

The Indian Co-operative Record

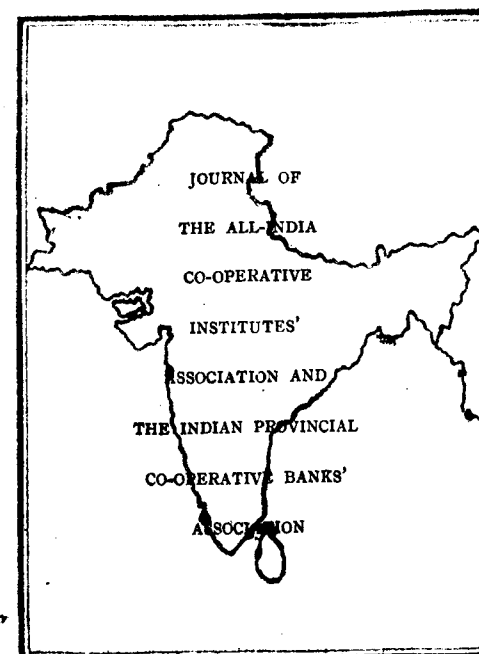
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INDIAN ¹²⁶ CO-OPERATIVE REVIEW



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THE INDIAN CO-OPERATIVE REVIEW

VOL. X

APRIL—JUNE, 1944

No. 2.

CONTENTS

	PAGE
EDITORIAL NOTES	
Post-War Reconstruction and Agricultural Statistics ; Organisation of Agricultural Labour ; Co-operative Agricultural Marketing ; Distribution of Essential Foodstuffs in the United Provinces	57
Agricultural Marketing in India By Mahesh Chand, M.A., B.Sc., Hons.	64
Cattle and Crop Insurance and Post-War Reconstruction By V. Venkatachalam, M.A., B.L.	68
The Co-operative Movement and Post-War Reconstruction By Risal Singh Chowdhury, B.Com.	71
First Centenary of the Rochdale Pioneers—A Retrospect and A Prospect By R. D. Gupta, M.A.	75
Co-operative Industrial Societies in the Punjab By Chaudhri Ghulam Haider, M.A., P.S.C.S.	78
Note on "Promotion of Industrial Co-operation" By V. L. Mehta	80
CO-OPERATIVE SOCIETIES AT WORK IN INDIA	
Hyderabad (1941-42)	...
Mysore (1942-43)	...
EXTRACTS	
Co-operative Reconstruction	86
The late Hon'ble Mr. V. Ramadas Pantulu	87



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THE INDIAN CO-OPERATIVE REVIEW

VOL. X

APRIL—JUNE, 1944

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EDITORIAL NOTES

POST-WAR RECONSTRUCTION AND AGRICULTURAL STATISTICS

Agricultural Statistics if standardised, systematised and prepared on a scientific basis will be of invaluable help to the study of our rural economic problems, a knowledge of which, in its turn, is essential for a proper study and understanding of agricultural co-operation. In spite of the immense importance of preparing and maintaining reliable agricultural statistics to the administrator as well as the agrarian reformer, not to speak of the economist in general, in this country it is a field of national activity which has been unfortunately neglected so far. Some bulletins issued by the intelligence departments of the Central and Provincial Governments give some sort of statistical information periodically about Indian agriculture and that information is reproduced in text books which soon become out of date so far as statistical information goes. Periodical publications of Departments of Agriculture, reports of Marketing Officers and other Governmental agencies bring the statistics up-to-date as far as possible. Annual publications like year-books of standing collate the information from all these sources and bring it up as near as they can to the year of their publication annually. The informative hypotheses which detract from the value of these statistics as reliable data to draw useful conclusions from or to base our programmes of planning for re-organisation of our agricultural economy are too well-known to require reiteration.

In the available statistics relating to the uses of land, we come across two vague items, namely "cultivable waste" and "not available for cultivation." There is no precise line of demarcation between these two. Both of them may be brought under plough with enterprise, requisite capital and the creation of irrigation facilities and other conditions conducive to the promotion of agricultural production. Messrs. Robertson and Bowley, the Statistical Experts, who came out to India to advise the Government in regard to evolving a proper system of statistics, put in a strong plea for the abandonment of such imaginary distinction as "cultivable waste" and "not available for cultivation", in the agricultural statistical records of the Governments in this country.

Now that post-war development plans of our rural economy are being considered accurate statistics with regard to the actual land under cultivation and the land which is not under the plough; the various kinds of crops grown, namely food crops and commercial crops; facilities available for the

52
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transport of agricultural products, namely road and other communications; cattle health and their mortality; occupational distribution of the population and other important rural statistics must necessarily be brought up-to-date, standardised and maintained regularly. Accurate statistics with regard to the cattle wealth in India and incidence of mortality among the cattle will be necessary for organising cattle insurance societies. Experiments which have been made previously for starting cattle insurance societies have been a failure on account of lack of such statistics. The amount of capital necessary for the promotion of such insurance societies and the actual premium that has to be charged cannot be ascertained in the absence of accurate data. The few societies which were started based on imperfect statistics resulted in a failure. We cannot leave the matter at that stage. We must have accurate statistics and try to organise cattle insurance in India on a sound basis. The nature of cattle insurance is such that close local supervision of the policy-holder and the insured object is of paramount importance. Experience in other countries goes to show that if cattle insurance is conducted either on a mutual or co-operative basis with State help it can be a success. The Veterinary, Agricultural and Co-operative Departments should make a joint effort in collecting the necessary statistics and in promoting cattle insurance societies on co-operative basis with State aid.

Accurate statistics are also necessary for the promotion of crop insurance societies. Data relating to the geographical position and nature of crops, the various causes that generally lead to the failure of such crops and the financial value of such losses should be gathered for a number of years in the past. When such data is available it can be ascertained if crop insurance societies can be promoted and worked successfully in India.

ORGANISATION OF AGRICULTURAL LABOUR

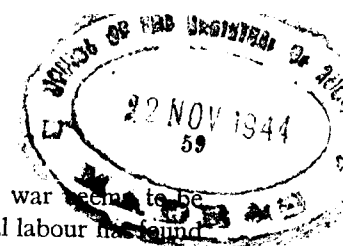
Attempts have so far been made in India to standardise the wages and to better the living conditions of the industrial workers alone. In a country like India industrial labour forms an insignificant portion of the working classes as the bulk of the working population live in villages and agriculture is their main occupation. It is only too well-known that quite a large mass of agricultural population exist in conditions of poverty and extremely low wages. Yet nothing has been attempted or done so far to improve the wage condition of the agricultural labour. The problem is, no doubt, a complex one and it is no easy task to evolve a cut and dry solution. Hitherto the question of minimum wages for the agricultural labourers and those engaged in unorganised trades and crafts has not been seriously considered on account of the complexity of the problem. Priority was given to the consideration of wages of the industrial labourers owing to the urgency and importance of the problem. The magnitude of labour employed in organised industries being comparatively small the problem presented a better front for handling. Providing a minimum subsistence for the agricultural labourer can no longer merit postponement especially in

EDITORIAL NOTES

view of the fact that the successful termination of the war seems to be drawing nearer. A very large proportion of the agricultural labour has found employment on attractive wages in war works like construction of aerodromes and other lines of communications and in factories for production of war materials. All these workers will be disbanded after the war and finding suitable employment for them will be a very serious problem. This is the problem which is being considered very seriously in all countries engaged in the war. This problem is of particular significance to India. While in western countries the war-time industries will be switched over to civil needs and there will not be unemployment on a mass scale, in India the position would be quite different. With the closing of the numerous war works the disbanded labourer has no other alternative but to go back to the village on traditional agriculture. Except for partial employment on low wages for a small fraction, most serious unemployment will stare the bulk of the demobilized men in their faces. Coupled with the problem of unemployment and low wages is the question of cost of living. To what levels will the prices go down after the war is not clearly known. The indications are that they will not have a precipitous fall from the present levels. For a few years at least Government will keep the prices in check by exercising controls and a mean between the pre-war and the present abnormal levels will be struck. Only then there will not be serious landslide of our economy. Under this changed order of circumstances the agricultural labourer will find it difficult to secure a minimum subsistence. This problem should be viewed not merely as a post-war problem but towards evolving a permanent arrangement for meting out justice to the agricultural labourer whose condition has been neglected so far. Effective legislation is necessary for regulating the wages of agricultural labour taking into consideration the conditions prevailing in each province and State. However, co-operative societies can be usefully organised for the benefit of agricultural labour so that their wages can be standardised and after the seasonal agricultural operations are over such labour can be diverted to cottage industries and for laying roads, etc., during the off seasons. The agricultural labour societies can undertake contracts from district boards, local bodies and other public works and provide employment to their members guaranteeing them a reasonable wage.

CO-OPERATIVE AGRICULTURAL MARKETING

Besides the quality of the crops raised by the agriculturists the way in which such crops are marketed has an important and direct bearing on the price secured by the cultivator for his produce. It is an undeniable fact that the difference between the price paid by the ultimate consumer and that received by the primary producer is now disproportionately large and the cultivator's share of the price paid by the consumer can certainly be increased if only his produce is properly marketed. Mr. Mahesh Chand in his article on Agricultural Marketing published elsewhere in this issue sets out the various causes that stand in the way of the cultivator's securing his due



share and suggests how to improve the conditions that are at present responsible for such a position. Majority of the cultivators are poor with small holdings and meagre yield. Though they would very much like to secure an attractive price for their produce they often fail on account of their ignorance of market conditions and their financial need. They are very often constrained to part with their produce at very poor prices to the local village moneylender who is generally their creditor. Such of those who are enterprising enough to cart their produce at considerable expense to marketing centres often do not fare better due to the prevalence of unregulated markets, and use of false weights and measures not to speak of the presence of middlemen who corner the produce and control the markets. If the primary producer is to have a good price for his crops, effective steps should be taken in the direction of standardisation of crops, weights and measures, grading, improvements in the means of communications, transportation, adequate warehousing facilities, availability of credit at a cheap rate of interest, etc., and marketing of agricultural produce should be organised on sound co-operative lines.

Lack of facilities for the transport of surplus agricultural produce of the farmer from the villages to the markets where they can be sold and lack of facilities for storing the produce at market centres necessarily react unfavourably on the capacity of the cultivator to get a fair price and make a decent profit. The expenses involved in transport and warehousing operations essentially cut into the price received by the cultivator for his produce. As it is, the cost of transport of agricultural products in India compared with other countries is very high due mainly to lack of communications. The following figures will reveal the state of road communications in India and the urgent need for their improvement. The total mileage of usable roads in India is a little over 8½ lakhs of which 2½ lakhs is not metalled of which again about 20,000 miles are motorable. Thousands of our villages are not connected with roads. The road mileage in our country per square mile is 0.18 mile against one mile per every square mile in U.S.A., 2 miles per every square mile in Britain and France and three miles per square mile in Japan.

The absence of godowns and warehouses forces the cultivator to sell his produce immediately after it is harvested oftentimes at very low prices and without retaining anything even for his own necessities. If proper storage facilities are available he can stock his produce, wait for proper price and then sell it. During the period of such waiting he will also be in a position to raise credit if necessary for his agricultural operations, by pledging his produce. The construction of a number of godowns in important market centres within easy reach of the cultivators in each district can successfully be undertaken by the co-operative central banks and the apex banks with the assistance of the Government in each province. Such a step in addition to providing storage facilities to the cultivator will serve as a

remunerative investment to the banks. The Government also should undertake the construction of large warehouses in important market centres.

Linking of credit with marketing is quite necessary for the successful marketing of agricultural produce on co-operative lines. Credit for the production of crops (which the ordinary agriculturist very badly needs) should not be allowed to be handled by private moneylenders which enable them to have a strangle hold on such crops. Crop loans should be advanced by co-operatives on controlled credit basis and such loans as a rule should be recovered out of the sale proceeds of the produce.

Provision of such facilities alone will not, however, solve the problem of the wide disparity that now exists between the price secured by the cultivator for his produce and the cost paid for it by the ultimate consumer. Marketing agricultural products on co-operative lines could be organised on a wider scale. Effective contact should be established between the co-operative marketing unions and the consumers' stores. The consumers' stores should be able and ought to get their requirements from the marketing unions direct without the intervention of merchants.

It cannot be too much emphasised that the cultivator should necessarily be educated about the advantages of selling his produce through marketing institutions and in regulated markets.

DISTRIBUTION OF ESSENTIAL FOODSTUFFS IN THE UNITED PROVINCES

The scarcity of foodstuffs and other essential commodities has been very much in evidence in our country for the last two years. The prevalence of black markets and hoarding have also contributed their quota to such a situation. Equitable distribution of consumers' needs has been a very serious problem. In spite of various measures introduced by the Government by rationing of essential commodities and controlling the prices of foodstuffs, black markets have not yet been wiped out and the consumer is still compelled to pay a high price for his needs. These distressing conditions have been instrumental in the starting of a number of consumers' co-operatives and they were readily pressed into service by the Government for the distribution of essential commodities. Except in the province of Madras the consumers' co-operatives have not made much headway in other parts of India before the war. In other provinces, as the consumers' co-operatives have been on the experimental stage, existing co-operative societies, though started with objects different from those of stores societies, have been entrusted with the task of distribution of essential needs of consumers. It is gratifying to note that in the United Provinces, co-operative institutions thus brought into service for distribution of essential commodities did commendable business though no organised efforts on a large scale to develop co-operation amongst the consumers were made.

The Report on the Co-operative Marketing of Agricultural Produce and Distribution of Essential Commodities in the United Provinces, in 1942-43, discloses the progress made by co-operative banks, co-operative unions, cane marketing unions, consumers' stores, salary earners' societies, miscellaneous societies and above all the Provincial Development and Marketing Federation in the difficult task of distribution of essential commodities. The fact cannot be ignored that except the consumers' stores all other co-operative institutions are not designed for the work of distribution of consumers' needs. In spite of that it is pleasing to note that all these institutions have been able to discharge the work entrusted to them quite satisfactorily as the following figures would go to show. It cannot, however, be denied that these co-operative institutions could succeed in their undertaking mainly due to the official support they received. The Collectors of the various districts having felt that the only way to get over the black markets was to entrust the distribution of the essential commodities to co-operatives which can be trusted to discharge that function faithfully. It is a matter of doubt whether such a success could have been achieved by these co-operative societies which handled the distribution of essential commodities without such official patronage. The total value of commodities sold through the various co-operatives is Rs. 70.09 lakhs and the profit earned is Rs. 5.2 lakhs. The commodities handled include wheat, wheat-products, other grains, sugar, salt and kerosene oil.

Class		Value of commodities sold Rs.	Profit earned Rs.
Central Banks	...	6,21,206	34,484
U. P. Co-operative Development and Marketing Federation	...	28,53,934	1,15,228
Co-operative Marketing Unions	...	9,74,886	1,34,258
Co-operative Cane Marketing Unions	...	8,31,343	1,33,943
Co-operative Consumers' Stores	...	12,17,634	59,741
Co-operative Salary Earners' Societies	...	4,63,243	36,144
Miscellaneous	...	46,426	10,076
Total	...	70,08,672	5,23,874

One important fact from the figures given above cannot escape one's attention, namely, that the co-operative institutions—the consumers' stores—which are primarily designed for distribution work have not fared with any success while other sister co-operative institutions which are designed for quite different purposes have been able to do that business successfully. The consumers' co-operative stores sold commodities of the value of Rs. 12,17,634 and earned a profit of Rs. 59,741 whereas co-operative cane marketing unions sold products of the value of Rs. 8,31,343 and earned a

profit of Rs. 1,33,943, and the co-operative marketing unions sold commodities worth Rs. 9,74,886 and earned a profit of Rs. 1,34,258. It may, no doubt, appear that the co-operative cane marketing unions and the marketing unions have made excessive profits at the expense of the consumers. But, as most of the articles have to be sold at the controlled prices such a charge against them may not be sustained and the fact still remains that the consumers' co-operative stores have not fared with the same degree of success in the distribution work as the co-operative cane marketing unions or the co-operative marketing unions as the undermentioned paragraph reproduced from the Report will go to show.

“The number of co-operative consumers' stores on 30th June, 1942, was only 31. As many as 95 new stores were registered during the year, and 6 unregistered stores also worked, bringing the total to 132. The distribution business done by these stores was only $\frac{1}{6}$ th of the whole business by the co-operative institutions in the province. Half of them did not function or functioned only indifferently. The account keeping and business management in most of these stores is very perfunctory. Among the well managed stores may be mentioned the Benares Hindu University Co-operative Stores, the Almora Consumers' Co-operative Stores, the Udai Pratap College Co-operative Stores and Muktesar V. R. I. Institute Co-operative Stores. The Almora Stores did a business of Rs. 3½ lakhs which is a record in the province. It is a pity that very few of these stores are likely to survive after the war. In fact most of the stores registered in 1942-43 have already ceased working. They were registered under the hope that essential commodities would be available through these institutions easily and cheaply when there was a scarcity elsewhere. After the introduction of Government control and rationing most of the stores found it unnecessary to make any *bandobast* of their own.”

However, it cannot be denied that these co-operative stores have been doing very good service in these days of acute distress in spite of the several handicaps they are suffering from and it is only from such stores the consumer is able to secure his needs, though in small quantities, at fair prices. But the question how long such institutions which have come into existence on purely temporary conditions will survive after the disappearance of those conditions which were responsible to their growth is a problem which has to be examined separately.

AGRICULTURAL MARKETING IN INDIA

By

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One danger with a person dealing with an agricultural problem is that he is apt to be descriptive but the conditions and defects of agriculture are too well known to be recapitulated in detail. Brevity and analysis are most desirable in a discussion on these problems. What follows is a discussion on agricultural marketing on these lines.

The chief defect of the system of marketing of agricultural produce in India is that there is a great difference between the price paid by the final consumer and the price reaching the primary producer. The inequality should be reduced such that the share of the primary producer may increase. Before the remedies can be suggested, the factors responsible for the defects must be analysed out.

There are two methods of approach. In one of them it is pointed out that one of the reasons for the divergence is that the cultivator sells the produce locally due to the small quantity of his produce, his indebtedness, his little staying power due to financial difficulties, the high cost of transport, his ignorance of the market conditions, his past experience of sale in a *mandi*—the under-cover system where the *Arhatiya* is likely to favour the buyer who is his customer more frequently, the unregulated practice of bidding, the irregular method of finding defects in the produce to pay lower prices towards the close of the market day or after the delivery has been partly made, and the manifold deductions—and in some cases due to the necessity for his presence in the field to sow the next crop. There are four more reasons that can be mentioned although some of them overlap with the first. Firstly, the dealer has some degree of monopoly arising out of the absence of other dealers, or out of a customary first claim or a contract claim on the produce because of his being the creditor and so he can name his price. Secondly, there is still widely prevalent the use of inaccurate weights and scales, both in the villages and the *mandies*, which invariably results in a loss to the seller. Thirdly, the produce is imperfectly graded and sometimes deliberately adulterated—for example, in the case of jute and ghee—and consequently a low price is secured. Fourthly, the supply is not adjusted to demand due to illiteracy and lack of proper organisation.

As contrasted to this *ad hoc* method of approach the other method starts with the market surveys carried on by the Central Marketing Department in connection with the provincial organisations which show how the marketing expenses are distributed over a number of items. It is held in certain quarters that these estimates are not correct and exact. It is possible that

the consumers' and the cultivators' prices may not pertain to the same points of time and if so, allowance may not have been made for higher storage charges, deterioration of quality and greater risk involved. It is also possible that there may be exaggerations. Therefore the difference between the two prices need not be 30-40 per cent. Still I think that these estimates at least point out which way the wind blows. The estimates indicate that the cost of packing and handling and the transport charges account for the highest expense. The market charges take the second place. Next may be placed the octroi and terminal charges and lastly the wholesalers' and retailers' margin. Though in order to benefit the agriculturist it may apparently seem preferable to reduce the number of middlemen, the analysis points to the importance of improving the means of transport, regulating the markets and reducing the terminal charges.

Combining the results of both the methods of approach, the fundamental hindrances may be said to be ignorance, inadequate credit facilities, transport difficulties, unregulated markets and the terminal charges.

The State may be expected to do what it can to alleviate the trouble. It can undertake survey of the markets and organise publication of annual directories and periodical market bulletins and arrange for the dissemination of this knowledge widely. In the short period it can educate and inform only a limited, I will say, very limited, number of persons who should in turn sincerely undertake marketing function on behalf of the primary cultivators.

Transport facilities can also be provided by the State to a great extent with the co-operation of the local bodies. True, that the railways, the feeder roads and the mechanical road transport can play a considerable part in the marketing of the agricultural produce, the crucial problem is in respect of the transport facilities from the villages to the adjoining tehsil and district *mandies*. Here for some time to come the bullock cart is to continue to hold the field partly because the cultivators get a chance to use their idle bullocks and spare time after the sowing is over and partly because mechanical transport may not be feasible due to the absence of both the necessary technical hands and continuous load all the year round. The last factor will lose much of its importance if the storage function is undertaken by the cultivators or their organisations. Greater attention should therefore be paid to the improvement of the cart and the surface of the road. It is still to be investigated more fully to what extent pneumatic tyres and asphalt roads, with or without incline, are positively correlated with the efficiency of pull by the bullocks. There is however no doubt regarding the concrete roads proving to have long life and hence economical, but the question is of funds. Unless the State adopts a big road programme of the magnitude indicated in the Bombay Plan or by the Engineers Conference, the attempt should possibly be made to provide some sort of all-the-year road and the conversion of the *Kuchcha* roads into metalled or semi-metalled ones. The District Boards should be able to undertake this with the help of the

villagers. I may mention that a greater part of the crops is marketed within fifty miles of the production centre, i.e., the consumers, processors and export agents are within this distance. If not, it is desirable that this be so, otherwise the spread between the producer's and consumer's price is likely to be more and in such a manner that it would be difficult to reduce it. In regard to the cereals it is desirable that they should not be allowed to go out unless the local and regional demands have been satisfied.

The credit difficulties and the unregulated markets call for the examination of the problem of middlemen. None can deny his services in respect of concentration, dispersion, positive correlation of supply with demand, bearing of market risks and financing. The defect lies in the multiplicity of middlemen, both horizontally and vertically, their malpractices and the absence or weaker nature of the organisation among the producers. The horizontal multiplicity of middlemen in the same centre is a reason for holding the view that they do not get abnormal commissions and that they may possibly be under-paid. The vertical multiplicity should also point to the over-crowding of the profession of middlemen due to lack of alternative lines of employment. The malpractices may be partly due to inadequacy of earnings in the case of honest dealing and partly due to the fact that the malpractices have since become unchangeable—unchangeable at least in the short period—habits with the dealers so that they cannot give them up even though they admit the blessings of honesty and the desirability of serving God by serving others sincerely. It is however true that the establishment of chambers of commerce does have a regulating effect on the marketing practices. It is no wonder that in the absence of alternative employment, the governmental efforts at grading, standard weights and regulated markets have not succeeded and so little progress has been made in regard to the reformation of the middlemen.

Before I discuss an alternative method of solving the problem created by credit and middlemen, let me point out that the octroi and terminal duties on agricultural produce should be abolished. The Taxation Enquiry Committee had rightly opined that in the form in which they are levied in India they offend against all the canons of taxation and had recommended that a strenuous endeavour should be made to get rid of such indirect taxation and to replace it, if not by taxation of property and persons, at least by something in the nature of a tax on sales.

However, the position in regard to the middlemen and the limited possibility for market-education point to the desirability of an alternative means of marketing the produce: there can be no better substitute than a sales co-operative. It is a positive encouragement that after some thirty years of vain efforts to undertake only the credit function of the middlemen it has been recognised that the credit function must be combined with the marketing function. There are only a few thousand marketing co-ops and they

have not been successful except in the case of cotton and sugarcane. In the case of the cane societies it is not wrong to say that there is more of official than democratic control which is responsible for their success. Efforts are also being made for the co-operative sale of paddy and fish, and for production and marketing of such products as potatoes, cereals and fruits.

The essential conditions for the future development of such co-operatives are four. Firstly, adequate education and propaganda are required to enlighten and induce the villagers to co-operate, and the educated to take up managerial work with sincerity. I am of opinion that if true efforts be made both by the co-operative departments and the educational institutions, it should not be difficult to find workers from among the students. But although the departments may admit the necessity for securing the co-operation of the educationists—specially those concerned with education and co-operation—little effort is made by the local officers to keep such persons even informed of the local co-operative activities.

Secondly, as regards the supply of goods, it will not do if the societies continue to attract meagre portions of the total produce marketed in their regions. It is essential to win over both the large and the small holders of, may be, a number of adjacent villages and provide them with transport facilities to carry their goods to the local or the sub-divisional co-operative. Thirdly, in order to be able to sell the produce at the best possible rates preferably in a big *mandi*, there should be arrangement for diffusion of information regarding marketing conditions, and that too quickly. As the latter condition is difficult to fulfil, the local units should be followed by sub-divisional and taluka units and marketing unions as is being successfully experimented upon in Bombay. The market information can be supplied to the bigger units in the form of an annual directory containing a list of the markets, agents in big *mandies* and an account of the trend of prices, and periodical bulletins. The State agricultural marketing organisation should be in a position to take up this task. While the war is on it should also be possible to organise consumers' stores and link them with marketing societies.* The stores can be informed from which marketing co-operatives they may get their requirements without danger of being deceived. Little has been done in this direction.

Fourthly, and lastly, comes the all important problem of funds. The farmer prefers cash to future promises: he even requires it to make certain urgent cash payments. Hence the marketing society should have sufficient funds to make advances to its members. It is not in a position to secure

* The attempt to bring producers in direct touch with the consumers should be made only over a short distance. For long distance the efforts of the marketing co-ops should, in general, be restricted to consolidation of business from the village to the wholesale *mandi*. The other two stages, *viz.*, that from the wholesale (collection) to the wholesale (distribution) and that from the latter to the retailer should be left as such. The consumers' stores can organise themselves to secure the profits accruing to others in the third stage.

enough funds by way of share capital, nor does it stand a chance of securing funds from banks and individuals in the absence of proper security. The requirement may not be great where credit societies may be affiliated to the sale societies. Still and specially in the case of the non-borrowers of the credit societies who may be the members of the sale societies, funds will be needed. The marketing co-op is not in a position to secure enough funds by way of share capital; nor does it stand a chance to secure funds from banks and other individuals in the absence of any security. The problem of funds as well as that of storage will be solved if there exist godowns and warehouses. Money can then be secured against the stored goods. The success will still depend on the honesty and efficiency of management, on the strictness of supervision and in the case of the warehouses on the reasonableness of the charges for services rendered in regard to grading, etc. I am of opinion that warehouses are still things of the dreamland in this country. Godowns should however be possible if the provincial governments cared to subsidise them. In this respect South India is in the lead. Madras, Bombay, Hyderabad and Mysore can be readily mentioned as instances where a subsidy is granted for the construction of godowns. The Madras Government now gives half the estimated cost of construction as grant and the rest as a loan at $3\frac{1}{2}$ per cent per annum repayable in thirty years. It is highly desirable that similar action should be taken in the other provinces.

It may also be noted at this stage that the interpretation placed by the Reserve Bank of India on Section 17 (4) (d) of the Reserve Bank Act should be changed. It should be prepared to advance funds against documents of title for goods and not against transferred documents of title. The creditor—in this case the marketing society—cannot create the latter document and in the absence of warehouses the legislature could not have had the Reserve Bank's interpretation in mind. The Governor-General alone can over-rule the Bank.

CATTLE AND CROP INSURANCE AND POST-WAR RECONSTRUCTION

By

V. VENKATACHALAM, M.A., B.L.,

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India is predominantly an agricultural country and it is a notorious fact that agricultural economy in India is a deficit one. India's teeming millions whose main occupation is agriculture are immersed in debt and ways and means are being endlessly sought to reduce the agricultural indebtedness in the country and to place the agricultural economy on a surplus basis. If during the past two years the cultivator is having increased income and is able to reduce his debt it is only due to the inflatory prices of the food grains consequent on the present war conditions. It is a mere accident that

such emergency conditions have come to the rescue of the indebted ryot. What will be his plight when the war is over and again a depression envelops the country after a few years of boom? After experiencing an unprecedented high level of prices and increased cost of living when thrown into the depths of debt and depression once again the plight will be something unimaginable and to swim to reach the shore will be next to impossibility. The peasant is the backbone of our nation. On his prosperity rests the well-being of the country. The picture of the shape of things to come with the fall in prices after the boom period is over and the plight of the peasant in the changed order of things are quite naturally presenting themselves vividly to the economists, legislators, co-operators and other public men. Post-war reconstruction plans for the betterment of the life of the Indian masses in all its varied aspects are being now discussed in various conferences and committees. Improvement of the rural economy is one of the important aspects and it is an undisputed fact that if the agriculturist is to be free from debt he should have increased income even after the war.

Among the several suggestions made for placing agricultural industry on a surplus economy basis, and for increasing the income of the ryot, adoption of improved and modern methods of agriculture, joint farming, crop planning, better marketing facilities of the agriculturists' produce are some. These are very valuable suggestions indeed—they aim at reducing the cost of production and securing a fair price for the produce. But before the crop is actually marketed the agriculturist has to pass through several anxious days. One should be prepared for the contingency of the failure of crops due to unfavourable monsoon conditions, hailstorms, insect pests, floods, etc. If the crops fail the agriculturist will be in a very miserable plight. Besides crop, cattle also constitute an important form of agricultural wealth. Income is derived by the agriculturist by the sale of cattle products like milk, milk-products, skins and hides. Cattle are employed in agricultural operations for cultivation and transport of produce. Contribution of cattle to the fertility of the land through supply of manure is of great significance. Such being the important role that is played by the cattle in the agricultural economy of our country, should we not provide the agriculturist with the means to meet any losses, which he may sustain on account of the unforeseen depletion of his cattle wealth? If the prosperity of the ryot has to be assured planning for increased agricultural income alone will not be sufficient. It is also necessary to afford him protection against unforeseen losses of his crop and cattle. Serious attention, therefore, must be paid, while preparing the post-war reconstruction plans of our rural economy, to the promotion of cattle and crop insurance societies without which the contemplated new order of things will be incomplete.

Cattle and crop insurance have not developed in any appreciable scale and in many countries they are not in existence. The reasons are the nature of risk involved in agricultural insurance which is most uncertain in character and the absence of specific data to correctly assess the premium rates to cover

such risks. "In dealing with rural risks one cannot often be aided by reliable actuarial tables and in some branches of rural insurance no adequate statistical data has yet been collected or made available largely because the experience of losses is of a widely varying nature extending over a series of favourable and unfavourable years." On account of the specific character of the agricultural insurance the cost of operation is generally high because close local supervision of the policy-holder and the insured objects is essential. The personal character of the policy-holder, the care he exercises over his farm and his live-stock, in other words, "moral hazard" is a very significant feature of rural insurance, and largely governs the cost of insurance and consequently the premium rates.

Agricultural crop insurance societies have been organised in Europe, America and Africa known as Hail Insurance Societies on joint-stock, mutual and co-operative basis. Insurance against hail, drought, pest, floods are undertaken by some societies while some societies transact hail insurance only. Rates of premia vary according to the nature of the risk as determined by geographical situation and the nature of the crop. Co-operative and mutual societies with limited area of operations, in some cases with State aid, have been able to work successfully.

No successful attempt has yet seems to have been made in India to organise crop insurance societies and it is high time we think of starting crop insurance societies in India. A preliminary survey should be made and necessary statistics should be collected so that crop insurance societies can be organised after the war is over. When in other countries such insurance societies are operating there is no reason why they should not be made to function in our country. There will be innumerable difficulties indeed; they can certainly be overcome if only the State steps in and shoulders the responsibility. Cattle insurance societies have been organised in the provinces of the Punjab, Bombay, United Provinces, Madras, Burma and Coorg. Only in Burma province some progress seems to have been made. Burma had at one time 379 societies and there set in a general decrease and practically cattle insurance came to a stand still in Burma while in other provinces it was never in a flourishing condition.

Cattle insurance societies could be organised and worked in Western Countries because genuine need was felt for such insurance in those countries by the farmers. They have better understanding of the principles underlying the insurance scheme. It is a success in those countries because conditions are also conducive. The cattle are generally well nourished and in most countries stall feeding is resorted to; rarely cattle are allowed to roam about to graze on communal pastures. Veterinary aid is better organised and is readily availed of which aids the prevention of contagious diseases. In India upto now the reverse is the case. The ryot has not properly understood the benefits of insurance of cattle. He feels that it is a waste and costly. Many do not know that they can insure their cattle. Much propaganda

is necessary to educate the ryot in this behalf. Suitable arrangements should be made for the collection of accurate statistics showing the incidence of mortality among cattle from all causes in each age group. Only when these statistics are available actual premium rates can be tabulated. The ryot should be educated also to feed his cattle well and keep them in fit condition. He should be made to learn that by allowing his cattle to graze on communal pastures he is exposing them to the risk of contracting contagious diseases not to speak of under-nourishment. Veterinary services should be organised on a better and larger scale and the ryot should be made to shake off his prejudice and avail himself of veterinary aid both for preventive and curative purposes. For an undertaking of this kind private enterprise will not be successful. State alone can attempt a venture of this kind even as an experimental measure. In the alternative, co-operative enterprise with State aid, if properly planned, may be able to succeed.

THE CO-OPERATIVE MOVEMENT AND POST-WAR RECONSTRUCTION

By

RISAL SINGH CHOWDHURY, B.COM.

The warring nations of the world have been waging war since 1939 resulting in disturbed economic and social conditions of the world, hence world after the war will be face to face with a problem of economic and social reconstruction even more formidable than that of 1919 because the area of conflict is wider than that of the last war. The collapse of this war economy will throw world production and distribution into a state of chaos. Not only that but also we have been facing an uninterrupted difficulty in obtaining daily requirements of life even during the war notwithstanding the unfailing attempts of the Government to solve this difficulty through the Civil Supply Department. The Government had framed the laws for controlling the prices and equitable distribution of food and other provisions required in daily life. Yet black marketing comes in on account of, apparently, weak morals of the business community.

The above leads me to the conclusion that the collapse of this war economy has preceded and would succeed victory. On account of the above the first need is and would doubtless be for relief—particularly food relief. For an emergency relief we may look forward to emergency distribution by military or other authorities such as Civil Supply and Marketing Departments but for the permanent relief we would look forward to Co-operation only.

It is indeed unlikely that even the somewhat modified pre-war system of individual enterprise will be the basis of post-war economy because the world would be liberated in the name of democracy on account of Atlantic Charter. It will therefore be important that any surviving economic

method which is both planned and democratic should be brought to light, used to the utmost during the period of emergency relief and thereafter made one of the foundations of the permanent reconstruction. Naturally the question arises as to what would be the method which could replace pre-war system of individual enterprise. The unquestioned answer is Co-operation which is a form of organisation wherein persons voluntarily associate together as human beings, on a basis of equality, for the promotion of economic interest of themselves because neither official nor individual agency can succeed during the period of democracy after the war.

Co-operation can embrace extensive, intensive and varied forms to meet political, economical and social needs of the world. In the world Co-operation has already touched the various aspects of these varied problems through consumers' and producers' co-operative associations, stores and societies. In the above I have written in the terms of world problems in general on account of the war economy but in the following paras I would touch Indian problems in particular before and after the war and their remedial measures through Co-operation.

The Indian problem of production, marketing and consumption are and would be similar to those of the world in many respects preceding and succeeding the war and therefore the same remedial measures through Co-operation can be applied before and after the war in reconstructing Indian economy. In my opinion India needs these measures more than any other country in the world in solving her economic difficulties because this is a land of villages having small scale and scattered industrial and agricultural economy. Before detailing the suggestive methods through Co-operation for solving her problems I would like to make a review of the present economic problems and conditions of co-operative movement in this country and China having similar problems.

The preceding and during the period of war the unsolved major Indian economic problems are disorganised production, marketing and consumption leaving the producing and the consuming public at the mercy of middlemen resulting in heavy profits to them without their incurring any substantial sacrifice. This is on account of the ignorance of the methods of organisation for marketing and production by the producing and the consuming public. This evil has aggravated during the war for all the help from Government in providing facilities for obtaining the necessities of life at control price. Other minor and detailed economic problems to be tackled through Co-operation are scattered and uneconomic holdings with other agricultural disadvantages and disorganised credit and cottage industries resulting in low production and high prices of agricultural and industrial products. The prices of necessities of life have been registering uninterrupted rise on account of less production and less imports due to war which resulted in lower standard of life. It would affect the man power needed for the war and nation-building. Therefore, it is important that the Government and the public

should join hands to face this economic devastation succeeding the war through Co-operation.

Previous to the present war the Co-operative method was applied mostly in solving the difficulty of agricultural credit because the village moneylenders were charging very exorbitant rates of interest. Here and there small efforts were made to apply Co-operative methods in industrial credit, cottage industries and marketing. In China as well as in India the war gave an impetus to the application of Co-operative methods in production, marketing and consumption but not to the extent essential and desired, I would like to give a few and varied Co-operative activities in China and India during the war before dealing with planning post-war reconstruction in India through Co-operation.

In China the industrial co-operatives were organised on three lines. The first line composed of small mobile units and was behind an arena. The more permanent units were established a little farther to the battle field in second line and a third line in safe zones resulting in three thousand industrial co-operatives with forty thousand members, mostly of the artisan class. They employ 500,000 persons and produce goods worth twenty million dollars. Seven persons form one society and all the co-operatives of the district formed a federation which has marketing and supply agencies for doing collective buying and selling for helping to standardise goods and linking up with marketing and supplying agencies in other nearby and central localities. The financing agency for these co-operatives is the China Industrial Co-operative Association. The industrial co-operatives produced goods of many kinds to meet the emergent needs of the country. The above shows the want of producers' and consumers' co-operative movement in China.

In India the industrial, agricultural, and marketing co-operation in the form of industrial societies for weavers and artisans, consumer's stores, village multi-purpose societies and marketing unions sprang up during the war to meet the emergencies. These activities would have long strides still more in certain provinces e.g., U.P. of Agra and Oudh if there had been a Provincial Co-operative Bank. These co-operatives did not only meet the requirements of the public but also gave a push to the war efforts because they supplied material to the extent of more than a crore of rupees in United Provinces alone. These developments clearly establish the fact that post-war reconstruction is possible only through Co-operation.

In certain provinces in India post-war reconstruction committees either have been set up or are being set up for finding out ways and means for the reconstruction of provincial economy in their respective provinces after the war. Therefore this is an opportune time for giving one's own views on the subject and hence I avail of this opportunity. The official or non-official agencies would be required for food relief, distribution of seed

and agricultural implements for growing more food, reclamation of waste land, re-employment of outgoing soldiers, reconstruction of existing devastated industries and introduction of new industries, new means of irrigation and rebuilding of houses if affected by the war, cattle-breeding etc.

The admitted fact is that no Government can tackle all the problems through official agencies alone because deficit budget due to the war cannot allow to employ so heavy a staff for this purpose. Disorganised, unregistered and ill-supervised individual or combined capitalistic or social agencies too cannot serve the purpose because the chances of corruption would be maximised. The third alternative is co-operative movement, supervised by a Government Department, in which the weak and the needy persons join hands for becoming strong and therefore I would advocate the application of Co-operative methods in solving the impending economic problems of India.

The urban consumers' movement would be via media for equitable distribution of food and other provisions required in daily life and multi-purpose societies in villages would work as feeding centres for the consumers' movement in cities. Marketing unions would play the middlemen's role between multi-purpose societies and consumers' stores on a small commission basis. This is for food relief.

Multi-purpose societies in villages would serve the purpose of better business, better banking, better farming, better living and better food distribution. These societies would be affiliated to the respective regional central organisations organised and registered to help in reconstructing the war economy. Industrial societies would take the place of individual cottage industrialist and they would be financed by industrial co-operative credit corporations organised for this purpose. Land mortgage banks would be needed to relieve the small and big zamindars from their indebtedness so that they may improve financially. The unemployed soldiers would take to co-operative farming on the reclaimed land so that they may reap good results of their combined efforts. There would be District, Provincial, and All-India Co-operative Organisations for nourishing regional central organisations.

The above suggestions may appear to be very plausible in the first instance but this is not so in the provinces where there are no Provincial Co-operative Banks. The reasons are want of facilities for balancing long and short term credits required by the central banks, land mortgage banks, and industrial co-operative credit corporations and ability to avail the opportunity given by the Reserve Bank of India under section 17(4) of the Reserve Bank of India Act in the absence of a Provincial Bank. Therefore it is important that a Provincial Bank should be established before taking up the post-war reconstruction in those provinces where there is none yet, otherwise I am afraid the opinion would harden that lack of an Apex Bank

would stunt the growth of post-war reconstruction. It goes without saying that the co-operative structure cannot succeed without Government backing and support and therefore it is imperative that the Government should deposit its funds in these Provincial Banks and should guarantee the interest on loans to these Banks by the public.

Many co-operative stores and societies have come into existence during the war which deal with non-members mostly who have no co-operative alliance with these societies and stores and weakened these organisations. Hence in the end I would lay emphasis that these organisations would work in true Co-operative spirit following the bye-laws, rules and Acts in right earnest; otherwise I am afraid this co-operative structure founded on sand would break or ruin.

FIRST CENTENARY OF THE ROCHDALE PIONEERS

A RETROSPECT AND A PROSPECT

By

R. D. GUPTA, M.A.

"At the close of the year 1843, on one of those damp, dark, dense, dismal, disagreeable days, which no Frenchman can be got to admire even days as occur towards November, when the daylight is all used up and the sun has given up all attempt at shining in disgust or despair—a few poor weavers out of employ, and nearly out of food and quite out of heart with the social state, met together to discover what they could do to better their industrial condition."*

Thus describes Holyoake, in his inimitably picturesque style, the inception of the Rochdale Pioneers. This meeting held on a murky evening in November, 1843, bore fruit and the Rochdale Society of Equitable Pioneers was registered on October 24, 1844. And on an equally disagreeable evening—December 24, 1844,—the Pioneers commenced business, i.e., opened their unpretentious shop in Toad Lane under the jeers and merriment of the whole neighbourhood.

Since then one hundred years have passed. The Co-operative Movement which then began as a seedling has now grown to a large banyan tree, its branches and ramifications reaching down the remotest corners of the earth; the small stream that trickled down from the obscure lane in Rochdale has now watered the plains of India and China on the one hand and the prairies of America on the other. Co-operation, of which very few people knew and for which still less cared, has now become a world force to be reckoned with.

* G. J. Holyoake: *The History of the Rochdale Pioneers*, p. 2.

Co-operation is essentially an economic movement. It aims at supplying, in the first instance, the material necessities of life. Its activities, therefore, include production and distribution of commodities. It carries on business within the frame-work of the existing capitalist economy, though it eliminates the driving force of capitalism—the profit motive. The business progress of the movement in Great Britain since 1881 has been as given under :—

Year.	Members.	Trade in it. (In £ Sterling)
1881	547,212	15,411,185
1891	1,044,675	30,599,401
1901	1,793,167	52,761,172
1911	2,640,429	74,812,469
1921	4,548,557	218,780,384
1931	6,590,020	207,888,385
1941	8,773,255	302,246,329

These figures bear ample testimony to the fact that the Co-operative Movement has been taking steady strides forward in Great Britain. Similar has been the progress of the Movement in other countries and figures can be quoted for them.

We can feel jubilant over the evidence furnished by these figures and can be inclined to rest on our laurels. But let us see how others see us and what others say about us. Let us pause and consider.

It is accepted to-day that the basic argument against capitalism is not so much that it is unfair to the worker or to any particular class, as that it is *restrictive to humanity*. Co-operation has the declared aim of replacing it. But the question is, Are we going fast enough? Let us just listen to H. G. Wells :—

“And yet one may doubt whether this Movement (Co-operation), as it exists at present, will ever crystallize out into that promised new world. The new world, it seems, needs something more, much more, than it is to be found in this same and discreet extension of membership and activitiesThe European Co-operatives supply good, honest goods at honest prices but they do not lead in the production of better and novel goods. They do not supply *interesting* goods. The privately owned shop can beat them at that.....they may evoke partisan excitement, but they do not evoke pride. They have grown to great things in a hundred years, but they have to grow still more rapidly in this age of new bigness if they dream of leading the world.....which is not to say that the co-operative movement will be so much defeated and disappear as overtaken—as it has already been overtaken in Russia and Italy—and incorporated into bolder and wider enterprises with a more explicit plan and a deeper emotional drive.”*

* H. G. Wells: *Work, Wealth & Happiness of Mankind*.

In the passage quoted above, H. G. Wells has correctly diagnosed the malady rendering the Co-operative Movement anaemic. The present is the age of speed where ideas and events move fast. New ideas, e.g., socialism and fascism, suddenly spring out of the human mind fully developed, like armour-clad Athena out of the head of Jove, and take the world by storm. Revolutions occur and ‘the old order changeth yielding place to new.’ After the World War of 1914-18, events moved so fast that it took them only 15 years to change the very face of society in Russia, Germany, Italy, Turkey and other countries. What may come after the present War nobody knows, but it is certain that cataclysmic changes are awaiting the post-war world.

The achievements of Co-operation, in view of these facts, dwindle well nigh into insignificance. In a fast-moving world we are being left behind. Whirlwinds are raging abroad while we are moving leisurely at our old pace. The race is hard and we must not expect any quarter from our competitors.

If we wish to save ourselves from a languishing death, we must immediately take stock of our household and start afresh. A reorientation of ideals is required as well as fresh vigour to put them in action. It is regrettable that, though we claim one hundred years of history, we do not yet possess a crystallized philosophy of our own. We have yet produced neither an Adam Smith nor a Karl Marx. Our first duty is to define our principles and to evolve an ideology. For, a movement without an ideology is as helpless as a ship without a compass. “Hitch your wagon to a star,” said Emerson, that great American sage, and we must follow his advice if we want to give our movement direction and strength. People suffer martyrdom and start on Crusades for the sake of their ideals. Our ideals are noble: let their flame burn pure and unwavering.

Equally important for us is a well-planned propaganda drive. The greatest obstacle in the way of the Co-operative Movement is that people know so little about it. They must be told insistently, once and again, that Co-operation is meant not for one section only but for the masses; it is a movement in the interest of not only workmen, or petty artisans or small agriculturists, but of humanity in general. The mind of the present public—whether educated or uneducated—revolves in traditional grooves of the money nexus and the profit motive. The grooves have to be broken. The public must be explained that money was meant only to facilitate the exchange of goods and not as a measure of all earthly values; they must also be explained that the profit motive, what Marx calls the creation of surplus value, is pure and simple cheating, for what accrues as surplus to your pocket must come from somebody else's pocket, and that means robbery and exploitation, leading to poverty and misery, and strife and war. Co-operation aims at reverting money to its pristine position and eliminating the profit motive.

This propaganda will enlist for us the youth with a missionary zeal. As soon as the philosophy of Co-operation attracts the youth, half the battle is won : for, the youth, who can live for and die for an ideal, are the backbone of any living movement.

Only thus can we hope to accelerate our progress and avert the impending calamity.

CO-OPERATIVE INDUSTRIAL SOCIETIES IN THE PUNJAB

By

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The co-operative industrial societies aim at improving and supporting the cottage industries of the province by the use of co-operative methods. Co-operative purchase of raw material saves money. The rates become comparatively cheaper when the material is purchased in bulk and for cash. The artisans combine together as human beings on the basis of equality to promote their economic interests. These voluntary organisations are called co-operative societies.

These societies are affiliated with the Co-operative Industrial Bank, Amritsar. On the combined credit of all the members whose liability in the society is unlimited, the Bank advances the necessary funds. These societies buy raw material in large lots for the use of their members thus securing cheaper rates and preventing competition among the members in bidding for locally produced raw material.

The co-operative sale of finished goods saves middleman's profit. Sales are organized by securing orders with the assistance of sales depots and the field staff throughout the province. Exhibitions are also held from time to time and place to place. The producer comes in closer touch with the consumer by eliminating the middleman and his profits. This is one of the important objects of these societies.

The members prepare things to order and in accordance with the demands of the market. They, under the guidance of the staff, constantly study the change in the tastes of public and prepare designs accordingly. The members are educated in broad principles of Co-operation. Spirit of self-help, mutual help and thrift is inculcated amongst them. They are taught the use of labour saving devices, improved appliances and fast dye-stuffs to reduce cost of production.

The consumer, in obtaining his requirements through these institutions deals directly with the producer. As there is no middleman's profit, the articles are sold practically at cost prices consequently better things at cheap rates.

These societies are registered under the Co-operative Societies Act, 1912. They are under the control of the Registrar, Co-operative Societies, the Punjab and Delhi Provinces.

These societies manufacture and supply (1) Cotton, Woolen and Silk goods of all kinds, (2) Leather goods of all kinds, (3) Metal goods, (4) Wooden articles and (5) Miscellaneous articles such as Glue, Moorahs, Palm Leaf and Mazri articles. There are 378 societies of weavers, shoe-makers, tanners, leather workers, metal goods manufacturers, carpenters and wood workers, tailors, glue makers and other artisans with the membership of 6,446 and working capital of Rs. 14,44,503. These societies participated in war supply orders and supplied the following stores as war efforts :—

Articles	No. Supplied	Value Rs.
Barrack blankets	2,11,832	13,06,912
Chaplis	1,27,810	4,44,896
Gloves	19,484	52,229
Cotton textiles such as :—		
Dusters	16,499 dozens	74,603
Dosuti	20,842 yards	
Towels	7,277 pieces	
Mazri cloth	24,734 yards	
Cutlery	2,38,023	2,36,705
Bugles	952	14,042
Whistles	5,047	2,051
Toast racks	5,564	745
Iodine bottle cases	309	6,076
Ice cream freezer	540	14,700
Wooden articles	1,44,893	1,29,956
Fabrication of :—		
Pole straps	2,800	131
Binocular cases	5,518	10,691
Haversacks	16,800	11,080
Chhaguls	9,549	2,238
Shackles	179	1,194

Orders for chaplis, cotton textiles, cutlery, leather goods and other articles of the value of about Rs. 8 lakhs are in the process of manufacture.

The above supply is in addition to that made by the societies during their normal course of working.

These societies are supervised by the Government staff consisting of 5 Inspectors and 25 Sub-Inspectors. They are doing useful work for artisans and other public. They have been awarded gold and silver medals for the quality of goods produced and exhibited at various exhibitions. They are organising post-war industries to be introduced amongst and worked by those men who come back from military service after the war is over on both industrial and commercial lines.

NOTE ON "PROMOTION OF INDUSTRIAL CO-OPERATION"

By

V. L. MEHTA.

This note is based on two assumptions. First, that there is general agreement with the view that cottage industries play an important part in our national economic life and secondly, that the best method of helping the small producer to better his economic position and to improve the efficiency of his production is through co-operation. The proposition that a prominent place must be accorded to cottage industries in any scheme of socio-economic reconstruction is accepted in the fifteen years plan of economic development for India sponsored by Bombay industrialists. The recommendation is made there that the production of certain essential classes of consumption goods should fall within the province of small scale and cottage industries. The proposals contained in this note relate, it may be added, to cottage industries alone, including in that term subsidiary or part-time occupations carried on by agriculturists in their homes, as distinct from full-time occupations for handicraftsmen and artisans of various types.

If the role these industries fill in national economy and the need for organizing them on co-operative lines are recognized, Government should consider it an obligation actively to support and encourage the reorganisation. That was the view, among others, of the Bombay Economic and Survey Committee (1940) presided over by Sir Purshotandas Thakurdas. Every Provincial Government has to determine the manner in and the extent to which it should aid in the revival, improvement and organization of these industries. It is obvious, however, that sooner or later questions will arise bearing on the fiscal policy of the country as a whole, inter-provincial trade, regulation of competition between large scale and cottage industries; and in the solution of these the Central Government must have a hand. Hence an effective programme can be evolved by provinces only in collaboration with that Government.

Before framing a programme of development, it is necessary for the Provincial Governments, in consultation with the Central Government, to decide which among the subsidiary occupations or cottage industries should be selected for encouragement, which among them should have the sphere of production of consumer goods more or less reserved for them in preference to production in large scale mills and factories. While general propositions will command universal support, it is here that the test will come. Will Government agree to regulate competition between handloom cloth and mill-made cloth even on the modest basis proposed by the Fact Finding Committee (1942)? Will they agree to prescribe spheres for handmade production on which the organized large scale industry will not encroach? Will they, again, put a ban on rice mills as has been done in some countries and

leave paddy to be prepared into hand-pounded rice on a cottage industry basis? Will they favour development of the tanning and leather industry on an improved scientific basis in villages—from where the bulk of skins and hides come and where the scheduled castes artisans engaged in the industry mostly reside—and will they discourage the setting up of centralized large scale factories by capitalist concerns, foreign or Indian? These questions have to be answered before there can be a policy of development chalked out with fair prospects of success.

Once the general policy is determined in this matter, it may be decided whether the programme of development should be confined, as it has been so far, to the manufacture of cloth on handlooms or whether it should extend to a number of industries and whether separate machinery should be set up for the different industries that are sought to be promoted. The Bombay Committee referred to above, recommended the adoption of a comprehensive programme and the extension of the scope of the district co-operative industrial associations in the province which at present are concerned only with the handloom weaving industry to other cottage industries as well. The primary producers' units may have to be for different types of artisans, but the regional, central or apex promotional and directing or controlling organizations may be the same, at least in the initial stages. Subsequently, as the movement develops separate federal institutions will come to be organized for business purposes or for purposes of mutual control.

Every province should have an organization society for cottage industries or promotion board modelled on the lines of the Irish Agricultural Organization Society or the Promotion Committee for Induscos in China. This should be not merely an advisory board but an organizing agency, entrusted with the direction and control of co-operative activities among workers in cottage industries. It should have at its head a non-official as Chairman to facilitate contacts with the public and to import the drive and vigour which are usually lacking in official effort in India. The institution should have recognition from the Provincial Government as the central agency for the promotion of cottage industries and it may establish regular contacts with the Departments of Co-operation, Industries and Agriculture. It should be the channel through which grants and loans should be made available by Government. As in the field of agricultural research, so also in the field of research for the improvement of cottage industries, it is a common complaint that the demonstrations of improved tools and processes conducted by Departments of Industries are not followed up, as they should be, by efforts at their introduction among artisans who are too numerous and too scattered to be reached individually. An organization society of the type proposed will make it its duty to link up research with production through co-operatively organized artisans and other cottage workers. The society may set up its research centre or workshop with the aid of subventions from Government, where investigation will be carried on in the day-to-day problems of the methods

*Supplementary notes on the agenda for the Fourteenth Conference of Registrars of Co-operative Societies held in July-August 1944 at Bombay.

and machinery of production. Technical progress postulates the availability of technical qualified workers who with their better equipment can aid artisans and handicraftsmen in adopting improved processes and tools which have proved to be suitable and the adoption of which is not beyond their means. It should be a function of the organization society to train technicians for cottage industries.

A central or apex organization can be of immense help in facilitating business operations in the matter of the supply of raw materials, the marketing of finished products and the provision of credit. Each one of these activities it may not undertake itself, but it will organize them with the help of affiliated or cognate bodies and with the active support of Government. The facilitating of access to raw materials, patronage in the matter of purchases for Government use, the guaranteeing of loans and debentures, these are some of the forms in which Government should implement the recommendation of various authoritative Commissions and Committees in the matter of state aid. Instead of such assistance being direct or to individuals, it should, as a matter of general policy, be provided through the apex organization society or promotion committee.

The primary units of the industrial co-operative movement will, as in several other countries, be producers' societies composed of workers in a particular craft or industry, grouped together in villages, small towns or other suitable localities. The artisans will, so far as possible, own the means of production in common through the societies of which they are members. They may carry on production, as is found convenient, either in their own houses or in small workshops. Purchases of raw materials will be in common and so will be the marketing of finished products. Accordingly, the gains or losses will be of the society as a whole and not of individuals. Where this form of co-operative organization seems too advanced for the artisans, organization may be on an individualistic basis with each individual owning the means of production and remaining responsible for the gains or losses on his individual production. The society will be of the resource type but undertaking multiple functions, namely, credit, supply and marketing.

At a recent Co-operative Conference held in Bombay City, the view was expressed that if there was to be a live and vigorous industrial co-operative movement, it should be free from the trammels of departmental control and should enjoy greater initiative and freedom of action than the movement as a whole does to-day. Interference in internal matters, detailed guidance and attempts at meticulous control have often in the past stifled initiative, chilled enthusiasm and sapped the sense of responsibility. Let that tale be not repeated in the development of industrial co-operatives. State aid even on a liberal scale does not necessarily connote state control of the type in vogue in the co-operative movement in India to-day. There is a great deal here to be learnt from the history of co-operative developments in other countries.

It is a hopeful augury for the co-operative movement that to-day Congress socialists like Mr. M. R. Masani on the one hand, and a body steeped in Gandhian ideology like the All-India Spinners' Association on the other, should have both simultaneously come to the conclusion that small scale industrial organization through producers' co-operative societies provides an eminently suitable line of approach to the problem of economic reconstruction in India. The interest and sympathy of these types of public workers and national organizations can be harnessed in support of the projected industrial co-operative movement if their activities are allowed free scope, their work is not fettered by red tape and the workers feel that they are participants in a creative nation-wide effort at industrial reorganization. These are aspirations worthy of every encouragement even at the risk, here, of a departure from standard practice, and there, of an error of omission or commission. Let us hope the risk will be taken and this unique opportunity will be availed of for promoting the reorganization of cottage industries on a co-operative basis all over the country.

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CO-OPERATIVE SOCIETIES AT WORK IN INDIA

Hyderabad

Extracts from the Review of the Government of H.E.H. the Nizam's Dominions on the Annual Report of the Co-operative Department for the year 1941-42.

On the 6th July 1942 there were 4,766 societies in the Dominions with a total membership of 1,92,396 and a Working Capital of Rs. 3,13,00,661 against which the owned capital was Rs. 1,41,90,921, the proportion of the latter to the former being 45 per cent.

The Central Co-operative Union had 3,971 societies and 49 individuals as members, and recorded Rs. 9,115 subscriptions. Government gave the usual grant-in-aid of Rs. 15,000 for ordinary propaganda and educational activities and the Industrial Trust Fund gave another Rs. 15,000 for maintaining the Rural Development Centre at Patancheru and publishing the monthly rural reconstruction journal in all the four languages of the State. The Union employed 9 village propagandists and held training classes of supervisors lasting 6 weeks each at Gulbarga and Aurangabad; these were attended by 105 candidates, out of whom 37 passed the examination. A training class for departmental officers was held in Hyderabad and attended by 105 candidates, of whom 18 were successful. 30 teachers of village primary schools were taught the rudiments of rural reconstruction at the Patancheru Rural Development Centre for 3 weeks, bringing the number of village teachers so trained to 218. The Union also carried on the supervision of village societies with a staff of 158 supervisors at a cost of Rs. 82,060. A gratifying example of self-help was set when the co-operators assembled in the annual congress of the Union raised voluntarily the rate of supervision fee from annas 12 to Re. 1 per cent. on the working capital in the case of primary societies and from 6 annas to 8 annas per cent. on the total amount of loans outstanding in that of the central banks, as it was found that the income derived at the old rates was insufficient to meet the cost of the growing strength of supervisors. The Patancheru Rural Development Centre continues to do useful work under the guidance of the Union. Its activities in the distribution of improved seeds, the organisation and development of village grain banks, the popularisation of vegetables and fruit gardening and the improvement of village poultry by giving out eggs on 'Batai' and the collection of eggs in villages for grading and sale made useful progress during the year.

The Hyderabad Co-operative Dominion Bank continued to attract deposits from the public although the rate of interest on fixed deposits was reduced from 3 to 2½ per cent. At the end of the year there were outstanding Rs. 16,11,532 fixed deposits, Rs. 5,39,977 savings, and Rs. 3,39,971 current deposits. The bank advanced Rs. 9,19,062 in loans to central banks and societies and Rs. 4,05,933 to Government employees for house-building purposes; repayments of principal amounted to Rs. 6,37,900 and Rs. 4,44,787 respectively, leaving Rs. 11,35,789 outstanding with banks and societies, and Rs. 7,47,883 with individuals. The bank reduced its lending rate to banks and societies from 5 to 4½ per cent. as from 1-1-1951 F. The banks owned capital comprised Rs. 5,60,930 paid-up shares and Rs. 10,02,492 reserves, compared to a working capital of Rs. 45,17,609; this indicates its financial strength.

With the registration of three new banks the number of central banks went up to 44, with a membership of 5,248 and a working capital of Rs. 70,05,403. Their owned capital consisted of Rs. 12,41,635 paid-up shares and Rs. 17,07,177 reserves. Deposits received during the year totalled Rs. 13,29,434 the amount thus held at the end of the year being Rs. 23,17,517. The banks advanced Rs. 14,34,327 in loans to societies, from which recoveries aggregated Rs. 12,10,398 principal and Rs. 3,18,699 interest leaving balance of Rs. 51,03,212 principal and Rs. 10,59,925 interest outstanding. Their total assets amounted to Rs. 75.48 lakhs and liabilities to Rs. 44.81 lakhs. It is satisfactory to know that the 9 central banks which were advanced Rs. 15 lakhs by Government on concession terms punctually repaid instalments totalling Rs. 3,05,236.

520 new village credit societies were registered during the year, at the close of which they numbered 4,904 and the number of members rose from 80,445 to 95,027. The working capital of these societies aggregate Rs. 92,05,928, of which the owned capital was Rs. 43,86,513 or 47.6 per cent.; the latter consisted of Rs. 20,36,414 paid-up shares and Rs. 23,50,099 reserves. The societies borrowed Rs. 10,16,713 from central banks and repaid Rs. 8,43,973 principal and Rs. 2,86,568 interest, leaving Rs. 45,51,332 and Rs. 10,37,358 respectively under the two heads. Loans advanced to members amounted to Rs. 12,42,052 and recoveries from them to Rs. 9,07,016 principal and Rs. 5,79,606 interest the sums due by them under the two heads at the end of the year were Rs. 62,35,933 and Rs. 24,70,989 respectively. The arrears of interest are heavy.

Government is pleased to note that village grain banks are giving increasing evidence of their popularity by an all round increase in membership and business. Their number went up from 188 to 432 and membership from 6,726 to 11,847. The quantity of grain collected was 3,75,826 seers in shares and 88,643 seers are profit on loans.

The number of non-agricultural societies was 698 with 75,682 members. Their working capital was Rs. 65,74,179 and owned capital Rs. 46,14,793; the latter included Rs. 29,28,068 paid-up shares capital and Rs. 16,86,725 reserves. The proportion of owned to working capital was 7.1 per cent. The societies advanced Rs. 27,69,517 in loans to members, and recorded Rs. 26,58,873 principal and Rs. 2,98,123 interest, leaving Rs. 47,34,210 and Rs. 4,51,532 respectively outstanding. Prominent among societies of this kind were societies of salaried earners, which numbered 290 with a membership of 20,486 working capital of Rs. 37,72,014, and owned capital was 30,13,108. Loans advanced to members during the year totalled Rs. 20,59,926 and recoveries to Rs. 20,27,384 principal and Rs. 1,75,102 interest, leaving Rs. 31,34,114 principal and Rs. 1,88,747 interest outstanding.

The Co-operative Insurance Society had another year of good progress with newly paid-up business of Rs. 15,82,523 and 1,346 new policies. The number of policy holders increased to 6,801 and the sum assured to Rs. 64,52,459. The society received Rs. 2,63,778 towards premia and Rs. 26,848 towards interest on investments. The life assurance fund stood at Rs. 5,22,113 at the end of the year.

Mysore

Extracts from the Review of the Government of His Highness the Maharaja of Mysore of the Report on the Working of Co-operative Societies for the year 1942-43.

The number of societies of all classes at the close of the year was 2,091, the net increase during the year being 132 societies. The progress achieved by the societies during the year is reflected in the appreciable increase in membership, paid-up share capital, working capital, reserve fund and net profits. The increase in the commodity prices and land values resulted in appreciable reduction in the percentage of overdues for all classes of societies from 43.4 to 33.4. The increase in the net profits of agricultural societies is attributed to the collection of overdue interest, while that of non-agricultural societies is due mostly to the stores transactions undertaken by many of them during the year.

Central Societies.—The number of central societies at the close of the year was 7 as against 8 of the previous year. As in the previous year, the Apex Bank continued to be the sole agency for the grant of short and intermediate term credits to primary societies and for financing all house-building societies in the State. The working of this bank showed an all-round improvement notably in regard to the recovery of loans and the reduction of overdues.

Primary Societies—Agricultural.—The number of societies forming this category was 1,523 consisting of 1,371 ordinary credit societies, 66 land mortgage societies, 27 supply societies, 31 grain banks and 28 marketing societies. The majority of supply societies also

functioned as credit institutions. Of the marketing societies, the Saklespur Bee-keepers' Co-operative Society, the Malnad Arecanut Marketing Society, Shimoga, the Arsikere Cotton Marketing Society and the Anchanahalli Cardamom Co-operative Society deserve special mention.

Non-Agricultural.—The total number of these societies was 581 including 370 credit institutions and 123 consumers' societies. This class of societies played an important part in the distribution of controlled articles. The acute situation created by the shortage of grains and the rapidly increasing prices of articles of domestic consumption and clothing gave them an opportunity which they exploited to the full. All the consumers' societies and as many as 190 ordinary credit societies undertook the stores work. The total value of the goods sold during the year amounted to nearly Rs. 70 lakhs. Many societies threw open their sales to non-members also and some of the larger societies in the cities of Bangalore and Mysore opened branches for the convenience of their members and the general public. The number of credit institutions undertaking stores work is on the increase and more consumers' societies are springing up in towns and villages.

The employees' co-operative societies also did good work in this direction during the year. The value of stores sold by them during the year was in the neighbourhood of Rs. 9 lakhs.

Land Mortgage Scheme.—Besides the Central Co-operative Land Mortgage Bank, 66 primary land mortgage societies were functioning at the close of the year. Both the bank and the societies made satisfactory progress during the year. In the case of the primary societies, the percentage of overdues to demand was reduced from 5.8 to 4.5.

It is reported that good progress was achieved in the process of liquefaction of the frozen debts of the indebted rural societies, and that the improvement in the recoveries has strengthened the financial position of the Apex Bank and the Bangalore Central Co-operative Bank.

EXTRACTS

CO-OPERATIVE RECONSTRUCTION

The International Conference on Co-operative Reconstruction, at its session last month adopted a twelve-point programme for a world co-operative movement. Among the points embraced by the programme are the following: To establish as soon as possible an international co-operative trading and manufacturing association, beginning with two divisions, food and petroleum, and to establish, when conditions warrant, an international co-operative bank. To request the United Nations Relief and Rehabilitation Administration to create a central fund for making loans to co-operatives in victim countries for rebuilding and repairing their physical facilities and replacing their inventories. To seek additional curbs on cartels and such international monopolies as benefit private enterprise at the expense of the consumer, at least until co-operative commerce is strong enough to provide an effective check to such business practices.

To expand international co-operative business between the various national co-operative movements, both of consumers and producers. To work closely with producer and marketing co-operatives to the end that goods may be moved directly from such types to and through consumer purchasing co-operatives, and with a view to raising the levels of nutrition and standards of living and health for all people. To insist upon the application of co-operative principles in the ownership, development and distribution of the natural resources of the world and in the organization of international commerce for their distribution.

—The Eastern Economist, 4th February, 1944.

THE LATE HON'BLE MR. V. RAMADAS PANTULU

"In the death of Mr. Ramadas Pantulu the country has lost a patriot, the agriculturist a valued and staunch friend, and the Co-operative Movement its pillar of strength. To these simple yet profound words, with which the Editor of the *Madras Journal of Co-operation* opens his Tribute to the great Indian Co-operative Leader who passed away at his home at Mylapore on the 16th March, we would add—that the International Co-operative Alliance has lost a distinguished member of its Central Committee and a great co-worker.

Mr. Pantulu's visit to Europe in 1934 when he came to attend the I.C.A. Congress in London will always be remembered. From the first moment of contact, the great unity of thought and purpose between him and the authorities of the Alliance was revealed. In the ten years since then, he has not merely followed all the work of the I.C.A. and made his contribution on every possible occasion, but he has earnestly striven to make the Alliance and its work, especially for world peace and understanding, better known and appreciated in India, and to keep the Alliance informed about the peculiar problems of the Indian Movement and the needs of Indian co-operators. By these efforts, which were sustained right to the end of his life and in spite of his failing health he has prepared the way for the Indian Movement's fuller participation in the international field and has indicated how the International Movement and the National Movements in the democratic countries can further the development of Co-operation in India.

Mr. Ramadas Pantulu, like many other great co-operative leaders, has devoted himself to the service of the people—and especially to the social and economic uplifting of the Indian agriculturist through Co-operation. Those familiar with the "Year-Book of the Indian Co-operative Movement," which he so brilliantly edited in 1942, will remember that he dedicated it "To the Indian Peasant, who is groaning under the crushing loads of indebtedness and illiteracy which he carries on his either shoulder."

His rich knowledge, his depth of thought and breadth of vision, and the high ideals which were the fount and inspiration of all his work, have been reflected with crystal clearness in his abundant writings, and it is particularly through this sphere of his activity, as well as by correspondence, that Mr. Pantulu has become well known to a great company of co-operators and co-operative leaders in many lands, and has merited their admiration and high esteem.

Mr. Pantulu attached the highest value and importance to research, and in April, 1943, on the occasion of the Standing Session of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association, which owing to the state of his health met at his home at Mylapore, he formally dedicated in trust a part of his house, with his library, for the Institute of Co-operative Research and Service. Through this Institute Mr. Pantulu's work will be carried on, and his memory will be perpetuated.

The International Movement shares the sorrow of the Indian co-operators in their irreparable loss; it shares their profound appreciation of the noble life and character of their great leader, and also the fervent gratitude, which will be in their hearts, for the privilege of fellowship with Mr. Ramadas Pantulu.

—G. F. P. in the *Review of International Co-operation*, June 1944.

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	Rs.		Rs.
Capital	... 6,70,800	Cash	... 25,33,173
Reserves	... 33,91,109	Treasury Bills	... 42,88,793
Deposits	... 2,92,27,881	Investment in Govt.	
Sundries	... 2,46,353	Securities	... 1,81,14,503
Profit & Loss A/c.	... 1,67,654	Other investments	... 2,77,000
		Loans and Overdrafts	82,00,988
		Premises (acquired entirely out of pro- fits Rs. 3,37,343).	
		Sundries	... 2,89,340
Total	... 3,37,03,797	Total	... 3,37,03,797

Analysis of Working.

	Year ends 30th June			
	1940	1941	1942	1943
	Rs.	Rs.	Rs.	Rs.
Paid up Capital	... 6,65,600	6,66,500	6,70,300	6,70,800
Reserves	... 26,18,081	27,88,803	33,25,730	33,91,109
Fixed, Current and other deposits	... 2,15,02,633	2,41,46,411	2,51,49,678	2,92,27,881
Net Profit	... 2,38,206	2,53,398	1,66,886	77,567
Amount transferred to Reserve Fund	... 75,000	75,000	50,000	25,000
Other Accounts	... 1,02,729	94,004	12,500	5,740
Dividend at 9 per cent.	59,363	59,941	60,107	60,365
Carried Forward	... 32,961	52,127	91,086	70,510

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