occurred. Then, however, arose certain difficulties. These new crops; helped by the aid of science, pushed out the native food crops; the subsistence agriculture gave away before plantation cropping, and the natives received pay for their work but not food. This substitution of money for food led to social difficulties, unrest, malnutrition, etc. Further, a change in the market requirements might render the produce of a whole region more or less superfluous thereby causing great financial loss; the history of sugarcane in the West Indies is an example. In short, the intense specialization which followed the too exclusive emphasis on efficiency of production had two grave defects; it lacked the permanency of the older system and it did not adequately provide for the needs of the community.

During the past thirty years a great change has come over our ideas of administration, and it is now recognized that subsistence farming must be fully developed so as to ensure abundance of suitable food for the home population. This is necessitating a much broader utilization of science than in the earlier days".

Science has, however, left some undesirable effects on the world. The development of medical science and services led to an increase in human and animal population. Consequently there was a great pressure on land. Shifting cultivation was no longer possible while soil deterioration became a problem. Investigation has had to be carried on; and it has been again found out that a more varied type of farming and a larger and better-organized production of food crops are imperative.

The War:—The war has brought again to the forefront the old much despaired of technical problem of combining high output per acre with high output per man. In the pre-war days, the tiresome slowness of agricultural production and the resultant uncertainty about price of produce were a great bar to the adoption of even well-recognized improvements. But the war obviated these difficulties. Prices and wages having been fixed in advance, improvement could readily be adopted. The grand result of these conditions and improvements was a fair combination of high output per acre with high output per man in Great Britain and elsewhere.

The Post-War Agricultural Problem:—The unexpected combination having been achieved as a war-time measure of success, it now behoves every country to aim at continuing this new feature of agricultural production even in peace-time. A compromise between wholesale importation of food materials from abroad and production of the same at home may be effected. "If the imports of food continue to be organized centrally, it should be possible to allocate the various items among the different producing countries, paying a certain share to the home farmer at a price which enables him to pay the statutory wages without having continually to reduce the number of workers. So the different problem of combining high output per man with high output per acre can be solved."

What is absolutely necessary to the post-war world is a planned agriculture which allows of the comprehensive application of Science and which does not destroy the individual initiative.

GLEANINGS

Essential Food Crop of India.

Rice is the most essential food crop of India. The diet of approximately 70 per cent of the population consists mainly of rice. India has the world's largest acreage under rice (72 million acres) and is second only to China as a rice producer (57 million pounds). These figures are formidable indeed, but it must be noted that in the past two decades output actually declined by 8 per cent as against an 18 per cent rise in population. The decline in output is caused by stationary or slowly declining yields. The average yield per acre in the past two decades ranged from 29 bushels (1922-26) to 26 bushels (1937-41) as against 68 and 75 bushels in Japan. India, therefore, does not produce enough rice to satisfy its requirements, and the per capita consumption declined from 203 to 162 pounds. Even on this basis of reduced consumption India must import from 6 to 8 per cent of its total rice supply from Burma. With the Japanese occupation of Burma, India's rice supply situation has been weakened still further. (The Wealth of India Agricultural Situation, U.S.A. August, 1942).

—*The Madras Agricultural Journal*, February, 1943.

Low Agricultural Output.

There is nothing inherent in an Indian peasant that prevents him from becoming an efficient producer of food and other farm products and from realizing all the benefits that follow. But the institutional milieu within which the peasant lives and works militates against such changes. Lack of education, very limited application of agricultural science, and a land-tenure system that burdens tens of millions of Indian peasants, inheritance laws that result in fragmentation of holdings, and, that is perhaps most important, a rapid increase in population pressing ever harder against the available resources—all these combine to make output low, both per unit of land and per man. The net result is not enough agricultural wealth to go around, which in practice spells widespread poverty and disease. (The Wealth of India, Agricultural Situation, U.S.A., August 1942).

—*The Madras Agricultural Journal*, February, 1943.

Soil Deficiencies.

Deficiencies of the soil in nitrogen and mineral plant foods reveal themselves to the practised eye in the course of any journey in almost any part of the world. They may be seen in the growth of plants and in the colour of the landscape. A lack of nitrogen is shown by the plant in its size and colour. If the soil is extremely deficient in nitrogen, plants scarcely grow at all: if the deficiency is not so great, plants grow, but their leaves remain small and have a sickly yellowish green colour instead of the full, deep green which is the sure sign of a soil rich in nitrogen plant food. When there is not enough potash, leaves, especially of such plants as mangolds and sugar beet, show brownish streaks or patches, and are apt to be brittle. If phosphates are lacking, plants do not ripen their fruits and seeds so well as they should, and their roots make none to do vigorous development.

The landscape itself reveals the natural deficiencies of the soil. The traveller in South Africa looks almost in vain for the deep-green colouration which betokens nitrogen-plenty, and only when he visits the fruit-growing districts does he see in the almost black-green colour of the foliage of the orange groves that there at least is no stint in the use of nitrogen. (Sir Frederick Keeble, *Fertilizers and Food Production*).

—*Indian Farming*, January, 1943.

Low Milk Consumption in India.

The fact that the consumption of milk per head of the population has dropped by about 12 per cent in recent years is brought out in the second edition of the Report on the Marketing of Milk in India and Burma issued by the Agricultural Marketing Adviser to the Government of India. The original report basing its figures on the 1931 census and the cattle census, of 1935, put the average daily consumption of milk at 6.6 oz. per head of the population of India. In the second edition statistics have been revised on the basis of the 1941 census and the cattle enumeration of the previous year and these data give an average daily consumption per head of 5.8 oz.

The number of cows in India went up by 7.8 per cent between 1935 and 1940 and that of she-buffaloes by 5.5 per cent but in areas noted for milch cattle there were famines while the cattle population shot up in places where the animals are generally poor, so that the net increase in milk production has been small while there has been a big increase in the human population.

The low milk consumption indicated a very serious state of affairs, especially among the poorer classes who consume well below 5.8 oz. a day, while many have to go without milk or milk products altogether. While the Indian consumer has a much lower average income than the English consumer under normal conditions milk prices in the two countries are roughly the same.

The report shows how better organisation of the trade, proper transport and sanitary methods of handling and distribution can help towards a better state of affairs. It also points out how profitable the reorganisation of urban milk marketing on modern lines can be.

Secret of Success.

Work on the land, of all kinds and descriptions, has benefitted by the work of scientists working in close co-operation with farmers. That is the secret of success, the marrying of practical work with the work of scientists, and when this is accomplished the outcome of the union is increased production and a higher standard of farming.

Up to recent years very few farmers troubled to have soil samples taken. To-day most County War Committees have their soil sampling officer fully employed, and many of the requests for his services come from quite small farmers who at one time professed to have no faith in a soil sample as a means of knowing what their land needed in the way of manures or lime. I believe that as the outcome of the growing desire of farmers to make use of all available advice to increase their production, and to help them farm to a higher standard, many more farmers' sons will be given a more scientific education in the future, and this will bring to perfection that unity we all desire to see between the practice and the science of farming. (E. Walford Lloyd, the Field 4th July, 1942).

—*Indian Farming*, February, 1943.

The Scientific Attitude.

This attitude which I have called the scientific might be described in other ways. It is the matter-of-fact as against the romantic, the objective as against the subjective, the empirical, the unprejudicial, the *ad hoc* as against the *a priori*. The emotional tone which goes with it is quite definite and quite complex, although at first sight, and to those brought up in a different mode of thought, it may seem emotionless and banal, and although it does in fact reject the standard emotional responses which inherited culture have made the most automatic and obvious. But this very rejection of inessential qualities, which now seem shoddy and superseded, is not an easy task. It demands a certain fervour, and it carries with it its own excitement, an excitement identical in kind with that of the scientist on the track of a new and relevant concept. And experiences stand out again bright and fresh and clean, like dolls which a child unwraps from a box of dirty cotton-wood packing. Their corners are not rounded off by being seen through a fog of culture; each one has its full individual character as a part of the causal system of events which make up the world. At least that is what a scientific way of regarding experience would aim at, and when it is rarely and with difficulty, fully attained; the achievement is no more 'emotionless' than it must have been to Dalton when he reduced the untidy pile of facts about chemical composition to the Law of constant proportions and the atomic theory; or to Mendel when he swept away a whole rubbish heap of nonsense about heredity and replaced it by his simple notion of the hereditary factor. (C. H. Waddington in *The Scientific Attitude*).

—*Indian Farming*, March, 1943.

CO-OPERATIVE NEWS AND NOTES

The Directors' Report of the South India Co-operative Insurance Society for the year ended 31st December 1942 reveals the conservative policy adopted with regard to the expenditure on new business. The Society's membership at the end of the year stood at 13,823. Eight hundred and forty policies of the face value of Rs. 9,21,787 were issued by the Society during the year. The amount of business in force on 31-12-1942 was Rs. 74,48,997. The Life Assurance Fund of the Society stood at Rs. 12,90,434 at the end of the year.

The thirteenth annual report of the Bombay Co-operative Insurance Society for the year ending 31st December, 1942 discloses a sharp rise of 1,738 members during the year. At the end of the year the Society had 11,696 members. The Society issued during the year 1,963 policies for a sum of Rs. 22,93,583. The total business in force with bonus additions stood at Rs. 1,29,75,598 of which business worth Rs. 8,57,315 has been re-insured. The Life Assurance Fund stood at Rs. 16,28,352 at the end of the year.

The Committee formed by the Mysore Co-operative Institute to investigate and recommend ways and means to strengthen and expand the Co-operative Consumers Movement in the State, made the following recommendations:

(1) "That it is difficult to start and work new consumers co-operative societies at present; (2) That the existing consumers societies may be induced to expand their membership and open branches at suitable places within the limits of their jurisdiction; (3) That the societies may arrange for the sale to members and non-members at different hours; (4) That wherever the societies sell to non-members, the Government be requested to give them financial and other assistance; and (5) That at places where there are no consumers societies, the credit societies situated at such places may be encouraged to open stores sections."

For the construction of warehouses, long-term loans at 4 per cent per annum are offered to Co-operative Organisations in Bombay Province which undertake the marketing of the agricultural produce or storage and supply of the agricultural and domestic requirements of their members. The amount of the loan will be limited to two-thirds of the cost of construction, up to a maximum of Rs. 2,000. The concession was formerly granted only to Multi-purpose and Sale-supply Societies.

It is understood that the Imperial Council of Agricultural Research has sanctioned Rs. 1 lakh for prosecuting research work during a period of three years at the Imperial Dairy Research Institute, Bangalore, on several important problems of immediate importance to the dairy industry in the country. They include the all-important problem of transport of milk from villages to towns, development of acidity in ghee, manufacture and improvement in the quality of yellow ghee, colouring Vanaspati (hydrogenated fat) to prevent its use for adulterating it with ghee,

preparation of vegetable rennet for cheese-making and finding suitable substitutes for tinned steel containers used in the dairy industry.

A resolution envisaging the creation of a fund for rural planning analogous to the Industrial Fund was passed at the fourth annual meeting of the Central Board of Rural Reconstruction, held recently under the presidentship of His Excellency the Nawab Saheb Chhatari, President of H.E.H. the Nizam's Executive Council. In the course of discussion, it was pointed out that a stage had now been reached when the benefits of the rural reconstruction movement should be made available to a larger circle of the rural population. Stress was laid on the importance and urgency of giving attention on a wider scale to three aspects of rural uplift, namely (1) the necessity of improving village communications in order to give the villager greater facilities for marketing his produce; (2) improvement of livestock, and (3) development of cottage industries on a broad and comprehensive scale, so that the villager might have opportunities of increasing his earning capacity.

In his reply to an address presented at the Jubilee Celebration at Farrukabad, His Excellency the Governor of U.P. said that "the Co-operative Societies of the province are playing their part in the war; they must continue and intensify their effort and they must also prepare themselves to help to solve after the war the problems both political, constitutional, and economic which will face this country. These problems will not be solved by repeating old slogans such as *Inqilab Zindabad* or *Down with Imperialism*; they will be solved by co-operation and unity and the Co-operative Societies must and will play their parts."

The report on the working of rural reconstruction societies (in the Hyderabad State) during 1940-41 points out that as a result of the well-defined policy laid down by the Government and the experience gained in every taluka of the state of the working of rural reconstruction societies, people had come to realize the significance of the movement and to appreciate the advantages of its three-sided programme. The experiment, which was started by the Government in a few selected villages, had in the majority of cases given promise of success, as evidenced by the fact that people in the neighbourhood had become eager to emulate their example and seek assistance for making a start in their own villages. 'A stage has now been reached,' adds the report, 'when the experience gained by the official worker can be made available for the benefit of a larger circle of the rural population. Now that the Department of Agricultural Propaganda has decided to devote all its attention to the propagation of improved methods of agriculture on a village-wide scale in all the selected areas, it would not be difficult to implement the programme of better business, better farming and better living in four to five villages knit together around the nucleus of the existing centre in each taluka by making a beginning with a grain bank, a seed store, and a common-good fund. In this way the circle can be gradually widened until the whole countryside is brought within the orbit of the movement in the course of a few decades.'

The view that the rations allowed under schemes at present in operation in India were all low even when compared with customary intake and that the food

shortage was likely to have a bad effect on public health, particularly in certain areas, was expressed by Dr. W. R. Aykroyd, Director, Nutrition Research Laboratory, in an address to the Food Rationing Conference here. Dr. Aykroyd said that the problem was being considered by the Central Advisory Board of Health.

In regard to grow-more-food campaigns, Dr. Aykroyd said that a good deal of energy had been wasted on the campaigns and he did not believe that much would be achieved unless something like a land army using modern methods could be brought into being. Otherwise a good deal of energy would be wasted on the campaign. India, he said, was never self-sufficient or nearly so in the sense that the population was abundantly or satisfactorily fed. Actually according to his estimate, about 30 per cent of the population did not get enough food in normal times to cover fully its calorie requirements.

Dr. Aykroyd was of the opinion that one pound of cereal per capita might be adopted as a suitable ration. That assumed a normal age distribution of the population, aimed at carrying the population through the shortage without too serious a lowering of dietary standards, and also assumed that some quantities of pulses, vegetable oils, sugar etc., would be available in addition to cereals.

A new scheme of Mutual Aid for Societies which suffer loss or damage by enemy action will be brought before International Co-operative Congress this year. The first scheme for such assistance was abandoned owing to taxation difficulties, but by a decision of last year's Congress a special Committee was appointed to re-examine the whole position. The scheme which it has drafted suggests that Societies should contribute an amount not exceeding one penny per £ of turnover, by which it estimated that approximately £1 million would become available. The full amount, however, would only be called for if the need arose. The purpose of the scheme is to assist all Societies which decide to contribute, and to ensure the payment of a reasonable rate of dividend in case of war losses, thus removing the danger of repercussions on share capital. The Mutual-Aid Committee has reached an agreement with the Board of Inland Revenue with regard to taxation of contributions whereby sums paid by member-Societies would be regarded as admissible deductions from profits earned.

The Etawah District Co-operative Bank U.P., besides financing, undertook other uplift activities as well. It has induced almost all the societies affiliated to it to use improved ploughs, chaff cutters agricultural implements. About 20 Persian wheels are also working in different co-operative societies. The total area that the members of societies brought under improved cultivation was 1,519 acres under wheat, 859 acres under sugar-cane, and 250 acres under other commodities. The total area in which cultivation was carried on with improved implements was 2845 acres. Keeping of manures in pits outside abadi has gained popularity in almost all the societies and in 133 societies all the members keep their manures in such pits. During the year under report 70 societies were provided with medicine chests raising the number of such dispensaries to 134 and total number of persons to whom medicines were given during the year was 10,057. Number of wells provided with parapet walls reached 157, and 845 wells were disinfected, 4,395 children were vaccinated during the year.

The Mysore Central Co-operative Land Mortgage Bank completed another year of successful working. At the end of the year 1942-43 the bank had 117 individuals, 34 ordinary co-operative societies and 65 land mortgage co-operative societies as its members. Its share capital amounted to Rs. 1,54,000. The debenture borrowings at the end of the year totalled Rs. 17,83,400. The statutory and other reserves amounted to Rs. 21,549. A sum of Rs. 3,29,950 was advanced in 333 cases for long periods and an amount of Rs. 4,170 was advanced in 5 cases for short periods. The bank's working in the year resulted in a profit of Rs. 31,717.

Poultry-keeping is one of the major subsidiary occupations of the farmers of the Travancore state, and about 80 millions of eggs are annually produced. More than 25 per cent of the eggs are exported. The export trade in eggs is controlled at present by a few wholesalers. A recent survey of the trade revealed that the producer has very little control over the price at which eggs are sold, and that he is a helpless victim of profiteering by middlemen. Government recognised that the producer should get better prices for his produce, and that the present system of marketing eggs should therefore be reorganised. They have, accordingly, sanctioned the formation of an association called the Travancore Egg Market Expansion Board, to be registered under the Travancore Companies Act. Membership of the Board will be open to all exporters of eggs, all bona-fide egg traders, egg producers, and egg producing organisations in the state. The headquarters of the Board will be at Quilon.

The tobacco growers are at present satisfied with the prices paid to them for green leaf. Efforts will be made to place the Virginia tobacco-growing industry on a permanent footing in Bundelkhand by encouraging the formation of growers' co-operative societies with their own *kacha* fire-curing barns.

To improve the supply of milk from villages to towns, many societies on a co-operative basis have been started in recent years in most of the important towns. The problem of finding suitable stud bulls for the cows of the members was engaging the attention of the authorities for some time. The Government of Madras have now ordered as follows: (1) A Sindhi breeding bull or a Dehi buffalo-bull or both according to the needs of each place should be stationed at Government veterinary institutions in places where there are big co-operative milk supply societies or unions. The animals belonging to these organizations will be entitled to free services of the bulls. (2) Veterinary officers should inspect periodically, say once a month, the milch cattle belonging to these milk supply organizations and the milking centres maintained by them free of charge and also check their milk records. (3) The free service of bulls should be arranged without interference with the demand from others who pay for the services of the animals. (4) The veterinary assistant surgeons will inspect the milch cattle, milk utensils, milking yards, method of handling and distributing milk and make practical suggestions to ensure hygienic production and distribution of milk. In accordance with the scheme, 23 bulls have already been stationed at important centres and more are to follow.

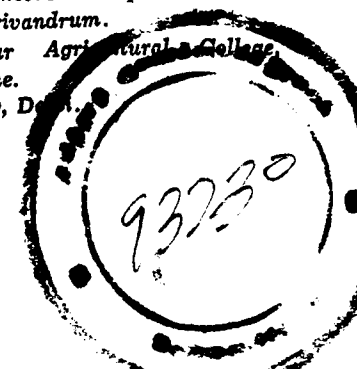
The Housing Section of the Co-operative Society of Municipal Employees, Bogota, (Columbia) has acquired an estate on the outskirts of the city where it proposes to erect small houses for its members on garden city lines. This Section of the Society has 420 members who, with the assistance of a loan from the Municipality, have accumulated resources amounting to more than Rs. 400,000, out of which over half of the purchase price of the estate has already been paid. This includes possession of a small country house which will be used as a community centre for the tenants.

One of the biggest business deals in American co-operative history has been concluded by the Midland Co-operative Wholesale Society's purchase of an oil refinery, 100 miles of pipe-line, 110 railroad tank cars, storage facilities for 600,000 barrels of petroleum and a repair and machine shop, from the Crushing Refining and Gasoline Company, Oklahoma. The refinery is situated in one of the world's greatest oil producing areas; it is in the centre of a network of pipe-lines from nearby oil-fields in Texas and Oklahoma and on the Great Lakes pipe-line which has terminals at Minneapolis, Des Moines and Chicago. A three years contract secures for the refinery first call on crude oil produced from well-trying wells. Therefore, it has a daily capacity of 4,500 barrels of crude oil; it will be able to supply about 40 per cent of the Midland Wholesale's oil requirement and all the kerosene it needs. It is expected that the Central Co-operative Wholesale, Wisconsin, will become a partner in the refinery.

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Consumers' Co-operation, U.S.A.
Agricultural Economics Literature,
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The Co-operative News, Manchester.
Co-operative Information (I.L.O.),
Montreal.
Scientific Agriculture, Ottawa.
The Louisiana Rural Economist, La,
(U.S.A.)
The Madras Agricultural Journal.
The Eastern Economist, Delhi.

The United Provinces Co-operative
Journal.
The Bombay Co-operative Quarterly.
The Madras Journal of Co-operation.
Indian Journal of Economics.
Rural India, Bombay.
Indian Journal of Social Work,
Bombay.
The Co-operators' Bulletin, Jamma.
The Travancore Co-operative Jour-
nal, Trivandrum.
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Deposits	2,41,46,411	Other investments	1,37,000
Sundries	3,46,298	Loans & overdrafts	1,35,83,762
Profit & Loss A/c.	2,86,359	Premises (acquired entirely out of profits)	
		Sundries	2,44,096
Total	2,82,34,371	Total	2,82,34,371

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	1939.	1940.	1941.	1942.
	Rs.	Rs.	Rs.	Rs.
Paid up Capital ..	6,55,800	6,65,600	6,66,500	6,70,300
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Fixed, Current and other deposits ..	1,76,36,902	2,15,02,633	2,41,46,411	2,51,49,678
Net Profit ..	2,36,144	2,38,206	2,53,398	1,66,886
Amount transferred to Reserve Fund ..	75,000	75,000	75,000	50,000
Other Accounts ..	99,866	1,02,729	94,004	12,500
Dividend at 9 per cent ..	59,022	59,363	59,941	60,107
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